The impact of the 2030 Vision and firm characteristics on corporate social responsibility disclosure in Saudi Arabia

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Thesis submitted in fulfillment of the requirements for the degree of Doctor of Philosophy

August 2021

Abstract

The Saudi 2030 Vision and the revised corporate governance regulations (CGR) represent significant institutional developments related to corporate social responsibility (CSR) in Saudi Arabia. Such institutional changes are expected to affect CSR disclosure (CSRD) in Saudi Arabia. Therefore, this thesis aims to theoretically and empirically investigate how Saudi's political, social, and economic factors and firm-specific characteristics influence CSRD in the context of the changing Saudi institutional environment.

This thesis develops a comprehensive CSRD instrument containing 33 items that (i) incorporates international and Saudi-specific issues of CSRD, (ii) considers qualitative and quantitative CSRD items, and (iii) is based on the Saudi 2030 Vision's objectives and the 2017 CGR articles related to CSRD. This instrument is used to measure CSRD in Saudi firms' websites, standalone CSR reports, and annual reports of 117 listed companies, with a total of 359 observations between 2015 and 2018. This period is significant because 2015 was the year before the introduction of the institutional changes related to CSRD; 2018 was the year after the implementation of these changes (i.e., the release of the 2030 Vision, in 2016, and the implementation of the revised CGR in 2017).

This thesis draws on institutional theory to develop the theoretical framework (the extended model), construct the CSRD instrument, and analyze the findings. Institutional theory enables examination of the influence of the country's social, political, and economic factors (which reflects the country's specific contexts) and micro firm-level characteristics on CSRD. Informed by institutional theory, this thesis examines the impact of pressures resulting from institutional changes and company characteristics on CSRD. The theoretical framework developed in this thesis is empirically tested by examining the relationships between CSRD (i.e., overall, categories, and individual items of CSRD) and explanatory variables. Logistic and multivariate regressions are used for the analysis.

The results show a significant improvement in CSRD (from 2015 to 2018 by 30%) by Saudi companies. Findings support that institutional changes motivated Saudi companies to increase and diversify CSRD. The findings reveal that institutional changes (INST CHGS), board size (BSIZE), female employment (FEMP), government representatives on board (GOVRB), royal family members on board (RFMB), CSR awards (CSR AWD),

risk management committee size (RMC SIZE), females on board (FOB), regulatory penalties (PEN), industry sectors (IND), and firm size (FSIZE) are strong drivers for CSRD in Saudi Arabia. These findings remain consistent when using alternative measures for board independent non-executive directors (BIND), FOB, GOVRB, RFMB, international operations (INTL OPS), FSIZE, and profitability (PROF).

This thesis makes theoretical, empirical, and practical contributions to CSRD and extends the application of institutional theory to explain country contextual factors and firm-specific factors that influence CSRD. The thesis analyses several CSRD mediums (i.e., firms' annual reports, standalone CSR reports, and websites) in Saudi Arabia, which offers more current evidence of the change in CSRD over time. It also examines a wider range of industry sectors based on the Global Industry Classification Standard (GICS), which Saudi Arabia implemented in 2017. This thesis introduces new Saudi-specific explanatory variables (i.e., drivers) related to CSRD (e.g., FEMP, GOVRB, PEN, and RMC SIZE). The findings have practical implications for a range of stakeholders (e.g., regulators, investors, accounting professionals, and other institutions) of CSRD in Saudi Arabia.

Student Declaration

I, Khalid Mujahid S. Alharbi, declare that the PhD thesis entitled 'The impact of the 2030 Vision and firm characteristics on corporate social responsibility disclosure in Saudi Arabia' is no more than 80,000 words in length, including quotations and exclusive of tables, figures, appendices, bibliography, references, and footnotes. This thesis contains no material that has been submitted previously, in whole or in part, for the award of any other academic degree or diploma. Except where otherwise indicated, this thesis is my own work.

I have conducted my research in alignment with the Australian Code for the Responsible Conduct of Research and Victoria University's Higher Degree by Research Policy and Procedures.

Signature:  Date: 07 August 2021

Acknowledgments

In the name of Allah, The Most Gracious, The Most Merciful, unto Him belongs the highest praise and gratitude for all the blessings and for enabling me to conduct this work and making my thoughts readable. All thanks to Almighty Allah for allowing me to share the knowledge and contribute to the development of our world.

Since December 2019, the whole world has been suffering from the pandemic of COVID-19. Personally, this work has been done in highly difficult circumstances, including the loss of valuable members of my beloved family: my paternal grandmother (died on 25 May 2020), my father (died on 25 September 2020), and my paternal aunt (died on 30 August 2019). May Allah forgive them and grant them Jannah. My prayers and condolences go to all people affected and I wish for our world to survive this pandemic and strive towards a better quality of life.

The Prophet Mohammad, peace and blessings be upon him, said, 'Whoever does not thank people has not thanked Allah'. My great gratitude and prayers go to my beloved family members who have passed away for their past unconditional love, prayers, and support. May Allah bestow His mercy and grant them the loftiest abode in Jannah and reunite my family within it. My deepest appreciation and gratitude go to my beloved mother, brothers, and sisters for their unconditional love, prayers, and support. I am highly grateful to my beloved wife for helping me to make my dreams come true, and to my son, Abdulaziz, and my daughter, Sara, for being the balm for my soul.

This thesis would not have been completed without the continuous guidance, support, and constructive comments of my wonderful and inspiring supervisors, Professor Alan Farley and Dr Helen Yang, to whom I express my great gratitude and appreciation. I also highly appreciate the support of my friends and colleagues in Saudi Arabia and Australia. I am grateful and blessed to have all these people by my side. I also express my great appreciation to the Ministry of Education in Saudi Arabia and Taibah University for the scholarship and study leave.

This thesis was proofread by Elite Editing in accordance with Standards D (i.e., roughly responds to clarity of expression and logical connections) and E (i.e., roughly responds to punctuation, citations, and references) of the *Australian Standards for Editing Practice*.

O Allah, praise is due to you til you are satisfied, and praise is due to you if you are satisfied, and praise is due to you after satisfaction.

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List of Abbreviations

BIND	board independent non-executive directors
BMEET	board meeting frequency
BSIZE	board size
CCSRD	community CSRD
CEDA	Council of Economic and Development Affairs of Saudi Arabia
CG	corporate governance
CGR	corporate governance regulations
CMA	Capital Market Authority of Saudi Arabia
COMMS SVCS	communication services sector
CONSR DISC	consumer discretionary sector
CONSR STAPLE	consumer staples sector
CSR	corporate social responsibility
CSR AWD	CSR award
CSRC	corporate social responsibility committee
CSRD	corporate social responsibility disclosure
ECSRD	environmental CSRD
ESG	environmental, social and governance
FEMP	female employment
FOB	female on board
FSIZE	firm size
G20	premier forum for international economic cooperation
GAZT	Saudi General Authority of Zakat and Tax
GCC	Gulf Cooperation Council
GDP	gross domestic product
GEE	generalized estimating equation
GICS	Global Industry Classification Standard
GLM	generalized linear model
GOVRB	government representatives on board
GRI	global reporting initiative
IFRS	international financial reporting standards
IND	industry sectors
INDV CSRD	individual CSRD items
INST CHGS	institutional changes
INTL OPS	international operations

ISO	International Organization for Standardization
KSA	Kingdom of Saudi Arabia
ME	Middle East
MCSRD	marketplace CSRD
MENA	Middle East and North Africa
MHRSD	Saudi Ministry of Human Resources and Social Development
OECD	Organization for Economic Cooperation and Development
OLS	ordinary least squares
PEN	regulatory penalties
PIF	Saudi Public Investment Fund
PME	Saudi Presidency of Meteorology and Environment
POLS	pooled ordinary least squares
PROF	profitability
RFMB	royal family members on board
RMC MEET	risk management committee meeting frequency
RMC SIZE	risk management committee size
ROA	return on assets
ROE	return on equity
ROs	research objectives
RQs	research questions
SCSRD	Saudi-specific CSRD
Tadawul	Saudi Stock Exchange
The 2030 Vision	The 2030 Vision of the Kingdom of Saudi Arabia
UK	United Kingdom
UNGC	United Nations Global Compact
UNRI	United Nations for Responsible Investment
US	United States of America
VAT	value added tax
VIF	variance inflation factors
WCSRD	workplace CSRD

Chapter 1: Introduction

1.1 Research Background and Motivations

Worldwide, the demand for information on economic matters and social and environmental issues has increased over the last decade. Most importantly, information about corporate social and environmental performance, and corporate social responsibility (CSR), has attracted increased interest from key stakeholders because CSR-related activities can affect all aspects of business (Gray, Dey, Owen, Evans, & Zadek, 1997). CSR disclosure (CSRD) has become an extensive source of such information (Gray, Kouhy, & Lavers, 1995a; Wang, Tong, Takeuchi, & George, 2016). Growth in the demand for CSRD reflects the important role of such information in decision-making by stakeholders (Gray, Owen, & Maunders, 1987; Patten, 1991; Wong, Ormiston, & Tetlock, 2011). This can include decisions related to improving CSR performance, making investments, imposing penalties, and issuing relevant regulations or guidelines. These decisions can benefit or harm firms' performance through their influence on efficiency, legitimacy, and reputation (Deegan, Rankin, & Voght, 2000; Lins, Servaes, & Tamayo, 2017; Mason & Simmons, 2014; Patten, 1991). The influence of such decisions may not be exclusive to firms' stakeholders, but may also affect parties such as the sector and the country's economy, society, and environment (Carroll & Shabana, 2010; Deegan et al., 2000). For example, British Petroleum's (BP's) Mexican Gulf oil spill provides a lesson of the importance of considering CSR in business decisions. BP prioritized cost reduction over safe production (Cherry & Sneirson, 2011; Spencer & Fitzgerald, 2013). As a result, not only the company's reputation and performance were damaged, but also shareholders' wealth. Other companies operating in the area, the environment, and the Gulf fishing and tourism industries were also negatively affected by BP's oil spill (Cherry & Sneirson, 2011; Smith, Smith, & Ashcroft, 2011; Spencer & Fitzgerald, 2013). Therefore, CSR is an investment of considerable benefit for firms' related parties (Du, Bhattacharya, & Sen, 2010; Ioannou & Serafeim, 2015; Pérez, 2015).

CSRD clarifies firms' relationships with society and the environment and motivates firms to reduce negative effects (Ioannou & Serafeim, 2017). Through this awareness, CSRD has been used by companies to improve legitimacy (Campbell, 2007; Cho, Michelon, Patten, & Roberts, 2015). Hence, improved CSR strategy and positive CSRD are likely

to align firms' performance with stakeholders' needs. In an imaginary scenario, if BP had more seriously integrated CSR into its business plan, it would have managed with greater care the safety and environmental concerns and better survived the adverse consequences. These matters are included in the CSRD guidelines issued by the International Organization for Standardization (ISO) and Global Reporting Initiative (GRI). Both organizations highlight the importance of safety and environmental performance, and recommend disclosure of such information. Therefore, CSR must be considered a main component of corporate strategies (Kang, Germann, & Grewal, 2016; Wang et al., 2016).

There has been increased interest in CSR through CSRD guidelines issued by supranational organizations, such as the United Nations Global Compact (UNGC), the United Nations for Responsible Investment (UNRI), the Organization for Economic Cooperation and Development (OECD) *Guidelines for Multinational Enterprises*, the *ISO 26000 Standardization for Social Responsibility*, GRI, and AccountAbility's *AA1000 Standards*. These international guidelines have encouraged firms to act proactively and report greater CSRD to demonstrate transparency, accountability, and legitimacy (Toppinen, Li, Tuppura, & Xiong, 2012).

The Western concept of CSRD in Saudi Arabia is relatively new, however it has grown rapidly because of increased community awareness (Khan, Al-Maimani, & Al-Yafi, 2013). Saudi Arabia is an Islamic-oriented society and derives its legislation from Islamic law (i.e., sharia law). This country-specific characteristic influences local economic and social development through the Islamic principles and values that affect people's decisions (see Section 3.4.1). Further, the values of Islamic teachings encourage good deeds, which are aligned with many Western CSR concepts (Albassam & Ntim, 2017). For example, the Islamic term of 'Zakat' means charitable donations, which is one of the five pillars of Islam and is also recognized as a CSRD item (Al-Malkawi & Javaid, 2018; Albassam & Ntim, 2017; Alhazmi, 2017; Alotaibi & Hussainey, 2016; Goby & Nickerson, 2016; see Table 3.1 for more examples). Prior research has found that CSR activities among Muslim communities are reflected by their Islam-inherited values (Al-Gamrh & Al-Dhamari, 2016; Albassam & Ntim, 2017; Alhazmi, 2017; Alotaibi & Hussainey, 2016; Goby & Nickerson, 2016). In 2016, the Kingdom of Saudi Arabia (KSA) launched an unprecedented and comprehensive vision of the year 2030 (the Saudi 2030 Vision) as a major country-level sustainable development project (see Section

3.4.2.1). The 2030 Vision was developed based on Islamic teachings. It has three pillars—Vibrant Society, Thriving Economy, and Ambitious Nation—and six main (level 1) objectives (twenty-seven level 2 objectives and ninety-six level 3 objectives; see Table 3.2). It is expected that Saudi's long institutional history of Islam will shape the context of CSR practice and thereby CSRD in the country. The 2030 Vision has informed the development of the research instrument in this thesis (see Tables 3.2 and 4.4). Moreover, corporate governance regulations (CGR) in Saudi Arabia were also revised in 2017 by the Capital Market Authority (CMA) in accordance with the 2030 Vision objectives (CMA, 2017). The revised CGR introduced Articles 87 and 88, which are explicitly associated with CSRD, in addition to other significant CSRD-related articles (see Table 3.3). However, there is a lack of research into CSRD in the context of Saudi's political, social, and economic institutional evolution inspired by the Saudi 2030 Vision (see Section 2.5). This limitation will be addressed by this thesis.

Prior CSRD literature informed by diverse theoretical perspectives provides findings that the political, social, and economic environments, as macro factors (see Section 2.2.1), and micro company-level characteristics (see Section 2.2.1) influence corporate reporting behavior. However, some of these findings are mixed in terms of influence (i.e., positive, negative, or no impact on corporate reporting; see Section 3.6) because of countries' specific contexts (Endrikat, De Villiers, Guenther, & Guenther, 2020; Marano, Tashman, & Kostova, 2017; Tilt, 2016; Uzma, 2016; Young & Thyil, 2014). Hence, factors that characterize firms in Western developed countries may not be as relevant to firms that operate in developing countries (such as Saudi Arabia), as argued in Yang, Craig, and Farley (2015). This is because of differences in countries' political, social, and economic environments. Similarly, the use of Western incentive-based theories, such as agency theory or positive accounting theory, may result in misleading results if country-specific contextual factors are neglected (Yang & Farley, 2016). Prior literature highlights the importance of comprehensively examining CSRD by recognizing countries' contextual CSRD environments to reach more reliable and accurate conclusions (see Section 2.2). A growing number of researchers have called for further investigation into contextual (macro; e.g., political, social, and economic) factors and micro firm-level characteristics that influence CSRD in order to provide a deeper understanding of CSRD in developing countries (Al-Abdin, Roy, & Nicholson, 2018; Ali, Frynas, & Mahmood, 2017; Jamali & Karam, 2018; Ortas, Gallego-Álvarez, & Álvarez, 2019; Sharma, 2019; Tilt, 2016; see

Sections 2.2, 2.3, and 2.5). Further, justifications of such contextual influences in the respective literature are limited (Frynas & Yamahaki, 2016; Gray et al., 1995a; Yang, 2014; see Sections 2.3 and 2.5). Hence, this thesis fills this knowledge gap.

More specifically, in Saudi Arabia, the CSRD concept has evolved over recent years (Habbash, 2016; Mahjoub, 2019; see Section 2.4). However, CSRD research in KSA is limited (Alhazmi, 2017; Alotaibi & Hussainey, 2016; see Section 2.4). Moreover, Saudi Arabia is undertaking major (political, social, and economic) projects of development under the Saudi 2030 Vision (see Section 3.4.2.1). The objectives of the Saudi 2030 Vision relate significantly to many CSRD aspects (see Tables 3.2 and 4.4). In addition, the Saudi CGR, consistent with 2030 Vision objectives, have been recently (2017) revised. The Saudi revised CGR introduce, unlike prior versions of CGR, Articles 87 and 88, which explicitly relate to CSRD (see Table 3.3). The revised CGR also include other articles that are significantly associated with CSRD (see Table 3.3). The recency of these institutional changes (the 2030 Vision in 2016 and the revised CGR in 2017) means there are few studies with a strong underlying theoretical framework that examine CSRD in the context of the changing institutional environment in Saudi Arabia (see Sections 2.4, 2.5, and 3.2). In general, a thorough theoretical justification in the context of developing countries is limited in the literature (Frynas & Yamahaki, 2016; Gray et al., 1995a; Yang, 2014). Further, current literature lacks research into CSRD in the context of the changing Saudi institutional environment. Of the limited research based in Saudi Arabia, studies tend to be descriptive. Theoretical and empirical analyses need to be further developed (see Section 2.5). The abovementioned limitations will be addressed in this thesis.

1.2 Research Objectives and Questions

In light of the limitations identified in Section 1.1 (also see Section 2.5 for more details), this thesis's central objective is to investigate how Saudi's contextual factors and firm-specific characteristics influence CSRD by Saudi companies in the context of the changing institutional environment. The overarching research question is how to theoretically and empirically explain factors influencing CSRD in the context of Saudi Arabia. Specifically, five research objectives (ROs) and eight research questions (RQs) are formulated:

RO1: Develop a conceptual framework that will enrich the understanding of CSRD in the Saudi-specific context.

This objective (RO1) addresses the limitation of a comprehensive theoretical framework that considers macro (i.e., political, social, and economic) and micro (i.e., company characteristics) factors in the interpretation of the CSRD of Saudi firms (see Sections 2.5 and 3.2). This highlights the importance of explaining the influence of the political, cultural, and economic reforms, marked by the Saudi 2030 Vision and the revised CGR (see Section 3.4), on CSRD by Saudi firms. Agency, legitimacy, stakeholders, and resource-dependence theories are commonly used to explain CSRD in the literature in Saudi Arabia. However, these theoretical perspectives lack a comprehensive view in explaining factors that influence CSRD in KSA (see Section 2.3). Agency and resource-dependence theories fail to attend to country-specific (contextual) factors of CSRD (Filatotchev & Nakajima, 2014; Frynas & Yamahaki, 2016; Hillman, Withers, & Collins, 2009; Yang, 2014). Legitimacy and stakeholder theoretical perspectives fail to thoroughly consider the influence of firm characteristics on CSRD (Filatotchev & Nakajima, 2014; Frynas & Yamahaki, 2016; Yang et al., 2015). Unlike the other theories, institutional theory enables multilevel institutional analyses that allow greater understanding of the role of country- and firm-specific factors on CSRD (Amran & Devi, 2008; Brammer, Jackson, & Matten, 2012; Jamali & Neville, 2011; Matten & Moon, 2008; Yang & Farley, 2016). Hence, an integrated analytic framework informed by institutional theory (extended theoretical model) will contribute to the relevant literature and enhance understanding of CSRD, considering firm's internal and external influencing factors in Saudi Arabia (see Chapters 3 and 7). Therefore, this thesis will address the following RQs related to RO1:

RQ1: *To what extent have Western theories been applied in Saudi CSRD research?*

RQ2: *How may factors that affect CSRD by Saudi firms in the Saudi context be theorized, and to what extent are the findings consistent with the proposed theoretical framework?*

RO2: Develop a CSRD instrument that (i) incorporates international and Saudi-specific issues of CSRD, (ii) captures both qualitative and quantitative CSRD items, and (iii) is based on the Saudi 2030 Vision objectives and the 2017 CGR articles related to CSRD.

To capture the Saudi-specific CSRD environment, a comprehensive instrument for CSRD content analysis is developed (see Table 4.4). The research instrument is based upon a thorough review of the relevant literature (i.e., international and Saudi-based studies). It considers the respective guidelines of international organizations (e.g., UNGC, OECD, ISO 26000, and GRI) and integrates the 2030 Vision objectives and the revised CGR associated articles (see Section 4.4). The research instrument comprises 33 items that are classified into five categories (see Section 4.4.2). The instrument combines qualitative (e.g., CSRD item 8: Representation of environmental policy statement) and quantitative (e.g., CSRD item 29: Allocations for Hajj and Umrah donations and supports) CSRD items (see Table 4.4). This highlights the importance of constructing such a comprehensive CSRD instrument that captures the Saudi institutional changes and their impact on CSRD, an under-studied area in the literature (see Section 2.5). Hence, this thesis addresses the RQ3:

RQ3: *What CSRD items should be included in a research instrument to best capture the content of CSRD in Saudi Arabia?*

RO3: Investigate whether the pattern of CSRD by Saudi firms has changed over time as a result of Saudi's changing institutional environment.

This objective is to examine the theoretical model in RO1 through the current research CSRD instrument in RO2 to identify CSRD patterns in the context of the changing institutional environment in Saudi Arabia. RO3 involves comparisons of (i) intra-year (i.e., examining CSRD patterns in each reporting year prior to the institutional changes in 2015 and after the institutional changes in 2018) and (ii) inter-year (i.e., evaluating the changing patterns of CSRD across the years) results of CSRD. This will provide an empirical analysis of not only the changing pattern of overall CSRD but also each category (i.e., "marketplace," "workplace," "community," and "Saudi-specific") of CSRD and individual CSRD items (i.e., 33 items) during the period in light of the Saudi 2030 Vision objectives and CSRD-related articles of the 2017 CGR (see Chapter 5). Of the limited research into CSRD in Saudi Arabia, there is a lack of comprehensive (multilevel) investigation into CSRD of Saudi companies (see Section 2.2). Further, the present research period (i.e., 2015 and 2018) is significant because it extends the existing body of literature by providing (i) a balanced panel data analysis instead of ordinary least squares (OLS) with unmatched companies across years (as did most prior studies based

in Saudi Arabia) and (ii) more recent CSRD evidence related to the impact of respective institutional changes in Saudi Arabia (see Sections 4.2, 4.4, and 4.6). Moreover, in this thesis, CSRDs are collected from Saudi firms' CSR-related reports and websites in addition to annual reports (see Section 4.3). The use of different CSRD sources of information increases data completeness and is more likely to present more complete findings, thereby avoiding misleading conclusions (Cowen, Ferreri, & Parker, 1987; Gray et al., 1995a; Guthrie & Farneti, 2008; Parker, 1982; Yang, 2014; Zeghal & Ahmed, 1990). However, no Saudi-based study has examined CSRD using various disclosure mediums (see Section 2.5). Therefore, the current thesis will address this weakness. The findings will address RQ4 and RQ5:

RQ4: *Did the level of CSRD change as a result of the release of the Saudi 2030 Vision and the 2017 CGR?*

RQ5: *How has the pattern of CSRD, by Saudi firms' annual reports, standalone CSR reports, and websites, altered over time?*

RO4: Advance the empirical analysis of the relationship among institutional changes, firm-specific characteristics, and CSRD in Saudi Arabia.

The review of Saudi CSRD literature shows that no prior study has investigated the impact of the 2030 Vision and the 2017 CGR on CSRD by Saudi firms (see Section 2.5). This objective (RO4) addresses this limitation and complements the results of RO3. This thesis, based on the outcomes of RO2, empirically analyzes the influence of such institutional changes on Saudi CSRD, considering country-specific (i.e., political, social, and economic) factors and firm-specific characteristics (see Chapter 6). Thus, this thesis highlights the importance of recognizing the uniqueness of countries' contextual aspects and company-specific factors, consistent with the conclusions of Marano et al. (2017), Tilt (2016), Uzma (2016), and Young and Thyil (2014). Hence, by empirically examining the categories, and individual items of CSRD, the present thesis addresses RQ6, RQ7, and RQ8:

RQ6: *Did the release of the Saudi 2030 Vision and the 2017 CGR influence the content of reporting as opposed to the level of reporting?*

RQ7: *To what extent have Saudi CSRD-related institutional changes influenced the CSRD of Saudi firms?*

RQ8: *What factors influence the changing pattern of CSRD by Saudi firms? To what extent do these factors influence CSRD?*

RO5: Promote transparency, accountability, and diversity in the CSRD of Saudi firms.

As explained in Section 1.1, CSRD can be a communication tool that strategically manages public scrutiny and encourages greater sharing of CSR information with diverse stakeholders. There has been growing interest in examining CSRD in different countries (see Chapter 2). Further, CSRD can be used to evaluate firms' legitimacy (Campbell, 2007). Increased and diverse CSRD can not only improve companies' legitimacy but also contribute to strengthening ties with firms' internal and external stakeholders (see Section 2.2). In Saudi Arabia, the 2030 Vision objectives are strongly related to CSRD (see Section 3.4.2.1 and Table 4.4). Firms with high and varied CSRD can demonstrate strong support of the 2030 Vision (see Sections 7.2–7.4). Findings of this thesis, based on the results of RO3 and RO4, have implications for policymakers and firms to improve CSRD in Saudi Arabia (see Section 7.7.3). This can assist policymakers to set regulations for greater transparency of social and environmental engagements by Saudi firms. Thus, varied and increased CSRD will help Saudi firms maintain and improve their reputation, performance, stakeholders' relationship, and legitimacy (see Section 7.7.3). This, in turn, assists the Saudi economy, society, and environment to thrive, which contributes to the realization of the 2030 Vision of Saudi Arabia.

1.3 Theoretical Framework

The institutional theoretical perspective considers institutions that are provided to properly manage a matter to improve social behavior (Campbell, 2007). Institutional theory has been identified as a potential analytical framework to apply to Saudi CSRD (see Section 2.3). This theory is constructed upon three institutional aspects: regulative (coercive), normative, and cultural-cognitive (mimetic) (DiMaggio & Powell, 1983; Scott, 1995, 2008, 2013; see Section 3.2). Essentially, institutional theory enables analysis of pressures in relation to social rules, expectations, norms, and values (Pfeffer & Salancik, 2003). Therefore, this theory emphasizes the interaction between firms'

internal and external environments (Deegan, 2002; Hoffman, 1999), as explained in Chapter 3. The use of institutional theory enables examination of broader factors from social, political, and economic perspectives that reflect local country contexts and micro-level firms' characteristics that influence CSRD (see Section 3.4).

The literature review will identify some limitations in relation to theorizing CSRD influential factors informed by institutional theory (see Sections 2.2 and 2.5). Most research informed by institutional theory tend to be qualitative-based studies (Yang et al., 2015). By using a mixed-method research design, this thesis will apply institutional theory as a framework to analyze the institutional changes (i.e., the 2030 Vision and revised CGR), firm characteristics, and their influence on CSRD in Saudi Arabia (see RO1). Thus, through a multilevel analysis of institutional changes, institutional theory offers a deeper understanding of different levels of change, especially developing country-based institutional changes (Hoskisson, Wright, Filatotchev, & Peng, 2013; Yang et al., 2015). Therefore, Saudi institutional changes (i.e., external environment) are expected to influence firm characteristics (i.e., internal environment), which will in turn alter the perceived institutional pressures (i.e., regulative/coercive, normative, and cultural-cognitive/mimetic; see Figure 3.1). In the process of interacting with these pressures (exerted by the external environment), companies respond to such influences, shaping their respective perceptions (via their specific characteristics) to make a CSRD decision (conformance or nonconformance) in a time-sensitive manner (i.e., at specific points in time, and over time; see Section 3.3). Hence, by using an institutional theoretical perspective, reasons for pressures and responses related to firms' CSRD decisions regarding legitimacy, resources, and survival capabilities can be identified, which is consistent with the conclusions of Meyer and Rowan (1977) and Oliver (1991). This provides a greater understanding of CSRD influencing factors in Saudi Arabia.

1.4 Research Methodology

This thesis's research design will address several limitations in the CSRD literature set in Saudi Arabia (see Section 2.5). Many prior studies examined a small sample to investigate CSRD. Thus, there is a need for CSRD research examining a large sample. Further, previous studies used outdated data to analyze CSRD. This has raised a need for an analysis based on more recent CSRD data. Regarding the development of a CSRD instrument, many prior studies adopted an international-based index, disregarded

country-specific related issues, and/or contained few CSRD items. Therefore, the existing body of CSRD literature will benefit from studies using a more comprehensive CSRD instrument. Moreover, although there are a growing number of researchers drawing on other disclosure mediums in addition to annual reports in analyzing CSRD, such studies remain limited and require additional research to examine a combined source of disclosure (e.g., annual reports, standalone CSR reports, and websites). There are limitations in the literature of CSRD related to research design (i.e., the use of quantitative, qualitative, or mixed research methodology). Few studies have adopted combined methods (quantitative and qualitative approaches) to examine CSRD, compared with other studies that are based solely on either quantitative or qualitative methods. This calls for more mixed-method research methodology in this area.

To address the abovementioned limitations, this thesis collects a sample of 117 Saudi nonfinancial listed companies (balanced panel data) for the years 2015 and 2018 (see Section 4.2). Thus, this thesis employs a larger sample size compared with some Saudi-based studies that utilize limited sample companies (see Section 2.5). Further, in relation to institutional theory, the application of this theoretical perspective to examine CSRD matters is dominated by qualitative studies, raising the need for more quantitative research in this area to complement qualitative studies (Yang et al., 2015). The use of such large and more recent data to analyze Saudi companies' CSRD is to (i) examine the research event of the Saudi institutional changes related to CSRD and to (ii) address such limitations in the relevant literature (see Chapter 2).

The choice of the study period, 2015 and 2018, is to investigate and compare the CSRD results of these two years, with a two-year gap, 2016 and 2017, in which the 2030 Vision was announced (April 2016) and the revised CGR became effective (April 2017; see Section 4.2). Hence, 2015 is prior to these CSRD-related institutional changes issued by the Saudi government; thus, there was no available information in the Saudi market in this regard. Further, there were no specific CSRD articles in the previous version of the Saudi CGR (the 2012 CGR) and no comprehensive national vision. Therefore, in this thesis, 2015 is chosen as the year prior to the institutional changes. In 2016, the Saudi 2030 Vision was released and the revised CGR were (only) announced. This was the first time that the Saudi government announced a nationwide vision; such a vision is consistent with CSR concepts (see Section 3.4.2.1). In 2017, the revised CGR became effective,

through which violating firms are penalized in relation to mandatory articles. However, CSRD-related articles, in general, are voluntary (see Section 3.4.2.2). Further, in an unprecedented move, the 2017 CGR included specific CSRD articles (i.e., Articles 87 and 88). The year 2018 is two years after the release of the 2030 Vision and the announcement of the revised CGR, and one year after the revised CGR effective implementation. Therefore, 2018 is chosen as the year after the institutional changes. This allows time for the Saudi market to respond to the 2030 Vision and revised CGR; thus, the impacts of the institutional changes can be appropriately examined. The distribution of this research period is consistent with institutional theory. This is because this theory allows for longitudinal analysis of institutional changes and their influence on CSRD, consistent with the conclusions of Campbell (2007) and Oliver (1991).

As explained in RO2, a comprehensive CSRD instrument will be developed covering international and Saudi-specific (qualitative and quantitative) CSRD items and considering the 2030 Vision and revised CGR (see Section 4.4). This is to represent the context of changing institutional environments on CSRD in Saudi Arabia. To the best of the author's knowledge, no prior Saudi-based studies have integrated international and Saudi-specific disclosure items in the research instrument with a linkage to the 2030 Vision objectives and revised CGR articles. The CSRD instrument of the present thesis consists of 33 items divided into five categories (see Table 4.4). The construction of this CSRD index responds to calls for additional comprehensive CSRD investigation by considering contextual factors (Al-Abdin et al., 2018; Ali et al., 2017; Jamali & Karam, 2018; Ortas et al., 2019; Sharma, 2019; Tilt, 2016).

Data used for analysis in this thesis are manually collected, including from annual reports, standalone CSR reports, and websites (see Section 4.3), leading to 359 observations across the study years (see Table 4.3). The utilization of such varied CSRD sources contributes to a deeper understanding of CSRD in the Saudi context and more complete results consistent with prior studies (Cowen et al., 1987; Gray et al., 1995a; Guthrie & Farneti, 2008; Parker, 1982; Yang, 2014; Zeghal & Ahmed, 1990).

The content analysis of CSRD will be conducted using a coding sheet. A binary coding for the collected CSRD will be used against the 33 CSRD items, in which 1 is recorded when a CSRD item is disclosed in any reporting medium, and 0 otherwise (i.e., for an absence of reporting). This is a common approach in the CSRD literature (Haniffa &

Cooke, 2005; Khan, 2010; Kolk & Pinkse, 2010; Marano et al., 2017; Tagesson, Blank, Broberg, & Collin, 2009; Young & Marais, 2012; see Section 4.4). The dependent variable (overall and categories of CSRD) then becomes the sum of the 0/1 scores across all relevant items in a company in a given year (see Sections 4.6.2.2). The reliability and validity of the CSRD instrument are achieved by commonly used checks and procedures. These include thorough reviews of literature and guidelines, well-specified items, categories, and scoring rules, and intra-coder and inter-coder reliability tests (see Section 4.4.4). The findings of this content analysis enable this thesis to achieve RO1, RO2, and RO3 by addressing RQ1 to RQ5 (see Section 4.4.2 and Chapter 5).

This thesis employs a quantitative approach to examine the relationships between CSRD (i.e., overall, categories, and individual items of CSRD) and explanatory variables through logistic and multivariate regression analyses using the generalized estimating equation (GEE; see Sections 4.6.1 and 4.6.2). The explanatory factors include external (institutional changes) and firm-specific characteristics that led to 14 hypotheses. Three control variables are also tested (see Section 3.5). Each hypothesis will examine the relationship of each independent variable with overall, categories of, and individual items of CSRD. The findings of the empirical testing will be used to explain how Saudi firms respond to institutional pressures by reporting CSRD and how firm-specific factors influence CSRD (see Chapter 7). Thus, the results of this investigation enable this thesis to achieve RO4 by answering RQ6, RQ7, and RQ8 (see Chapters 6 and 7). This thesis also has practical implications for regulators, investors, accounting professionals, and other institutions in terms of RO5, specifically in promoting CSRD transparency, accountability, and diversity in Saudi companies (see Section 7.7).

1.5 Significance and Research Contributions

The examination of CSRD in Saudi Arabia with consideration to the recent major institutional changes discussed in Section 1.1 is theoretically and practically important and has not been studied in the literature. This thesis contributes to CSRD literature in theoretical, empirical, and practical elements (see Section 7.7). First, it makes theoretical contributions by responding to calls for more research into country-specific contextual factors influencing CSRD (see Section 7.7.1). To the best of the author's knowledge, this is the first research that comprehensively investigates and explains the impact of Saudi Arabia 2030 Vision on CSRD. This thesis also provides theoretical justifications for

integrated macro contextual factors' and micro firm-level characteristics' influence on CSRD, which in the current body of literature is limited (Frynas & Yamahaki, 2016; Gray et al., 1995a; Yang, 2014). This thesis contributes to the existing CSRD literature in Saudi Arabia, in which the use of institutional theory in investigating CSRD is highly limited (Alhazmi, 2017). This thesis extends institutional theory to the Saudi context. The extended theoretical framework developed in this thesis integrates Saudi's country-specific context to explain CSRD (see Chapter 3). The model is then empirically tested (see Chapter 4).

Second, empirically, this thesis complements prior studies of Saudi CSRD through the utilization of a more current and critical study period (i.e., 2015, before the Vision of 2030 and revised CGR were announced, and 2018, after these instruments were effective; see Section 4.2), and through intra-year and inter-year analyses (see Section 5.2), providing a better understanding of changes in CSRD. It also extends the existing CSRD literature through the use of multiple CSRD disclosure mediums (i.e., firms' annual reports, standalone CSR reports, and websites). The development of this research CSRD instrument also contributes to the CSRD literature, in which it is comprehensively constructed based on international and local CSRD issues, includes quantitative and qualitative CSRD items, and integrates the 2030 Vision objectives and CSRD-related articles of the revised CGR. Further, the incorporation of a wider range of industry sectors based on the recently implemented (2017) Global Industry Classification Standard (GICS) in the Saudi market (see Section 4.2) also makes an empirical contribution to the Saudi CSRD literature. This thesis introduces new Saudi-context variables that offer new insights into factors influencing CSRD in Saudi Arabia (see Sections 3.5 and 7.7.2). Unlike prior CSRD studies based in Saudi Arabia, this thesis conducts a comprehensive quantitative statistical analysis (i.e., covering overall CSRD, CSRD categories, and individual items of CSRD through logistic and multivariate regression analyses via GEE; see Section 4.6.2). This thesis emphasizes the importance of utilizing appropriate and more sophisticated empirical techniques in analyzing the data; therefore, it provides more reliable results.

Third, the findings of this thesis have implications for policymakers to improve regulations and for companies to enhance performance for greater transparency, accountability, and diversity in the CSRD of Saudi firms (see Section 7.7.3). Thus,

increased and diverse CSRD will help Saudi firms maintain and improve their reputation, performance, stakeholders' relationship, and legitimacy. This in turn helps the Saudi economy, society, and environment to thrive and develop, which substantially contributes to the realization of the 2030 Vision of Saudi Arabia. Further, this thesis has implications for future research collaboration regarding English and Arabic CSRD literature among interested researchers (see Section 2.4). Moreover, it highlights the importance of identifying contextual differences when adapting Western theories into developing countries' contexts to gain a better understanding of CSRD in those countries (see Section 2.3). Hence, the findings of this thesis have practical implications for regulators, companies, investors, accounting professionals, practitioners, and other institutions in relation to understanding CSRD and its influencing factors.

1.6 Research Scope and Definition of Terms

This thesis examines the influence of the changing Saudi institutional environment and firm characteristics on CSRD. It develops a comprehensive CSRD instrument (see Section 4.4) to measure the CSRD of Saudi nonfinancial listed companies during 2015 and 2018. These CSRDs are collected from firms' annual reports, standalone CSR reports, and websites. In this thesis, CSRD includes only the social and environmental aspects, which are voluntary (see Section 4.4). The economic aspect of CSRD (e.g., financial reporting) is compulsory disclosure; hence, it has been excluded from this thesis, consistent with relevant Saudi-based CSRD studies (Alhazmi, 2017; Alotaibi & Hussainey, 2016; see Section 4.4.2). This enables investigation of the impact of macro factors and micro firm-level characteristics on voluntary-based CSRD in Saudi Arabia. The definitions of terms related to CSRD that will be used in this thesis are as follows.

1.6.1 Corporate social responsibility

CSR is mainly concerned with social and environmental issues; however, it can include all aspects of business by which organizations are responsible for their influencing respective actions (Gray et al., 1997).

1.6.2 Corporate social responsibility disclosure

CSRD is an approach through which firms' social and environmental impacts, caused by firms' economic activities, can be communicated to all stakeholders (Gray et al., 1987).

1.7 Thesis Structure

This thesis is organized into seven chapters. Chapter 1 introduces the thesis by presenting the background and motivations of the research. Further, in this chapter, the ROs and questions, theoretical framework, research methodology, research significance, and scope of this thesis and term definitions are described.

Chapter 2 reviews empirical findings of political, social, and economic macro contextual factors and micro firm-level characteristics that influence CSRD. Moreover, this chapter discusses the adaptability of Western theories to Saudi CSR research, in which a suitable theoretical perspective for this thesis is identified. Further, it reviews the prior literature of CSR in KSA. Chapter 2 also summarizes the limitations of prior CSRD literature.

Chapter 3 discusses advanced institutional theory adopted in the CSRD literature. Further, it explains the CSRD context in KSA. The chapter develops the conceptual framework via an extended model based on institutional theory addressing RO1. Moreover, it explains the development of research hypotheses and discusses control variables.

Chapter 4 explains the research methodology applied to empirically examine the extended model presented in Chapter 3. Chapter 4 also outlines the data collection procedures. Further, it discusses the measurement of CSRD addressing RO2. This chapter reports measures of the factors influencing CSRD and explains data analysis.

Chapter 5 presents the descriptive results related to the following CSRD aspects to address RO3. It reports changes in the overall CSRD by Saudi firms. Further, this chapter reports changes in the CSRD medium and content of Saudi firms. Chapter 5 summarizes changes in firms' characteristics. Moreover, this chapter analyzes CSRD by industry sector and firm size.

Chapter 6 reports the multivariate results of CSRD influencing factors to generally address RO4. In this chapter, Saudi CSRD is analyzed by three levels of impact—overall, categories, and individual CSRD items—in relation to respective explanatory variables. Chapter 6 also addresses research hypotheses by explaining how such variables affect CSRD.

Chapter 7 concludes the thesis by discussing the findings addressing RO4 and RO5 in the context of institutional theory. This chapter discusses the findings of Saudi CSRD, including the level and content of disclosure resulting from the institutional changes in CSRD and firm-level characteristics. Discussion of research contributions is also included in this chapter. It also outlines research limitations and directions for future research.

1.8 Summary

This chapter describes the background and motivations for this research. It presents the ROs and questions. This chapter outlines the research theoretical framework, methodology, significance, and scope, and defines key terms. The structure of this thesis is also presented in this chapter. Chapter 2 will review the relevant literature in relation to empirical findings, theoretical perspectives, and limitations related to CSRD.

Chapter 2: Literature Review

2.1 Introduction

This chapter reviews the relevant CSR literature on CSRD, corporate governance (CG), and other related influencing factors (i.e., macro and micro contexts). This CSR review includes not only international-based research but also local studies based in Saudi Arabia. Thus, this chapter identifies factors influencing CSRD that are outlined in the respective literature. It also provides an overview of key theories used in interpreting CSRD studies' findings. Hence, in this chapter, the most suitable theoretical perspective to interpret the CSRD findings in a changing institutional environment is discussed. Further, this chapter reviews the evolution of CSRD research in Saudi Arabia (i.e., trends of CSRD in Saudi-based research). These are under-researched areas in the CSRD literature. This review provides a deeper understanding of the current status of CSRD research in Saudi Arabia and the relationships between CSRD and its influencing factors, and identifies respective research gaps (opportunities).

The remainder of this chapter is organized as follows. Section 2.2 reviews empirical findings of political, social, and economic macro contextual factors and micro firm-level characteristics that influence CSRD. Section 2.3 discusses the adaptability of Western theories to Saudi CSR research. Section 2.4 reviews CSRD literature based in KSA and Section 2.5 summarizes the limitations of prior CSRD literature. Finally, Section 2.6 presents the chapter summary.

2.2 Empirical Findings on Factors Affecting CSRD

In this section, the review of the relevant literature is divided into two categories: macro and micro factors that influence CSRD. Macro factors include political, social, and economic contexts, and micro aspects are companies' characteristics.

2.2.1 Macro factors: Political, social, and economic contexts

Prior research has linked CSR to political, social, and economic contexts. Further, previous researchers have suggested that a country's political economy perspective influences firms' disclosure (Gray, Owen, & Adams, 1996; Guthrie & Parker, 1990;

Healy & Palepu, 2001; Roberts, 1992). Gray et al. (1995a) employed stakeholder, legitimacy, and political economy theories to interpret the findings of the reviewed studies. Gray et al. (1995a) concluded that CSR is not a systematic practice because of an absence of regulation. The authors added that CSRD varies depending on the country of reporting because of different contextual pressures in different countries. This observation is supported by Baughn, Bodie, and McIntosh (2007), who studied CSR through the lens of institutional theory. Baughn et al. (2007) examined the environmental and social dimensions of CSR of 15 Asian countries and compared their CSR results with other countries (e.g., United States [US], Australia, Middle Eastern countries, and African countries). Baughn et al. (2007) revealed major differences in CSR findings resulting from geographical reasons. Specifically, the researchers found a strong relationship between a country's political, social, and economic contexts and CSR. Baughn et al. (2007) also stressed the importance of coercive institutional power (i.e., regulations) to encourage CSR practices. However, Dobers and Halme (2009) discussed CSR in developing countries, particularly in South America and Africa, contributing to a greater understanding of what appropriate CSR practices can offer, informed by post-development theory.

Dobers and Halme (2009) argued that CSR is not only about encouraging good practices but also about prohibiting bad practices such as fraud and corruption. Dobers and Halme (2009) identified that the absence of a proper institutional environment and CSR actions could lead to misuse of significant resources and, thus, state failure. Young and Marais (2012) studied the quality of CSR communications informed by institutional and legitimacy theories. The authors examined CSR reporting, considering the impact of national institutions and industry characteristics. The study empirically tested a sample of 220 reports of Australian and French firms published in 2009. Young and Marais (2012) reported that CSRD is better communicated in France than in Australia because of the presence of CSR governance. Tilt (2016) confirmed the above studies' findings with a particular focus on CSR reporting environments in developing countries. Tilt (2016) argued that stakeholder, legitimacy, and accountability theories are popular in developed countries for explaining CSR practices. However, these theoretical perspectives have issues in comprehensively considering political, cultural, and economic aspects (macro level). Thus, they fail to interpret CSR in a changing institutional environment such as those in developing countries (Frynas & Yamahaki, 2016; Yang,

2014; see Section 2.4). Tilt (2016) suggested that the role of political ideology and hegemony, the influence of cultural understandings, and the impact of historical economic contexts should be considered when examining a developing country's CSRD. This discussion is also consistent with other studies based in developing countries (Uzma, 2016; Yang et al., 2015). Jamali and Karam (2018) reviewed 453 research papers based in developing countries, published between 1990 and 2015, to identify how CSR is understood and practiced in developing countries. The authors revealed that CSR in developing countries is emerging; however, there are gaps in the concepts and implementation of CSR resulting from political and social factors (e.g., formal regulative and informal cultural institutions systems of governance) affecting the development of their CSR (see Chapter 3).

Further, in the existing body of literature, some studies empirically examined the influence of political, social, and economic factors on the CSRD of developing countries. Marano et al. (2017) investigated the CSRD of multinational enterprises in emerging markets. Their study aimed to examine the relationship between the condition of institutional voids (i.e., the absence or lack of institutions that improve CSR practices) in emerging markets and the use of CSRD, informed by institutional theory. The researchers used a quantitative methodology to analyze 681 annual reports of multinational enterprises operating in emerging markets between 2004 and 2011. They reported that sampled firms were motivated to improve CSRD because of institutional pressures associated with internationalization, developed economy stock-exchange listings, and time (a proxy to test firms' experience in relation to understanding their CSR practices). Applying institutional theory, the authors explained that the behavior of the sampled companies is an imitation of developed-country firms because their home country has more institutional constraints related to CSRD (e.g., institutional voids, liability of origin, and inactive legitimation strategies associated with the examined developing countries). Marano et al. (2017) suggested that improving CSR institutional environments leads to an increase in CSRD. Aligned with these findings, Ali et al. (2017) explored the similarities and differences between developed and developing countries in relation to CSRD determinants. By conducting a literature survey and reviewing 76 empirical research articles, the authors concluded that CSRD is pertinent to a country's (developed and developing) political, societal, and cultural influences. However, CSRD in developed countries is more concerned with specific stakeholders (e.g., regulators, investors, and

media); CSRD in developing countries is influenced more by external and powerful forces (e.g., international media and foreign investors; Ali et al., 2017). They added that firms of developing countries experience less public pressure than do those of developed countries.

Previous literature has argued the role of government in promoting corporate reporting by providing relevant guidelines. Governments exert a coercive/regulative institutional pressure on firms to enhance certain social behaviors (Campbell, 2007; DiMaggio & Powell, 1983; Scott, 2008). CSRD can be also enhanced by providing respective regulations (Amran & Devi, 2008; Chauvey, Giordano-Spring, Cho, & Patten, 2015; Frost, 2007; Haji, 2013; Roberts, 1992; Sadou, Alom, & Laluddin, 2017; Yang & Farley, 2016; see Sections 3.2 and 3.6.1). For example, Amran and Devi (2008) investigated the influence of the Malaysian 2020 vision on Malaysian companies' CSRD and found that the 2020 Vision motivated the sampled firms to engage in greater CSRD. Further, extending the argument made by Marano et al. (2017), Ortas et al. (2019) examined the role of national institutions on firms' environmental, social, and governance (ESG) performance. These researchers quantitatively analyzed the ESG performance of 4,751 firms from 52 countries, adopting the institutional theory. Ortas et al. (2019) found that good CSR policies drive better ESG performance. They also suggested that firms in countries with a developed regulatory and welfare system have a higher commitment to sustainability and, thus, have better ESG performance.

Further, Sharma (2019) assessed the role of CSR in developing and developed countries. By reviewing the literature, Sharma (2019) focused on CSR concepts and the role of CSR in a country's development. The researcher concluded that governments of developing countries use CSR campaigns to serve political and social aims. Consistent with the findings of Ali et al. (2017), the author reported that, in developed countries, firms control CSR campaigns and tend to focus on stakeholders' needs in their CSR strategies. The findings of Sharma (2019) show the general trends of CSR usage by governments and firms, regardless of country-specific contexts (e.g., economic, social, and political) that may play a significant role in clarifying the impact of CSR on a country's development. For instance, Al-Abdin et al. (2018) investigated the status of CSR and its future directions by systematically reviewing the relevant literature in the Middle East (ME). The researchers found only 38 papers published in high-ranking journals with significant

relevance to the study matters covering from 2003 (i.e., the year of the first-found published paper) to 2016 (i.e., the year of the last paper included in the analysis). Al-Abdin et al. (2018) revealed that CSR in ME is generally evolving, but in a slow manner, reflecting the different ME country-specific contexts (e.g., cultural, political, and economic). Al-Abdin et al. (2018) noted that the differences between countries may play an important role in a country's CSR development (e.g., Syria, Iran, Turkey, and Lebanon's geopolitical impacts on CSR). Most importantly, Al-Abdin et al. (2018) identified research gaps to be addressed, including examining the impact of stakeholders (e.g., society, government, religion, and regulations) on CSR, the relationship between business and non-governmental organizations in relation to CSR, the influence of the political and economic crisis on CSR, and the role of the culture and individual personality characteristics in shaping managers' CSR behaviors.

Prior literature has highlighted the importance of recognizing the uniqueness of each country-specific context that influences CSR. Some CSR studies conducted in developing countries mimic the approach of CSR studies based in developed countries (Al-Abdin et al., 2018; Marano et al., 2017; Ortas et al., 2019; Tilt, 2016). Researchers (Ali et al., 2017; Baughn et al., 2007; Dobers & Halme, 2009; Endrikat et al., 2020; Lu & Wang, 2021; Marano et al., 2017; Tilt, 2016; Uzma, 2016) have cautioned that transplanting research based in developed countries to developing states without modifications as per the country-specific contexts may lead to misleading findings resulting from political, cultural, and economic differences. Therefore, the distinctive geographical-related CSR characteristics lead to many associated research gaps; Al-Abdin et al. (2018); Dobers and Halme (2009); Marano et al. (2017); Sharma (2019); Tilt (2016); Uzma (2016) stressed the need for more studies to investigate the role of regulations, stakeholders, politics, crisis, culture, and individual behavior on CSRD.

The relationship between religion and CSR, as a cultural aspect, has been also explored in the extant literature. Islamic teachings and CSR concepts are strongly related (Albassam & Ntim, 2017; Alhazmi, 2017; Goby & Nickerson, 2016; S. A. Khan et al., 2013; Sobhani, Zainuddin, & Amran, 2011; see Section 3.3.2). Baydoun and Willett (2000) postulated that CSR reports can be influenced by the teachings of Islam. They proposed that the religion of Islam, as a cultural variable, affects the interpretation and disclosure of accounting measures and information. Baydoun and Willett (2000)

identified two Islamic reporting requirements: a form of social responsibility and a model of optimal disclosure. The authors advised that these requirements may change the Western approach of financial statement preparation, but will satisfy stakeholders' willingness to follow Islamic principles in relation to business decision-making. Corporate activities in Islamic societies entail a sense of social accountability and collectivism (Baydoun & Willett, 2000). In contrast, Western companies are traditionally driven by profit maximization (with a little consideration to social accountability) and individualistic economic rationalism (Baydoun & Willett, 2000).

Haniffa and Cooke (2005) examined the influence of CG mechanisms and cultural variables (including religion) on CSRD in Malaysia informed by legitimacy theory. Using a mixed-method analysis, the authors identified a significant relationship between CSRD and Malay-dominated (mainly Muslim) boards of directors, executive-dominated boards of directors, multiple directorship chairpeople, and foreign share ownership. In addition, Aribi and Gao (2010) examined the Islamic influence on CSRD between Islamic and conventional financial institutions. Their study found that Islam has a positive influence on the CSRD of Islamic financial institutions operating in the Gulf region. Aribi and Gao (2010) supported the findings in the research mentioned above, and their conclusions were consistent with more recent studies (e.g., research that explored the influence of religion on CSRD, such as Alhejaili, 2018, Hassan and Syafri Harahap, 2010, and Raman and Bukair, 2013). Moreover, Jamali and Sdiani (2013) examined the relationship between CSR and religiosity by investigating the thoughts of Lebanese firms' managers. The authors identified two types of religiosity drivers in relation to CSR: intrinsic (i.e., based on personal experience) and extrinsic (i.e., based on shared responsibility). Jamali and Sdiani (2013) found social extrinsic religiosity with wider CSR perspectives maximized its benefits, while intrinsic religiosity was revealed to be narrower in relation to CSR, with limited appreciation of its advantages. However, Harun, Hussainey, Kharuddin, and Al Farooque (2020) found that Islamic banks in GCC countries had low CSRD, suggesting that such firms concentrate more on financial benefits than on religious and social norms. In Saudi Arabia, very few studies have examined the impact of Islamic values on CSRD. Albassam and Ntim (2017) investigated the influence of Islamic values on CG voluntary disclosure in Saudi Arabia. The researchers analyzed 75 listed firms for seven years. They (2017) found that companies with high practicing-religiosity (i.e., integrating more Islamic values in business) have higher voluntary CG disclosure. In

addition, there is a paucity in research on the impact of CSR on firm performance from an Islamic perspective. Al-Malkawi and Javaid (2018) provided insights regarding the effect of CSR (measured by Zakat) on firm financial performance informed by stakeholder theory. The researchers examined 107 Saudi-listed nonfinancial firms over 10 years. Al-Malkawi and Javaid (2018) revealed a strong association between Zakat and firm financial performance. This suggests that Zakat can be considered a win-win strategy through which firms can increase profits and aid society. In conclusion, studies investigating the impact of religion on CSRD are rare in the Saudi context. This raises a need for more institutional theory-based research on Saudi firms in this area (Albassam & Ntim, 2017; Jamali & Sdiani, 2013).

2.2.2 Micro factors: Firm characteristics

Firm-specific factors shape companies' identity, which in turn influences firms' behavior in dealing with internal (e.g., operations and employees) and external (e.g., customers, the environment, and community) issues. Such firm-level characteristics have been argued to play different influential roles in relation to CSR and CSRD (Goodstein & Boeker, 1991; Michelon & Parbonetti, 2012; Yang & Farley, 2016).

There are abundant empirical findings on the relevance of companies' specific characteristics to CSR. For example, Gray et al. (1995a) explored the literature of CSR and firm characteristics and found that factors such as industry type, country of reporting, company age, and the existence of a social responsibility committee influence CSR. However, Gray et al. (1995a) also identified other firms' factors that are irrelevant to CSR, such as company size and profitability, contradicting the findings of many other studies that revealed a positive association between firm size and CSRD (Cowen et al., 1987; Hackston & Milne, 1996; Patten, 1991), and profitability and corporate reporting (Al-Tuwaijri, Christensen, & Hughes Ii, 2004; Belkaoui & Karpik, 1989; Haniffa & Cooke, 2005; Jizi, Salama, Dixon, & Stratling, 2014; Roberts, 1992). Adams (2002) investigated the impact of internal organizational factors on corporate social and ethical reporting. The author interviewed senior executives from seven large multicultural firms in the chemical and pharmaceutical sectors in the UK and Germany. She discovered significant internal contextual variables (including firm size, country of origin, and culture) affecting the extent, quality, quantity, and completeness of such disclosures. Adams (2002) also revealed that public pressure drives firms' practice of reporting. In

Australia, Chan, Watson, and Woodliff (2014) assessed factors affecting CSRD, informed by legitimacy and stakeholder theories. The authors revealed that firm size, industry type, and leverage have positive significant impact on Australian firms' CSRD.

In Bangladesh, Muttakin, Khan, and Subramaniam (2015) investigated the impact of board directors' gender and nationality, firm size, and profitability on CSRD, informed by signaling theory. The authors reported that larger and more profitable firms, with foreign directors on board, report more CSRD, while women on boards have a negative impact on CSRD. Ali et al. (2017) reviewed the similarities and differences between developed and developing countries in relation to CSRD determinants. The authors found that, in general, firm size, industry type, and profitability influence CSRD.

Moreover, researchers have been motivated to investigate more influencing factors related to CSRD. CG factors, as company-specific characteristics, have been examined in relation to CSRD. For instance, Harjoto and Jo (2011) quantitatively examined the association between CG (e.g., board independence and ownership structure) and CSR using a large international sample consisting of 12,527 observations. This study revealed positive relationships between CSR and such CG aspects. Jizi et al. (2014) adopted agency theory to examine the impact of CG factors on CSRD in the US banking sector. They examined the impact of board size and independence, and CEO duality in CSRD by analyzing the annual reports of large US commercial banks, using a research instrument of 31 CSRD items sourced from a prior study. They found that board size, board independence, and CEO duality are positively associated with CSRD. Harjoto and Jo (2011) and Jizi et al. (2014) suggested that the significance of CG factors in explaining CSR is related to management's attempts to demonstrate higher accountability to stakeholders. Further, Majumder, Akter, and Li (2017) extensively reviewed 29 articles about the relationship between 12 CG factors and CSR. Their review covered developed and emerging countries. Majumder et al. (2017) utilized a meta-analysis instrument to statistically reconcile the mixed results of prior research. They validated the positive relationship between board size, frequency of board meetings, and auditors' credibility with CSR. Recent findings for Saudi companies also support prior research investigating CG and CSRD (Al-Janadi, Rahman, & Omar, 2013; Alhazmi, 2017; Alotaibi & Hussainey, 2016; see Table 2.1). In addition to the abovementioned commonly used CG factors, there have been recent limited studies into two other CG factors influencing CSR:

risk management committees (RMC; Musallam, 2018) and CSR committees (CSRC; Arena, Bozzolan, & Michelon, 2015; Endrikat et al. 2020; Fuente, García-Sánchez, & Lozano 2017; Gennari & Salvioni 2019).

Further, despite their paucity in the extant literature, company-specific factors, were investigated and found to affect CSR (see Section 3.6), such as:

- influential (e.g., politicians) directorship (Alazzani, Aljanadi, & Shreim, 2019; Michelon & Parbonetti, 2012; Yang & Farley, 2016)
- gender diversity (Bear, Rahman, & Post, 2010; Issa & Fang, 2019; Lu & Wang, 2021; Post, Rahman, & Rubow, 2011; Williams, 2003)
- regulatory penalties (Ding, Qu, & Shahzad, 2019; Martínez-Ferrero, Suárez-Fernández, & García-Sánchez, 2019)
- CSR awards (Anas, Rashid, & Annuar, 2015; Arena, Liong, & Vourvachis, 2018; Sadou et al., 2017)
- internationalization (i.e., the influence of operating in multiple countries; Attig, Boubakri, El Ghoul, & Guedhami, 2016; Brammer, Pavelin, and Porter, 2006; Marano et al., 2017; Yang, 2014).

However, justifications of such relationships are limited (Gray et al., 1995a; Yang, 2014; see Section 3.3). Thus, studies informed by a comprehensive theoretical perspective such as institutional theory is needed to investigate the role of firm-specific characteristics on CSRD from internal (i.e., mimetic pressure) and external (i.e., coercive and normative pressures) aspects (Ali et al., 2017; see Sections 3.5 and 7.4). This enriches the knowledge and provides a deeper understanding of CSRD macro and micro influencing factors, leading to the discovery of more methods to improve CSR (see Section 7.7).

2.3 Adaptability of Western Theories to Saudi CSR Research

2.3.1 Agency theory

Agency theory (Jensen & Meckling, 1976) suggests that managers should control business activities to satisfy the needs of different interest groups (stakeholders), such as shareholders, investors, and creditors (Fama, 1980). By analyzing firms' CSR performance using this theory, results show how managers perform in line with

stakeholders' expectations and reduce conflicts and information asymmetry (Morris, 1987). Therefore, managers tend to use CSR to solve such agency problems, focusing on CSR practices and providing CSRD (Morris, 1987). This likely has motivated some researchers to study CSR and CG issues in Saudi Arabia through the lens of agency theory (Abdulhaq & Muhamed, 2015; Al-Janadi et al., 2013; Alotaibi & Hussainey, 2016; Habbash, 2016; Issa, 2017).

However, this theoretical perspective may not accurately reflect the Saudi culture because it is based on Western business culture assumptions, including well-established capital markets and prevailed proprietary ownership. Further, the focus is mainly internal CSRD drivers (Filatotchev & Nakajima, 2014; Frynas & Yamahaki, 2016; Yang, 2014). In KSA, an emerging and transforming market inspired by Saudi Vision 2030, the business aspects of internal CSRD drivers are not yet evidenced. Thus, solely relying on the agency perspective may result in misleading justifications and discussions in relation to Saudi CSR research findings. Application of a theoretical perspective with a comprehensive analysis considering contexts such as culture, politics, and economy will provide a greater understanding with regard to CSRD and its influential elements in Saudi Arabia.

2.3.2 Legitimacy and stakeholder theories

In these theories, managers are suggested to legitimize business behaviors by reporting information that affects stakeholders' perceptions in relation to firm image (Brown & Deegan, 1998; Guthrie & Parker, 1989; Roberts, 1992). Stakeholders view CSR practices as an important aspect for legitimacy, and managers can use CSRD as a strategy to positively satisfy stakeholders (Deegan, 2002; Freeman, 2010; Patten, 1991; Ullmann, 1985), consistent with legitimacy and stakeholder theories. Thus, these combined perspectives are complementary and mutually supportive because they concern parties (i.e., stakeholders and managers) with a social contract for conducting business in a legitimatized manner (Deegan, 2002; Gray et al., 1996). Some research has utilized these theoretical perspectives to examine CSR in Saudi Arabia (Abdulhaq & Muhamed, 2015; Alotaibi & Hussainey, 2016; Boshnak, 2021; Macarulla & Talalweh, 2012; Mahjoub, 2019). However, few researchers provided clear support for legitimacy and stakeholder theories while examining CSRD in KSA (Macarulla & Talalweh, 2012). This may be because of inadequate analytical coverage—these theories mainly recognize the CSR external influencing factors on a firm, but fail to comprehensively consider internal

determinants (i.e., firm characteristics) of CSRD (Filatotchev & Nakajima, 2014; Frynas & Yamahaki, 2016; Yang et al., 2015). This raises a limitation in terms of theory-driven explanations capturing the Saudi contexts of social, political, and economic features in relation to CSRD investigation.

2.3.3 Resource-dependence theory

Fundamentally, resource-dependence theory (RDT) explains how accessing and controlling a business's resources can lead to success (Pfeffer & Salancik, 2003). Concerning CSR, this theoretical insight provides an analytical approach to the relationship between businesses and society because controlling resources requires maintaining proper ties with the external environment (i.e., the sources of resources; Davis & Cobb, 2010). Particularly, based on RDT, boards of directors, in their strategic decision-making, should be provided with critical resources, such as controlling, monitoring, counseling tasks, through which companies can survive and compete in the business environment (Davis & Cobb, 2010; Hillman et al., 2009). Some research examined CSR in Saudi Arabia informed by RDT; the findings of these studies were not well explained in relation to CSRD (Al-Janadi et al., 2013; Issa, 2017; Mahjoub, 2019). This limitation in justification by RDT might be a result of reliance on explaining general associations between corporations, their environments, and actions taken by companies to reduce dependencies, with less consideration to the political context (Frynas & Yamahaki, 2016; Hillman et al., 2009). Thus, an insight by a theory that considers a holistic analysis approach of contextual factors influencing CSRD in KSA is needed.

2.3.4 Institutional theory

Institutional theory's main assumption is that all firms are socially constructed; thus, they consider social norms, beliefs, and values, and display conformity with institutional rules and regulations (Campbell, 2007; Matten & Moon, 2008). Based on this theory, in a process of isomorphism, three types of pressures (i.e., coercive, normative, and mimetic) influencing social matters should be considered and controlled in order for organizations to survive and grow (DiMaggio & Powell, 1983). In terms of CSR, institutional theory offers a holistic analysis by considering three generic approaches (i.e., economic, sociological, and comparative) to promote CSRD (Campbell, 2007; DiMaggio & Powell, 1983). The use of this theoretical insight in CSR studies provides the ability to examine

more influencing factors from broader angles, such as social, political, and economic perspectives, widely reflecting local country contexts and considering more specific factors, such as a company's characteristics' effects in relation to institutional pressures (Amran & Devi, 2008; Brammer et al., 2012; Jamali & Neville, 2011; Matten & Moon, 2008; Yang & Farley, 2016; see Sections 3.4, 3.5, and 7.4). In Saudi Arabia, very few CSRD studies were informed by institutional theory (Alhazmi, 2017). Hence, CSRD studies driven by institutional theory thoroughly analyzing the contexts of social, economic, and political perspectives of KSA are needed to better understand the recent institutional guidelines' (i.e., the 2030 Vision and revised CGR) influence on CSRD. This will be comprehensively discussed in Chapter 3.

2.4 Review of Prior CSR Literature Based In KSA

In Saudi Arabia, CSR has only recently become a topic of interest to researchers. CSR has attracted the attention of diverse stakeholders (e.g., governments, companies, and researchers) not only because of increasing international interest in this field but also because of the economic, social, and environmental benefits that can be achieved. This has led to a growing number of studies examining the status of CSR and factors influencing CSRD in Saudi Arabia. Section 2.4.1 reviews the evolution of Saudi-based CSR research.

2.4.1 Developments in Saudi CSRD literature

The literature on CSRD based in KSA is limited (Alhejaili, 2018; Alotaibi & Hussainey, 2016; Issa, 2017; Mahjoub, 2019; Saeidi, 2019). In terms of language, very few CSR studies have been published in Arabic; the exceptions are Al-Zahrani (2010) and Elasrag (2014). Arabic CSR publications offer a broad descriptive discussion about CSR concepts and its relationship with Islam and local developments. In contrast, English CSRD literature based in Saudi Arabia often involves a variety of studies empirically examining CSR and its relationship with CG and other firm-specific factors (Abdulhaq & Muhamed, 2015; Al-Gamrh & Al-Dhamari, 2016; Al-Janadi et al., 2013; Alhazmi, 2017; Boshnak, 2021; Habbash, 2016; Macarulla & Talalweh, 2012). This thesis will review Saudi CSR literature published in both Arabic and English literature.

The review of Saudi CSR literature shows that CSRD is evolving. Researchers were motivated to fulfill the needs of local stakeholders and remain consistent with international CSR developments. Early CSR literature based in Saudi Arabia tends to explore CSR concepts, origins, and drivers (Al-Zahrani, 2010; Ali & Al-Aali, 2012; Macarulla & Talalweh, 2012; Mandurah, Khatib, & Al-Sabaan, 2012). The exception is two recent studies that drew on more current literature to comprehensively investigate the origins of Saudi CSR (e.g., Islamic culture and stakeholders' expectations; Saeidi, 2019) and analyze the drivers (e.g., firms' reputation, ethical responsibility, and risk management) and barriers (e.g., lack of economic resources and employees' competencies) of CSR in KSA (Pinto & Allui, 2020). However more recent studies have shifted to exploring the status, practices, and performance of CSR (Elasrag, 2014; S. A. Khan et al., 2013; Nalband & Al-Amri, 2013). For example, Alshareef and Sandhu (2015b), inspired by Western CSRD measurements, explored the qualitative measurements of CSRD. The quantity and quality of CSRD and its determinants were the next shift of focus in the Saudi CSRD literature (Alotaibi & Hussainey, 2016). Prior studies, albeit limited, have contributed to gaining a deeper understanding of the challenges, perceptions, practices, performance, measurements, and disclosure quality and quantity in relation to CSRD. Most importantly, prior studies have revealed the pressing need for more studies to empirically investigate factors that influence CSRD in the context of Saudi Arabia. This call for more research motivated later researchers to examine factors influencing CSRD, including CG mechanisms (e.g., board characteristics and board committees features) and other firm-specific factors (e.g., firm size, firm age, and industry type) with relation to firm performance (Abdulhaq & Muhamed, 2015; Al-Gamrh & Al-Dhamari, 2016; Al-Janadi, Abdul Rahman, & Alazzani, 2016; Al-Malkawi & Javaid, 2018; Aldosari, 2017; Alhazmi, 2017; Alshareef & Sandhu, 2015a; Boshnak, 2021; Habbash, 2016; Issa, 2017; Mahjoub, 2019), with the exception of very limited studies that explored this matter earlier (i.e., the impact of CG factors on CSRD; Al-Janadi et al., 2013). Further, previous research has shown different levels of CSRD (by average) in KSA influenced by several factors, such as sample features, measures, CSRD index, and time (see Table 2.1). In particular, Macarulla and Talalweh (2012) found the average CSRD is 16%; Al-Janadi et al. (2013) 14.61%; Abdulhaq and Muhamed (2015) 36%; Al-Gamrh and Al-Dhamari (2016) 15.4%; Alotaibi and Hussainey (2016) 9.43%; Habbash (2016) 24%; Issa (2017) 11%; and Boshnak (2021) 68%.

Hence, prior studies conducted in Saudi Arabia shifted from fundamental issues, such as the origins and status (i.e., descriptive analysis) of CSRD, to empirical exploration of influential factors (i.e., CG and other firm-specific factors). The development of CSRD research in Saudi Arabia has resulted in a greater understanding of CSRD and its influential factors, providing a reliable base for future studies. Further, previous studies have contributed to the improvement of CSRD in Saudi Arabia. Some of these studies highlighted the importance of government-issued CSR guidelines that encourage firms to report more CSRD (Alhazmi, 2017; Alotaibi & Hussainey, 2016; Habbash, 2016; Issa, 2017; S. A. Khan et al., 2013; Nalband & Al-Amri, 2013). This has been fulfilled by the Saudi government through the release of the 2030 Vision in 2016 and revised CGR in 2017. However, no prior studies have examined the impact of the Saudi government's recent institutional changes on CSRD by Saudi firms. Therefore, there is a need to investigate the recent institutional guidelines' influence on CSRD, which will be addressed by this thesis. Sections 2.4.2–2.4.3 review theoretical perspectives and research designs used by prior CSR Saudi-based studies.

2.4.2 Theoretical perspectives

Previous studies in the Saudi CSR literature were drawn from diverse theoretical perspectives (see Table 2.1). This includes agency, stakeholder, legitimacy, resource-dependence, and signaling theories, used to explore a CSR-related phenomenon (Abdulhaq & Muhamed, 2015; Al-Janadi et al., 2013; Alhazmi, 2017; Alotaibi & Hussainey, 2016; Boshnak, 2021; Habbash, 2016; Issa, 2017; Macarulla & Talalweh, 2012; Mahjoub, 2019). These local studies focused on accounting theoretical perspectives, such as the abovementioned theories, to examine CSRD-related topics. This is because of their high relevance to CSR and in accordance with the international interest and trend in investigating CSRD matters (e.g., factors impacting CSRD) using these theoretical lenses, which is consistent with the conclusion of Yang (2014). This global interest and the use of different theoretical perspectives have helped researchers discover more areas related to CSR in KSA, identifying a need for further empirical research that investigates more factors influencing CSRD (Al-Janadi et al., 2016; Alhazmi, 2017; Mahjoub, 2019). Further, institutional theory is rarely mentioned, except for a limited discussion in the Saudi CSR research (Alhazmi, 2017), as outlined in Sections 2.3.4 and

3.2. This might be related to the absence of a study that examines institutional guidelines' impact on the CSRD of Saudi firms, which will be addressed by the present thesis.

2.4.3 Research design

2.4.3.1 Sample characteristics

Most Saudi CSR research considers nonfinancial sectors when examining CSR-related matters (Al-Gamrh & Al-Dhamari, 2016; Al-Janadi et al., 2016; Al-Malkawi & Javaid, 2018; Alhazmi, 2017; Alotaibi & Hussainey, 2016; Boshnak, 2021; Habbash, 2016; Issa, 2017; Mahjoub, 2019; see Table 2.1). This is because of a homogenous regulatory environment among these industries, while financial sectors have distinctive disclosure requirements as per Saudi market regulations (Al-Gamrh & Al-Dhamari, 2016; Alhazmi, 2017; Boshnak, 2021; see Section 4.3). However, very few studies have examined CSR in the banking sector in Saudi Arabia (Alhejaili, 2018), or private and non-profit sectors (Saeidi, 2019). Further, there are some CSR studies based in Saudi Arabia that examined specific industry sectors (Aldosari, 2017; Nalband & Al-Amri, 2013), or all (financial and nonfinancial) industry sectors (Abdulhaq & Muhamed, 2015; Al-Janadi et al., 2013; Macarulla & Talalweh, 2012), except for some with limited observations.

In terms of sample size, a few prior studies have conducted their CSR investigations utilizing fewer than 150 observations by Saudi firms (Al-Gamrh & Al-Dhamari, 2016; Al-Janadi et al., 2013; Alshareef & Sandhu, 2015a; Issa, 2017). Most investigated between 150 and 300 observations (Alotaibi & Hussainey, 2016; Boshnak, 2021; Habbash, 2016; Issa, 2017; Mahjoub, 2019). Very few Saudi CSR studies have examined more than 300 observations (Abdulhaq & Muhamed, 2015; Al-Malkawi & Javaid, 2018; Aldosari, 2017; Alhazmi, 2017).

Concerning the study period, few Saudi CSR studies have considered one-year observations (Al-Gamrh & Al-Dhamari, 2016; Macarulla & Talalweh, 2012). However, more studies covered a longer period of observations, ranging from two to four years (Abdulhaq & Muhamed, 2015; Al-Janadi et al., 2013; Alotaibi & Hussainey, 2016; Boshnak, 2021; Issa, 2017; Mahjoub, 2019). Further, some Saudi CSR studies have covered more than four years (Al-Malkawi & Javaid, 2018; Aldosari, 2017; Alhazmi, 2017; Habbash, 2016).

Therefore, research in CSR can vary in terms of sample features (industry, size, and period) depending on the examined phenomenon (Milne & Adler, 1999; Sekaran & Bougie, 2016). This is to provide more accurate results and insights reflecting the reality of the examined matter. For example, a shorter period of study can lead to inaccurate results because it may only reflect a special case that occurred within this period that cannot be generalized. Further, a longer study period may negatively affect the examined matter because this gives time for other unexamined factors to (interfere) have an impact, causing misleading results and discussions. Thus, the choice of sample and period should leave no significant space for other factors to interfere and jeopardize ROs (Milne & Adler, 1999; Sekaran & Bougie, 2016).

2.4.3.2 Data source

Except for some studies based on primary data, such as surveys and interviews to investigate CSR in KSA (Alhejaili, 2018; Ali & Al-Aali, 2012; Alshareef & Sandhu, 2015b; Mandurah et al., 2012; Nalband & Al-Amri, 2013; Saeidi, 2019), most Saudi CSR studies drew data from Saudi firms' annual reports (Al-Gamrh & Al-Dhamari, 2016; Al-Janadi et al., 2013; Alhazmi, 2017; Alotaibi & Hussainey, 2016; Boshnak, 2021; Habbash, 2016; Issa, 2017; Macarulla & Talalweh, 2012; see Table 2.1). Very few studies used both annual and CSR reports (S. A. Khan et al., 2013; Mahjoub, 2019) or combined interviews and annual reports (Aldosari, 2017). This shortage of research is related to the limited availability of standalone CSR reports published by Saudi companies (Alhazmi, 2017; Alotaibi & Hussainey, 2016). However, no study has drawn on data from combined annual reports, CSR related reports, and CSRD on firms' websites. This may risk studies' results being incomplete. This current thesis will draw on combined sources of annual reports, standalone CSR reports, and firms' website CSRD to gain a deeper understanding of the current CSRD status in Saudi Arabia and, thus, evaluate the respective impact of the institutional changes.

2.4.3.3 CSRD instrument

Prior research varies in constructing the CSRD index in Saudi CSR literature. Some studies relied upon international CSR standards as a research instrument (index), for example, *ISO 26000* (Habbash, 2016; Mahjoub, 2019) and GRI (Alhazmi, 2017; Boshnak, 2021; Issa, 2017; Mahjoub, 2019). Other studies adopted a customized CSRD

index that mainly on the basis of Western literature (Al-Gamrh & Al-Dhamari, 2016; Al-Janadi et al., 2013; Alshareef & Sandhu, 2015b; Macarulla & Talalweh, 2012). These studies used a Western-based index of CSR that incorporates the main aspects of CSRD that must be included in any CSRD instrument, such as community-related CSR items (e.g., donations and education support). Thus, a Western-based CSRD instrument may ignore Saudi-specific CSRD-related issues because it generally considers the broad concepts of CSR that may be more appropriate to developed countries (Alotaibi & Hussainey, 2016). Only a few studies incorporated CSRD items related to Saudi culture into their research instrument (Alotaibi & Hussainey, 2016; Mahjoub, 2019). Thus, there is a need in Saudi CSR literature for studies incorporating more Saudi-specific CSRD items in their research instruments in order to produce more reflective cultural CSR performance (e.g., Hajj and Umrah supports, the *Holy Quran*-related donations, ongoing charities, other Islamic-based participations, and Saudization; see Table 4.4). These Saudi-specific CSR items show the originality of Saudi Arabia's CSRD context, which is influenced by Islamic teachings (see Section 3.3.2) and how it differs from other countries' CSR environment. Al-Abdin et al. (2018), Ortas et al. (2019), and Sharma (2019) called for such contextual incorporation to reflect the country-specific experience of CSRD with consideration of cultural contexts. This will provide a deeper understanding of CSRD in Saudi Arabia.

2.4.3.4 Research methodology

CSR studies conducted in KSA vary in terms of research methodology (see Table 2.1). Studies investigating concepts, stakeholders, practices, and performance of CSR in Saudi Arabia have preferred to employ qualitative methodology (Alhejaili, 2018; Ali & Al-Aali, 2012; Alshareef & Sandhu, 2015b; S. A. Khan et al., 2013; Mandurah et al., 2012; Nalband & Al-Amri, 2013; Pinto & Allui, 2020; Saeidi, 2019). However, most research conducted to examine factors affecting CSRD has utilized a quantitative approach (Abdulhaq & Muhamed, 2015; Al-Gamrh & Al-Dhamari, 2016; Al-Janadi et al., 2016; Al-Janadi et al., 2013; Al-Malkawi & Javaid, 2018; Alhazmi, 2017; Alotaibi & Hussainey, 2016; Boshnak, 2021; Habbash, 2016; Issa, 2017; Mahjoub, 2019).

An exception is Alshareef and Sandhu (2015a), which qualitatively investigated the impact of board diversity on the board roles of two Saudi companies to assess the significance of CSR integration into the companies' CG structure. Further, a few studies

have applied mixed approaches in analyzing CSR (Nalband & Al-Amri, 2013) and CSRD (Aldosari, 2017). Such a mixed methodology is suitable when supporting a primary data-based investigation (e.g., interviews) with a secondary type of data analysis (e.g., annual reports) in relation to improving stakeholders' understanding of CSR concepts and awareness (Milne & Adler, 1999; Sekaran & Bougie, 2016). The limitations of quantitative and qualitative methodologies means that research into CSRD could benefit from a mixed-method approach combining the strengths of both methodologies (see Chapter 4).

Table 2.1: Summary of previous empirical CSRD research based in KSA

Authors	Period	Sample (sectors)	Methodology (content analysis: EQ versus UEQ)	Theory	Data source	CSRD index	CSRD average findings	Firm characteristics findings (impact sign)	Remarks
Macarulla & Talalweh (2012)	2008	138 observations (all sectors)	Quantitative (EQ)	Stakeholder, social responsibility, and legitimacy theories	Annual reports and firms' websites	23 CSRD items derived from Western literature	16%	PROF (+) FSIZE (+) IND (+)	The authors examined only few firms' websites in addition to annual reports for CSRD
Al-Janadi et al. (2013)	2006–2007	87 observations (all sectors)	Quantitative (UEQ)	Agency, resource dependence, and information asymmetry theories	Annual reports	9 CSRD items derived from Western literature	14.61%	BSIZE (+) BIND (+) BIG 4 (+) DUAL (+) GOV OWN (–)	The authors examined voluntary disclosures (including 9 CSRD), after the 2006 CGR was effective
Abdulhaq & Muhamed (2015)	2012–2013	326 observations (all sectors)	Quantitative (EQ)	Agency, political, stakeholder, and legitimacy theories	Annual reports and firms' websites	44 CSRD items derived from studies based in emerging, Arab, and/or Islamic countries	36%	FSIZE (+) OWN CONC (+) IND (–)	The authors examined CSRD after the 2006 CGR was effective
Habbash (2016)	2007–2011	267 observations (nonfinancial sectors)	Quantitative (EQ)	Agency theory	Annual reports	17 CSRD items derived from *ISO 26000*	24%	GOV OWN (+) FAM OWN (+) FSIZE (+) FAGE (+) LEV (–)	

Alotaibi & Hussainey (2016)	2013–2014	171 observations (nonfinancial sectors)	Quantitative and qualitative (EQ and UEQ)	Agency, signaling, legitimacy, and stakeholder theories	Annual reports	40 CSRD items derived from Western literature with 4 Saudi-specific related items	Quantity: 9.43% Quality: 0.33%	BSIZE (+) AC SIZE (+) BIND (–) RC SIZE (–) GOV OWN (–) MGM OWN (+) FSIZE (+) LEV (–) DIVI (–)	The authors examined CSRD after the 2012 CGR was effective
Al-Gamrh & AL-Dhamari (2016)	2008	93 observations (nonfinancial sectors)	Quantitative (EQ)	Signaling, agency, political cost, capital needs, and legitimacy theories	Annual reports	25 CSRD items derived from Western literature	15.4%	GOV OWN (+) FSIZE (+) FAGE (+)	
Issa (2017)	2012–2014	109 observations (nonfinancial sectors)	Quantitative (UEQ)	Agency, signaling, stakeholder, stewardship, and resource-dependence theories	Annual reports	42 CSRD items derived from the GRI (G4) guidelines	11%	BIND (–) PROF (+) FSIZE (+) IND (+)	
Mahjoub (2019)	2015–2017	267 observations (nonfinancial sectors)	Quantitative (UEQ)	Agency, resource-dependence, signaling, and legitimacy theories	Annual reports and CSR reports	37 CSRD items derived from the GRI and *ISO 26000*, with 2 items related to Saudi-specific issues	None	PROF (+) FSIZE (+) IND (+)	The author did not provide CSRD average, but advised that CSRD is increasing over time

Boshnak (2021)	2016–2018	210 observations (nonfinancial sectors)	Quantitative (EQ)	Stakeholder and legitimacy theories	Annual reports	31 CSRD items derived from the GRI (G4) guidelines	68%	FSIZE (+) LEV (+) IND (+) GOV OWN (+) FAM OWN (–)	The author examined CSRD considering the implementation of both the 2017 CGR and IFRS in 2017

Note: EQ: equal weighting; UEQ: unequal weighting; BSIZE: board size; BIND: board independent non-executive directors; BIG 4: big 4 audit firms; DUAL: CEO duality; IND: industry sectors; GOV OWN: government ownership; OWN CONC: ownership concentration; FAM OWN: family ownership; MGM OWN: managerial ownership; AC SIZE: audit committee size; RC: remuneration committee; FSIZE: firm size; PROF: profitability; LEV: leverage; DIVI; dividends.

Other Saudi empirical CSRD studies were excluded because of inconsistency in CSRD measurement with the current research (Alhazmi, 2017): CSRD by word count; Aldosari (2017): CSRD by pages, or CSRD index (Al-Malkawi & Javaid, 2018): only one item: (Zakat), in addition to some studies such as Albassam (2014); Alsaeed (2006); Naser and Nuseibeh (2003), which examined corporate disclosure in general, or focused on only environmental reporting (Alotaibi, 2020; Habbash, 2015).

2.5 Limitations of Prior Literature

There are many recent calls in the literature for studies to investigate influential factors related to CSRD in order to better understand firms' reporting behavior in this regard (Al-Abdin et al., 2018; Ali et al., 2017; Jamali & Karam, 2018; Ortas et al., 2019; Sharma, 2019; Tilt, 2016). To the best of the author's knowledge, there is a research paucity in relation to CSRD influencing factors related to gender diversity, RMC, CSRC, influential figures on boards (e.g., government representatives and royal family members), regulatory penalties, CSR awards, and internationalization (see Sections 3.5 and 7.7.2). Justifications of such influences are limited in the respective literature (Frynas & Yamahaki, 2016; Gray et al., 1995a; Yang, 2014); thus, it is necessary for studies to be informed by a theoretical perspective that enables analysis and understanding of the causes of changes in companies' reporting behavior (Jamali & Neville, 2011; Ntim & Soobaroyen, 2013; Yang & Farley, 2016). Therefore, there is a need for studies that comprehensively investigate the link between related institutional guidelines, resulting institutional pressures, moderating factors (mechanisms), and CSRD in order to improve the understanding's breadth and depth of CSRD. Saudi Arabia provides a suitable backdrop for such an examination given its recent major development projects represented by the 2030 Vision, which significantly relates to CSR, in addition to other factors discussed in Section 3.5. Further, studies based in different countries may be limited in generalizability by country-specific contexts—cultures, legislation, environment, and many other country-specific issues (Endrikat et al., 2020; Lu & Wang, 2021; Marano et al., 2017; Tilt, 2016; Uzma, 2016; Young & Thyil, 2014). Therefore, findings from prior studies based in other countries may not be generalizable in the context of Saudi Arabia.

Of the few studies based in Saudi Arabia, prior research is limited by several factors, including the:

- utilization of small sample size (Al-Gamrh & Al-Dhamari, 2016; Al-Janadi et al., 2016; Alshareef & Sandhu, 2015a; Issa, 2017)
- under-developed CSRD research instrument.

The research instruments used in prior studies either contained a small number of CSRD items or directly transplanted items from international CSRD indices (Alhazmi, 2017;

Boshnak, 2021; Habbash, 2016; Issa, 2017). Few studies have developed a research instrument that reflects the Saudi-specific CSRD environment (Alotaibi & Hussainey, 2016; Mahjoub, 2019). Third, most prior research relied solely on annual reports as a source of CSR information (Al-Gamrh & Al-Dhamari, 2016; Al-Janadi et al., 2016; Alhazmi, 2017; Alotaibi & Hussainey, 2016; Habbash, 2016; Issa, 2017); no prior study analyzed firms' annual reports, standalone CSR reports, and websites when examining CSRD in KSA (see Section 4.3). Finally, prior studies (Abdulhaq & Muhamed, 2015; Al-Gamrh & Al-Dhamari, 2016; Al-Janadi et al., 2016; Alotaibi & Hussainey, 2016; Alshareef & Sandhu, 2015a; Habbash, 2016; Issa, 2017) did not consider the 2030 Vision and revised CGR in analyzing CSRD, and did not use institutional theory when discussing the findings.

Further, most previous research lacks in-depth discussion of the findings in the context of a theoretical framework. In the Saudi CSRD literature, research varied in measuring CSRD. Some researchers measured CSRD by pages (Aldosari, 2017), while others used word count (Alhazmi, 2017). Equal weighting is a commonly used coding method in content analysis to measure CSRD (e.g., 1 if a CSRD item is disclosed, 0 otherwise; Abdulhaq & Muhamed, 2015; Al-Gamrh & Al-Dhamari, 2016; Al-Janadi et al., 2013; Boshnak, 2021; Habbash, 2016; Issa, 2017). This thesis will narrow the gap in CSRD measurement in the Saudi literature by adopting institutional theory and capturing the institutional changes (i.e., the 2030 Vision and revised CGR) in Saudi Arabia (see Section 3.3). Institutional theory enables a richer understanding of CSR-related changes by integrating coercive, normative, and mimetic aspects of institutional influences (Amran & Devi, 2008; Baughn et al., 2007; Kara & Peterson, 2012; Matten & Moon, 2008; Yang & Farley, 2016; see Section 3.2).

2.6 Summary

This review of the Saudi CSR literature revealed that CSRD in Saudi Arabia is evolving. There is domination by some theoretical perspectives in explaining the relationship between firm characteristics and CSRD. Most CSRD studies have been analyzed through the lens of agency, signaling, stakeholder, resource-dependence, and legitimacy theories. However, the application of institutional theory in CSRD studies based in Saudi Arabia is very limited (Alhazmi, 2017). Further, the Saudi-specific political, social, and economic contextual aspects were not integrated into theoretical discussions and

empirical analyses of Saudi CSRD prior research. This highlights the need to apply institutional theory to examine the impact of macro (political, social, and economic contexts) and micro (firm characteristics) factors related to Saudi CSRD. For example, prior Saudi literature is silent on the impact of RMC, CSRC, gender diversity, influential directors, regulatory penalties, CSR awards, and internationalization on CSRD. Exploring the relationships between Saudi firm-specific characteristics and CSRD will promote a richer understanding of CSRD in a unique country context, as argued by a growing number of researchers (Al-Abdin et al., 2018; Ali et al., 2017; Hahn & Kühnen, 2013; Jamali & Karam, 2018; Ortas et al., 2019; Sharma, 2019; Tilt, 2016).

Chapter 3 will develop an extended model to explain Saudi CSRD. The model is based on institutional theory by integrating external environments (macro contexts: political, social, and economic factors) and internal environments (micro aspects: company-specific factors) when examining CSRD by Saudi firms. This is followed by Chapter 4, which will present mixed-method research methodology to empirically test the extended model.

Chapter 3: Conceptual Framework and Hypotheses Development

3.1 Introduction

Chapter 2 reviewed the CSRD literature, including the theoretical perspectives and empirical analyses. Saudi-specific social, political, and economic contextual characteristics were not incorporated into the theoretical discussions and empirical analyses of prior Saudi CSRD research. Institutional theory has been identified as a potential analytical framework to apply to Saudi CSRD. The use of institutional theory enables examination of broader factors of a country's social, political, and economic contexts. The theory also considers micro firm-level characteristics that influence CSRD. Further, institutional theory, through analysis of regulative, normative, and cultural-cognitive influences on CSRD, offers a comprehensive understanding of such forms of pressure and interactions with individual firms (Scott, 1995; Wooten & Hoffman, 2016). Thus, the way firms respond to these institutional pressures will influence their legitimacy, resources, and survival capabilities (Meyer & Rowan, 1977; Oliver, 1991; Westphal & Zajac, 1995). Institutional theory allows for multilevel institutional analyses that assess the level of CSRD change by Saudi firms as a result of the institutional changes.

In this chapter, an extended model built on institutional theory is developed to capture the Saudi contextual factors of CSRD (RO1). In this model, multiple levels of institutional analyses are considered, integrating Saudi's changing institutional environment (i.e., social, political, and economic factors represented by the 2030 Vision and revised CGR), evolving CSRD-related issues (built on this research's CSRD instrument [RO2], discussed in Chapter 4), and the respective role of Saudi firms' characteristics. This is to explain and understand the consistency (inconsistency) of Saudi firms' CSRD with these institutional changes at particular points in time, and over time (RO3 and RO4). This will help identify methods of promoting transparency, accountability, and diversity in CSRD by Saudi firms (RO5; see Sections 7.7).

The remainder of this chapter is structured as follows. Section 3.2 discusses advances in CSRD literature that are informed by institutional theory. Section 3.3 presents the

conceptual framework via an extended model based on institutional theory and Section 3.4 explains the CSRD context in KSA. Section 3.5 explains the development of research hypotheses, Section 3.6 discusses control variables, and Section 3.7 presents the chapter summary.

3.2 Advances in CSRD Literature Informed by Institutional Theory

The review of theoretical perspectives (in Chapter 2) in CSRD research identifies a need for more studies informed by institutional theory in Saudi-based CSRD research (see Sections 2.4 and 2.5). Institutional theory is a suitable analytical tool for analyzing contextual influencing factors and their impact on CSRD in a developing country, such as Saudi Arabia. Hoskisson et al. (2013) and Yang et al. (2015) argued that institutional theory, through a multilevel analysis of institutional changes, offers a deeper understanding of different levels of change, especially developing countries' institutional changes. This thesis will adopt institutional theory (with modifications) as a framework to analyze the Saudi institutional changes (i.e., the 2030 Vision and revised CGR) and their influence on CSRD by Saudi companies.

Institutional theory postulates that institutions are formed to improve the social behavior of companies (Campbell, 2007). Essentially, institutional theory enables analysis of pressures in relation to societal rules, expectations, norms, and values (Pfeffer & Salancik, 2003). The assumption of this theory emphasizes the interaction between firms' internal and external environments (Deegan, 2002; Hoffman, 1999), as explained in Section 3.6. Institutional theory is constructed upon three pillars: coercive/regulative, normative, and mimetic/cultural-cognitive (DiMaggio & Powell, 1983; Scott, 1995, 2008, 2013). First, the regulative pillar is expressed by the coercive mechanism, which is formally (or informally) based on rule-setting, monitoring, recompense, and punishment, in order for firms to demonstrate conformity (DiMaggio & Powell, 1983; Scott, 2013). Coercive institution is examined in this thesis by investigating the institutional changes (i.e., the release of the 2030 Vision and revised CGR) related to CSRD in Saudi Arabia. Second, the normative pillar refers to the influence of group norms, professional, and/or educational values and traditions, as informal socially binding expectations, on organizations (Hoffman, 1999; Scott, 2013). Finally, the cultural-cognitive pillar refers to shared beliefs that are informal and culturally supported (taken for granted), reflecting firms' model of interacting with business and society (self-imposed pressure),

benchmarking best practices to obtain related benefits, such as improved reputation and legitimacy (Hoffman, 1999; Scott, 2013). The cultural cognitive institutional element (Scott, 1995, 2013) evolved from mimetic institutions, as defined in DiMaggio and Powell (1983). The three institutional elements collectively drive the institutional isomorphism in the organizational field of CSRD. Therefore, institutional pressures resulting from changing institutional environments are expected to influence CSRD in Saudi Arabia. It is argued that firms compete not only to gain more resources and customers but also to display consistency with political, social, economic, and institutional aspects to improve their reputation and legitimacy (DiMaggio & Powell, 1983; Oliver, 1991; Suchman, 1995). Thus, this thesis applies institutional theory to examine the influence of macro contextual factors and micro firm-level characteristics on the CSRD of Saudi firms in a changing institutional environment (see Section 3.3). This thorough examination responds to recent calls for multilevel analysis in CSRD research by Al-Abdin et al. (2018), Ali et al. (2017), Hahn and Kühnen (2013), Jamali and Karam (2018), Ortas et al. (2019), Sharma (2019), and Tilt (2016).

Studies informed by institutional theory conducted in different countries have supported the use of this theory in better understanding CSR performance and reporting. Baughn et al. (2007) examined the environmental and social aspects of CSR in 15 Asian countries. They compared CSR performance of sample countries with other developed and emerging countries and found that institutional theory helps gain a deeper understanding of CSR differences across countries. They argued that institutional theory provides the "game rules" through its regulative, normative and cognitive pillars. They concluded that CSR differences across countries were related to a substantial difference in the countries' political, economic, and social contexts. Researchers raised the importance of promoting CSR practices by introducing country-level institutional changes (e.g., improving regulations). Jamali and Neville (2011) used institutional theory to analyze convergence versus divergence differences of CSR between Lebanon and developed countries. Their conclusions support the usefulness of examining CSRD by multiple institutional analyses, which is also consistent with the findings of Amran and Devi (2008) in Malaysia. In a study based in China, Yang and Farley (2016) investigated the institutional influences on environmental reporting informed by institutional theory. The authors highlighted the importance of multilevel institutional analyses in understanding the role of institutions on such reporting. Yang and Farley (2016) concluded that coercive government regulations

stimulate normative and mimetic pressures of environmental disclosure on firms, resulting in greater disclosure to maintain firms' legitimacy. Further, Xie, Jia, Meng, and Li (2017) investigated the influence of customer satisfaction and institutional environments on CSR activities and financial performance in two emerging countries. Their findings support the use of institutional theory to measure the institutional environment accordingly, and to understand the institutional pressures' effect on CSR and financial performance. Moreover, the study by Alhazmi (2017), based in Saudi Arabia, examined the impact of CG and firm-specific factors on CSRD practices. Alhazmi's (2017) findings support the use of institutional theory as a theoretical framework for CSRD research based in Saudi Arabia. However, the study was limited to applying institutional theory to understand firms' CSR practices. It did not consider major institutional changes (i.e., the 2030 Vision and 2017 CGR). This thesis will extend the application of institutional theory to CSRD in Saudi Arabia by considering the changing institutional environment and its impact on CSRD.

Even though the coercive, normative, and mimetic mechanisms of isomorphism differ in their attributes, they simultaneously interact, and their impact is difficult to isolate (Kara & Peterson, 2012; Martínez, Fernández, & Fernández, 2016; Oliver, 1991; Scott, 2013; Yang & Farley, 2016). Further, any type of these three influences can have a major effect at a specific point in time (Hoffman, 1999), motivating firms to improve legitimacy, resources, and survival capabilities in challenging political and economic contexts (Meyer & Rowan, 1977). Therefore, the adoption of institutional theory in investigating CSRD has practical advantages. One important benefit of the application of this theory is that it enables analysis of firms' conformance with relevant institutional guidelines and, thus, firms' legitimacy (Jamali & Neville, 2011; Milne & Patten, 2002; Scott, 2008). Institutional theory also allows for an intra- and intercountry comparative analysis of factors influencing firms' CSRD by considering political, cultural, and institutional contexts (Baughn et al., 2007; Kara & Peterson, 2012; Matten & Moon, 2008; Yang & Farley, 2016). Thus, it can be used to share countries' experiences in relation to institutions, which can improve institutional environments to motivate firms to gain desired results. Further, the use of institutional theory helps provide comprehensive analysis that covers CSRD items, related firms' factors, and the respective role of related institutional changes, which will enable better understanding of ways to improve CSRD

(Amran & Devi, 2008; Campbell, 2007; Matten & Moon, 2008). The implications of this research will be discussed in Chapter 7.

3.3 Conceptual Framework

The theoretical objective (RO1) of this thesis is to develop a conceptual framework that will enrich understanding of CSRD in the Saudi-specific context. This section will draw on institutional theory to interpret the interactions between Saudi firms' characteristics and institutional pressures (i.e., regulative, normative, and cultural-cognitive) in relation to CSRD in a changing institutional environment. Specifically, this thesis examines the impact of the institutional changes on CSRD, which is consistent with advances in institutional theory (see Section 3.2).

There were substantial institutional changes related to CSRD made by the Saudi government through the 2030 Vision and revised CGR (see Section 3.4.2). A firm's CSR activities may have resulted from combined regulative, normative, and cultural-cognitive institutional influences (Kara & Peterson, 2012; Martínez et al., 2016; Yang & Farley, 2016). A firm needs to show conformity to the integrated institutions (i.e., the 2030 Vision and revised CGR; associated with the regulative pressure), proactively respond to the social expectations (associated with the normative pressure), and interact with society's shared beliefs (associated with the cultural-cognitive pressure) to report CSRD in line with these institutional changes, and hence, enable continuous improvement in CSRD. Firms learn how to engage with CSR activities either by leading (i.e., being proactive) other companies or by mimicking CSR engagements (i.e., being reactive) of other better-performing firms (Amran & Siti-Nabiha, 2009; Deegan, 2002; Scott, 2008; Yang & Farley, 2016).

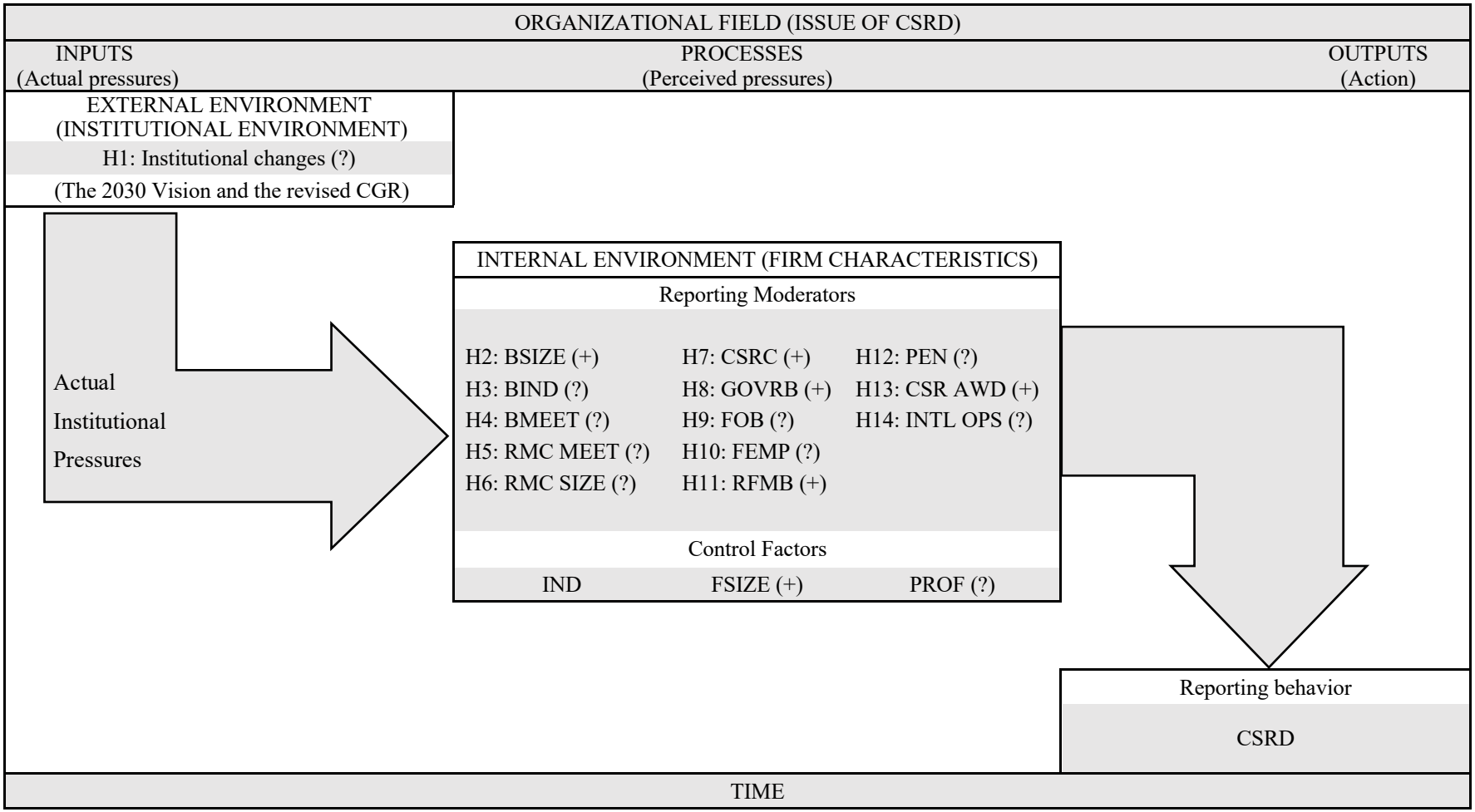
Further, company characteristics form firms' identities; these identities have been argued to play different influential roles in relation to CSRD in a changing institutional environment (Goodstein & Boeker, 1991; Michelon & Parbonetti, 2012; Yang & Farley, 2016; see Section 2.2.2). From an institutional theory perspective, institutional actors (e.g.., board members, government representatives, or royal family members; see Section 3.5) can exert convergent institutional pressures of CSRD on Saudi companies to strategically respond to the pressure and report greater CSRD in line with institutional changes (guidelines). However, if these institutional actors exert divergent pressures of

CSRD on firms, companies' responses may vary because of the inconsistency of institutional pressures, consistent with prior literature (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Oliver, 1991; Scott, 2008). Therefore, company characteristics shape firms' identities; thus, they have a significant influence on firm's behavior and ultimately, on CSRD. Firm-specific factors are influenced, first, by the coercive (regulative) pressure resulting from governmental institutional changes (i.e., the 2030 Vision and 2017 CGR). This regulative institutional pressure stimulates normative and cultural-cognitive influences for these firms to act accordingly. In particular, coercive/regulative pressure drives firms to comply with powerful stakeholders' expectations, normative influences encourage companies to comply with the social contract with society, and mimetic/cultural-cognitive pressure motivates firms to adhere to society's shared beliefs and values. Taken together, the integrated institutional influences will lead to improved legitimacy, resources, stability, and survival capabilities of reporting firms. This is consistent with the conclusions of DiMaggio and Powell (1983), Scott (2002), and Yang and Farley (2016). Section 3.5 will present further analysis of firm-specific factors from an institutional theory perspective. The conceptual framework presented in Figure 3.1 will extend institutional theory to the context of Saudi Arabia to enable deeper understanding of the changing Saudi institutional environment's impact on CSRD.

In Figure 3.1, the process of changing reporting behavior in the organizational field of CSRD of firms begins with an input of institutional pressures resulting from institutional changes (the 2030 Vision and revised CGR) related to such reporting. These changes in institutional guidelines (i.e., external institutional environment) are expected to influence firm characteristics (i.e., internal environment) which will in turn alter (i.e., process) the perceived institutional pressures (i.e., coercive, normative, and mimetic), which then affect reporting behavior (i.e., output) over time. In the process of interacting with these pressures (exerted by the external environment), companies form their varied perceptions of a wider range of institutional pressures via their specific characteristics, respond to such influences by making decisions on CSRD (disclosure or non-disclosure) in a time-sensitive manner (i.e., at specific points in time and over time). Thus, company characteristics play the role of providing greater (or lower) internal pressure for their company to consider the importance of the range of CSRD-related institutional pressures. Accordingly, firms will positively (or negatively) respond to perceived institutional pressures and report more (or less) CSRD. This is consistent with prior literature (Jamali

& Neville, 2011; Matten & Moon, 2008; Scott, 2008; Yang, 2014). This systemic analysis of firms' characteristics in relation to CSRD provides a richer understanding of factors that affect CSRD. Hence, using an institutional theoretical perspective, reasons for pressures and responses related to firms' CSRD decisions regarding legitimacy, resources, stability, and survival capabilities can be identified (Meyer & Rowan, 1977; Oliver, 1991).

Figure 3.1: Conceptual framework: The extended model



Refer to Section 3.5 for factor names, expected direction of influence, hypotheses, and (Table 4.5) measurements.

Although the coercive (regulative), normative, and mimetic (cultural-cognitive) aspects of institutions are integrated and problematic to empirically examine, the institutional theorists argue that each of these aspects, at certain points in time, can be more effective than others (Hoffman, 1999; Scott, 2008; Unerman & Bennett, 2004). However, at the early stage of defining institutional logic related to corporations, regulative institutions tend to be more powerful than other pressure mechanisms because they obligate firms to comply with institutional pressures and display respective conformity (Dacin, Goodstein, & Scott, 2002; Thornton & Ocasio, 2008; Yang & Farley, 2016). Hence, CSRD can be considered an instrument utilized by firms to display consistency and, thus, legitimacy in response to the respective institutional pressures: regulations (regulative/coercive), social norms (normative), and cultural values (cultural-cognitive/mimetic; Campbell, 2007; Marano et al., 2017). Section 3.4 discusses the Saudi context of CSRD, in which institutional theory will be applied for respective analysis (see Table 3.4).

3.4 CSRD Context in KSA

In this section, the political, social, and economic environments that influence CSRD in Saudi Arabia are explored (see Section 3.4.1). Section 3.4.1 also discusses the relationship between CSRD and Islamic teachings. Further, Section 3.4.2 discusses Saudi institutional changes related to CSRD. In this section, the CSRD dimensions of the research instrument are linked to the 2030 Vision's objectives, the associated articles of the revised CGR, and institutional theory (see Table 3.4).

3.4.1 Political, social, and economic contexts of CSRD in KSA

The KSA is an Arabian Islamic country located in the ME. It is widely considered to be the home of Islam and to hold the leadership of Muslim countries throughout the world because it has the two holiest cities in Islam, Makkah (where Muslims pray toward the Kaaba in Makkah) and Medina (where the mosque and grave of the Prophet Mohammad Peace Be Upon Him [PBUH] are located; Alhazmi, 2017; Issa, 2017). Internationally, Saudi Arabia is a member of the G20 (i.e., the premier forum for international economic cooperation), and plays an important role in providing energy to the world (Alotaibi & Hussainey, 2016; Habbash, 2016). The ruling system in Saudi Arabia is a hereditary monarchy regime (Alhazmi, 2017; Cavendish, 2007). The two supreme powers of authorities in KSA are the King and the Crown Prince (who are sons of the founder of the

Kingdom, King Abdulaziz A'l Sa'ud, and the grandsons). There are other types of authorities, including regulatory, judicial, and executive bodies that are the means through which the King controls the state (Baamir, 2016). The King serves as the leader of the country, performing the tasks of both chief of the state and prime minister, and following Islamic teachings in ruling the country (Alhazmi, 2017). In the decision-making process, the King consults many parties of the government, such as the Council of Ministers, the Ashura (Consultative) Council, the Council of Economic and Development Affairs (CEDA), and the Council of Senior Alo'lama (Scholars; Alhazmi, 2017; Baamir, 2016). Most of these governmental bodies hold political influence to fuel coercive pressure from the institutional theory perspective on firms' commitment to follow institutions (Albassam & Ntim, 2017; Brammer et al., 2012; Khan, Lew, & Park, 2015; Yang & Farley, 2016), through which firms' CSRD may be influenced. This is because these bodies are regulatory authorities (i.e., the ultimate source of regulations) representing the power of government in Saudi Arabia (Baamir, 2016; Habbash, 2016). This is further discussed in Section 3.4.3.

Concerning the uniqueness of the Saudi system of authorities, the Council of Senior Alo'lama is considered the highest body representing the religious authority in Saudi Arabia (Alhazmi, 2017; Cavendish, 2007). This is unique compared with developed countries, and shows the strong relationship between religion and state authorities, and how this relationship influences CSRD in Saudi Arabia (Albassam & Ntim, 2017; Issa, 2017; S. A. Khan et al., 2013). This body consists of several shariah specialists nominated by the King to guide him and citizens by providing religious opinions (Alhazmi, 2017). This shows how the role of Islam affects individuals, groups, organizations, and the government in KSA. The teachings of Islam also greatly influence Saudi citizens' daily life, law, business, environment, economy, and society (Albassam & Ntim, 2017; Issa, 2017). For example, harming the environment, trading with usury "riba," and damaging society are prohibited in Islam (Albassam & Ntim, 2017; Hassan & Syafri Harahap, 2010). In contrast, Islam encourages environment protection, fair trading, and social development (see Table 3.1; Al-Malkawi & Javaid, 2018; Ezzine, 2018; S. A. Khan et al., 2013; Mohammed, 2007).

In Saudi Arabia, the state's religion is Islam, and the citizens are all Muslims and raised according to Islamic teachings and principles (Al-Malkawi & Javaid, 2018; Albassam &

Ntim, 2017; S. A. Khan et al., 2013). Therefore, Islamic teachings can be viewed as a cultural-cognitive influence from the perspective of institutional theory in relation to firms' commitment to operating in line with the respective institutions (the 2030 Vision and revised CGR). This potentially influences CSRD in Saudi Arabia, which is consistent with the findings of prior studies that religion affects CSR (Brammer et al., 2012; Sobhani et al., 2011). This is because citizens of Saudi Arabia are raised according to Islamic teachings and many CSR practices are derived from common beliefs that are culturally supported, representing the power of Islam-shared beliefs in Saudi society (Albassam & Ntim, 2017; Alhazmi, 2017; S. A. Khan et al., 2013; Sobhani et al., 2011). For example, supporting charitable organizations, engaging related parties in decision-making, promoting equality, and protecting the environment (see Table 4.4) are all supported by Islamic teachings (see Table 3.1; Albassam & Ntim, 2017; Ezzine, 2018; S. A. Khan et al., 2013; Sobhani et al., 2011). Therefore, because the 2030 Vision, the 2017 CGR, and CSR concepts are supported by Islamic values and principles, members of Saudi society (e.g., individuals, groups, and organizations) will be less resistant to them.

Table 3.1: CSRD and Islam

CSRD category	References from Al Quran[a]	References from Hadith[b]
Environment	1. Environmental protection: "When he turns his back, His aim everywhere is to spread mischief through the earth and destroy crops and cattle. But Allah loveth not mischief." Reference: 2:205 2. Pollution control: "And remember how He made you inheritors after the "Ad people and gave you habitations in the land: ye build for yourselves palaces and castles in (open) plains, and care out homes in the mountains; so bring to remembrance the benefits (ye have received) from Allah, and refrain from evil and mischief on the earth." Reference: 7:74	1. Biodiversity protection: "There is a reward for every one with a moist liver." Reference: Muwatta Malik: The Description of the Prophet, Hadith 23 2. Combat desertification: "No Muslim plants a plant or sows a crop, then a person, or a bird, or an animal eats from it, except that it will be charity for him." Reference: Jami` at-Tirmidhi 1382 3. Pollution control and waste management: "and removing a harmful object from the road is a charity." Reference: 40 Hadith Nawawi, Hadith 26
Marketplace	3. Fair trade and customer relationship management: "Give just measure, and cause no loss (to others by fraud). And weigh with scales true and upright. And withhold not things justly due to men, nor do evil in the land, working mischief." Reference: 26:181–183 4- Product development and excellence: "but do good; for Allah loveth those who do good." Reference: 2:195	4. Quality and safety assurance: "Whoever deceives us is not one of us." Reference: Sahih Muslim 101, The Book of Faith: Ch 4. Hadith 189 5. Customer relationships: "May Allah's mercy be on him who is lenient in his buying, selling, and in demanding back his money." Reference: Sahih al-Bukhari 2076

Workplace	5. Engagement of related parties and consultation: “And it was by God’s grace that thou [O Prophet] didst deal gently with thy followers for if thou hadst been harsh and hard of heart, they would indeed have broken away from thee. Pardon them, then, and pray that they be forgiven. And take counsel with them in all matters of public concern; then, when thou hast decided upon a course of action, place thy trust in God: for, verily, God loves those who place their trust in Him.” Reference: 3:159 6. Anti-discrimination and equality: “O YOU who have attained to faith! No men shall deride [other] men: it may well be that those [whom they deride] are better than themselves; and no women [shall deride other] women: it may well be that those [whom they deride] are better than themselves. And neither shall you defame one another, nor insult one another by [opprobrious] epithets: evil is all imputation of iniquity after [one has attained to] faith; and they who [become guilty thereof and] do not repent—it is they, they who are evildoers!” Reference: 49:11	6. Payments and rewards: “Give the worker his wages before his sweat dries.” Reference: Sunan Ibn Majah, The Chapters on Pawning, Hadith Vol. 3, Book 16, Hadith 2443 7. Care and responsibility: “All of you are guardians and are responsible for your subjects. The ruler is a guardian of his subjects, the man is a guardian of his family, the woman is a guardian and is responsible for her husband’s house and his offspring; and so all of you are guardians and are responsible for your subjects.” Reference: The Book of Miscellany, Hadith 283.
Community	7. Education support: “but say, ‘O my Lord! advance me in knowledge.’” Reference: 20:114 8. Allocations for charity and donations: “Alms are for the poor and the needy, and those employed to administer the (funds); for those whose hearts have been (recently) reconciled (to Truth); for those in bondage and in debt; in the cause of Allah. and for the wayfarer: (thus is it) ordained by Allah, and Allah is full of knowledge and wisdom.” Reference: 9:60 9. Participation with government: “O ye who believe! Obey Allah, and obey the Messenger, and those charged with authority among you. If ye differ in anything among yourselves, refer it to Allah and His Messenger, if ye do believe in Allah and the Last Day: That is best, and most suitable for final determination.” Reference: 4:59	8. Volunteering: “The most beloved people to Allah are those who are most beneficial to people, etc.” Reference: al-Mu‘jam al-Awsat, Hadith 6192
Saudi-specific	10. Dawah: “Who is better in speech than one who calls (men) to Allah, works righteousness, and says, I am of those who bow in Islam?” Reference: 41:33 11. Providing benefits to kinsmen (i.e., jobs localization): “Let not those among you who are endued with grace and	9. Support for Hajj and Umrah: “The guests of Allah, the Mighty and Sublime, are three: The warrior, the pilgrim performing Hajj, and the pilgrim performing 'Umrah.” Reference: Sunan an-Nasa’i 3121

amplitude of means resolve by oath against helping their kinsmen, those in want, and those who have left their homes in Allah's cause: let them forgive and overlook, do you not wish that Allah should forgive you? For Allah is Oft-Forgiving, Most Merciful." Reference: 24:22	10. Supporting Quran memorization: "The best among you is he who learns and teaches the Qurʾān." Reference: Sunan Abi Dawud 1452 11. Allocations for WAGFF and Mosques: "He who builds a mosque for Allah, Allah would build for him (a house) in Paradise like it." Reference: Sahih Muslim 533 d 12. Ramadan and fasting support: "Whoever provides the food for a fasting person to break his fast with, then for him is the same reward as his (the fasting person's), without anything being diminished from the reward of the fasting person." Reference: Jami` at-Tirmidhi 807

Note: Qurʾān (in Arabic: "Recitation"), also spelled Quran and Koran. The Quran is the holy book for Muslims, revealed in stages to the Prophet Muhammad (PBUH) over 23 years. It is a collection of 114 chapters (surahs). The Quran sets the law, commandments, and codes for social and moral behavior. The Holy Quran is the last and final revelation of Almighty Allah (God) and a message to all mankind. Refer to (http://www.oxfordislamicstudies.com/article/opr/t243/e275) for more information about Al Quran.
Hadith is a collection of traditions containing sayings of the Prophet Muhammad's (PBUH), with accounts of his daily practice (the Sunnah). They include the words, actions, and the silent approval of the Islamic prophet. Hadith is the second major source of guidance for Muslims after the Quran. Refer to (https://sunnah.com/) for more information about Hadith.

3.4.2 CSRD-related institutional changes

3.4.2.1 The 2030 Vision of Saudi Arabia

The 2030 Vision of Saudi Arabia was developed based on Islamic principles. In an ambitious movement toward a brighter future, the government of Saudi Arabia developed the 2030 Vision through the Council of Ministers and CEDA (Saudi Vision 2030, 2016). According to the official 2030 Vision website (2016), the Vision is based upon three pillars, representing the country's unique competitive advantages. First, Saudi Arabia is the heart of the Arab and Islamic worlds. It is the origin of Islam, where Prophet Mohammed (PBUH) received the message of Islam. It is also where the two holy mosques are located (see Section 3.4.1). Second, KSA is an investment powerhouse because it is among the 20 largest economies in the world, the major source of oil, and has a global role of leadership in this regard, and owns the Saudi Public Investment Fund (PIF; worth of SAR 600 billion), which is considered one of the largest sovereign wealth

funds in the world (Saudi Vision 2030, 2016). Third, Saudi Arabia is the hub connecting the three continents—Asia, Africa, and Europe—as per its strategic geographic position.

Most importantly, this Vision has three themes—"Vibrant Society," "Thriving Economy," and "Ambitious Nation"—that are directly related to the current research's instrument. Further, in this thesis, all the 2030 Vision's objectives under these three themes are considered and linked to CSRD items of this thesis's instrument (see Tables 3.2, 4.4, and Appendix 1).

The first theme (Vibrant Society) is aimed at a society living in accordance with (i) Islamic values of moderation, (ii) pride in national identity and ancient cultural heritage, (iii) enjoyment of a good life in a beautiful environment, (iv) protection by caring families, and (v) support of an empowering social and health care system (Saudi Vision 2030, 2016). This theme includes forming laws, making decisions, taking actions, and setting goals based on Islamic teachings. The Vibrant Society theme also includes objectives improving the experience of Hajj and Umrah (i.e., pilgrimage to Makkah), encouraging a healthy lifestyle for citizens, enhancing quality of life, and achieving environmental sustainability (e.g., preserving natural resources, effective waste management, comprehensive recycling, focusing on renewable energy, and reducing pollution and desertification; see Table 3.2). These objectives are also considered in the present research's CSRD instrument (see Table 4.4) such as Hajj and Umrah donations and supports, recycling, renewable energy exploration, waste management, pollution control schemes, health programs and medical research, and biodiversity protection.

The second theme, Thriving Economy, is associated with objectives that enhance the economic status of Saudi Arabia, such as providing equal opportunities for citizens by building an education system aligned with market needs and creating economic opportunities for entrepreneurs and businesses (Saudi Vision 2030, 2016). This includes establishing special (i.e., logistic, tourist, industrial, and financial) zones, launching a renewable energy market, developing digital infrastructure, and integrating development regionally and internationally (see Table 3.2 and Appendix 1). This theme helps grow the Saudi economy by improving the quality of services, privatizing some government services, enhancing the business environment, attracting the talents and quality investments globally, and leveraging the unique strategic location in connecting three continents (Saudi Vision 2030, 2016). The government of Saudi Arabia aims to apply

international legal and commercial regulations to earn investors' confidence and, thus, achieve these objectives (Saudi Vision 2030, 2016). This theme covers the items (of this thesis CSRD instrument) related to education programs, assurance of quality and safety, open communication, customer satisfaction, innovation, diversity and equal opportunity, renewable energy exploration, sustainable practices, and Saudization (see Table 4.4).

The third theme, Ambitious Nation, is directed toward having effective, transparent, accountable, enabling, and high-performing government (Saudi Vision 2030, 2016). This theme involves adopting leading international standards and administrative practices, protecting resources, communicating openly, developing human capital, supporting volunteering, being effective e-government, and encouraging companies to be socially responsible and economically sustainable (Saudi Vision 2030, 2016). Further, this theme aims to provide a better environment for Saudi citizens, the private sector, and the non-profit sector by motivating these three parties to take the initiative in confronting challenges, seizing opportunities, and being responsible (Saudi Vision 2030, 2016). Concerning CSRD items, this theme is mainly associated with the "community" category of this research's instrument, focusing on non-profit projects, education and training, charitable donations, and voluntary community services.

The 2030 Vision enables the Saudi government to create an environment of greater transparency, accountability, and sustainability. Therefore, it revised the CGR in 2017 to improve stakeholders' confidence in the Saudi business environment to attract more foreign and long-term investments (CMA, 2017). The development of such a positive business environment is strongly supported by the Vision's three themes.

Table 3.2: The 2030 Vision's objectives and CSRD

2030 Vision themes	Objectives level 1	CSRD-related objectives level 2
Vibrant Society	1. Strengthen Islamic values and national identity	1.1 Foster Islamic values
		1.2 Serve more Umrah visitors better
		1.3 Strengthen national identity
	2. Offer a fulfilling and healthy life	2.1 Improve healthcare service
		2.2 Promote a healthy lifestyle
		2.3 Improve livability in Saudi cities
		2.4 Ensure environmental sustainability
		2.5 Promote culture and entertainment

		2.6 Create an empowering environment for Saudis
Thriving Economy	3. Grow and diversify the economy	3.1 Grow contribution of the private sector to the economy
		3.2 Maximize value captured from the energy sector
		3.3 Unlock potential of non-oil sectors
		3.4 Grow the Public Investment Fund's assets and role as a growth engine
		3.5 Position KSA as a global logistic hub
		3.6 Further integrate Saudi economy regionally and globally
		3.7 Grow non-oil exports
	4. Increase employment	4.1 Develop human capital in line with labor market needs
		4.2 Ensure equal access to job opportunities
		4.3 Enable job creation through SMEs and micro-enterprises
		4.4 Attract foreign talent for the economy
Ambitious Nation	5. Enhance government effectiveness	5.1 Balance public budget
		5.2 Improve the performance of government apparatus
		5.3 Engage effectively with citizens
		5.4 Protect vital resources of the nation
	6. Enable social responsibility	6.1 Enable citizen responsibility
		6.2 Enable social contribution of businesses
		6.3 Enable larger impact of non-profit sector
Total objectives	6	27
Total CSRD-related objectives	6	27
Percentage of CSRD-related objectives	100%	100%

Refer to Appendix 1 for Level 3 objectives of the 2030 Vision.

Sourced from the website of Saudi Vision 2030 (2016): (https://www.vision2030.gov.sa/v2030/overview/).

The government sets previous accomplishments (e.g., rankings and rates) against targeted ones to monitor the process of development. The government, therefore, defined 12 related programs (e.g., programs for Enriching the Hajj and Umrah Experience, National Transformation, National Industrial Development and Logistics, and Lifestyle Improvement) to enable the realization of the Vision (Saudi 2030 Vision, 2016). The Vision's realization is attained by executing these transformative programs, which are designed by the Saudi Council of Ministers (i.e., regulatory authorities) and performed by the executive authorities, such as government entities and bodies, with the

participation of the private sector (Saudi 2030 Vision, 2016). Remarkably, CSR concepts are consistent with the abovementioned vision aspects because CSR covers the triple bottom line: social, environmental, and financial (Carroll, 1979; Freeman & Hasnaoui, 2011; Wood, 2010). These developments have encouraged corporations and enhanced the status of CSR in Malaysia and the UAE as a result of the implementation of their visions (Amran & Devi, 2008; Thawani, 2014).

3.4.2.2 The revised CGR of Saudi Arabia

According to the CMA of Saudi Arabia (2017), the Saudi CGR were prepared in accordance with shariah (i.e., Islamic Law) by cooperation between CMA and the Ministry of Trade and Investment and issued by a Royal Decree (No M/3 dated 28/1/1437H) after consulting a number of government bodies, such as the Council of Ministers, as noted by researchers (Albassam & Ntim, 2017; Alhazmi, 2017; Ezzine, 2018). The 2017 CGR are a result of a project that aims to enhance transparency, accountability, and sustainability in the Saudi business environment through the 2030 Vision under the theme of "Thriving Economy" (effective in April 2017; CMA, 2017). This means that the revised CGR are a part of the 2030 Vision of Saudi Arabia; both have an integrated impact on CSRD in KSA and this thesis is designed to examine their influence accordingly (represented by a year variable: INST CHGS, see Section 3.5.1). Moreover, the revised CGR were issued to benchmark developed countries' CGR (CMA 2017). Issues related to ineffective regulative environment, lack of transparency, unattractive market for foreign investment, and low level of CSRD, associated with the Saudi market, were the main reasons for issuing the revised CGR (CMA 2017). Further, the revised CGR introduced Articles 87 and 88, which are explicitly associated with CSRD (see Table 3.3). In addition, the 2017 CGR also include other articles that significantly relate to CSRD (see Table 3.3). For instance, prior studies have investigated the influence of changes in CGR on CSRD and found that such amendments exert institutional pressures on firms to improve legitimacy by increasing their CSRD (Haji, 2013; Sadou et al., 2017 [in Malaysia]) and CSR practices (Ntim & Soobaroyen, 2013 [in South Africa]). Boshnak (2021) reported that the CSRD of Saudi firms has improved from 2016 to 2018, suggesting the effectiveness of the revised (2017) CGR on CSRD. Therefore, in Saudi Arabia, it is expected that the revised CGR will influence companies'

CSRD (see Section 3.5.1). Table 3.3 demonstrates the most associated articles of the revised CGR with CSRD items of the current research instrument.

Table 3.3: Summary of the revised CGR's associated articles with CSRD

CSRD-related articles of the revised CGR	Article explanation
Article 22 Main functions of the board (Mandatory article but with vague requirements related to CSRD items of the current research)	Among other areas covered in this article, the following are most associated with CSRD: Laying down the plans, policies, strategies, and main objectives of the company Developing a written policy regulates the relationship with stakeholders in accordance with these regulations Ensuring accuracy and integrity in respect of disclosure and transparency Developing effective communication channels with shareholders Specifying the types of remunerations granted to the company's employees Setting the values and standards that govern work at the company
Article 39 Training (Guiding article)	The company shall pay adequate attention to the training and preparation of the board members and executive management, and shall develop the necessary programs required for the same
Article 71 Competencies of the risk management committee (Guiding article)	Among other areas covered in this article, the following are the most associated with CSRD: Developing a strategy and comprehensive policies for risk management Preparing detailed reports on the exposure to risks and the recommended measures to manage such risks Ensuring that risk management employees understand the risks threatening the company and seek to raise awareness of the culture of risk
Article 83 Regulating the relationship with stakeholders (Guiding article)	This article emphasizes the importance of protecting the stakeholders and safeguard their rights through writing clear policies and procedures. Among other areas covered in this article, the following are the most associated with CSRD: Methods for building good relationships with customers and suppliers and maintaining the confidentiality of their information Rules of professional conduct for company managers and employees that are prepared in compliance with the proper professional and ethical standards and regulate their relationship with stakeholders The company's social contributions Treating company employees pursuant to the principles of justice and equality and without discrimination
Article 84 Reporting non-compliant practices	Facilitating the method by which stakeholders (including company employees) report to the board any violation to applicable laws, regulations, and rules, or doubts

(Mandatory article but with vague requirements related to CSRD items of the current research)	Maintaining the confidentiality of reporting procedures Appointing an employee to receive and address complaints or reports sent by stakeholders Dedicating a telephone number or an email address for receiving complaints Providing the necessary protection to stakeholders
Article 85 Employee incentives (Guiding article)	The company shall establish programs for developing and encouraging the participation and performance of the company's employees. The programs shall particularly include the following: Forming committees to hear the opinions of the company's employees regarding important decisions Establishing a scheme for granting company shares or a percentage of the company profits and pension programs for employees, and setting up an independent fund for such programs Establishing social organizations for the benefit of the company's employees
Article 87 Social responsibility (Guiding article)	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for the purposes of developing the social and economic conditions of the community
Article 88 Social initiatives (Guiding article)	The board shall establish programs and determine the necessary methods for proposing social initiatives by the company, which include: Establishing indicators that link the company's performance with its social initiatives and comparing it with other companies that engage in similar activities Disclosing the objectives of the company's social responsibility to its employees and raising their awareness and knowledge of social responsibility Disclosing plans for achieving social responsibility in the periodical reports on the activities of the company Establishing awareness programs for the community to familiarize them with the company's social responsibility
Article 90 The board's report (Mandatory article but with vague requirements related to CSRD items of the current research)	The board's report shall include the board's operations during the last fiscal year and all factors that affect the company's businesses. Among other areas covered in this article, the following are the most associated with CSRD: Disclosing the remuneration of the board members and executive management Reporting any punishment, penalty, precautionary procedure or preventive measure imposed on the company by the authority or any other supervisory, regulatory or judiciary authority, describing the reasons for non-compliance, the imposing authority, and the measures undertaken to remedy and avoid such non-compliance in the future Reporting company's social contributions if any Disclosing information on any risks facing the company (operational, financial, or market related) and the policy of managing and monitoring these risks Stating the value of any paid and outstanding statutory payment on account of any Zakat, taxes, fees, or any other

		charges that have not been paid until the end of the annual financial period with a brief description and the reasons therefor	
		Reporting the value of any investments made or any reserves established for the benefit of the employees of the company	

Sourced from CMA website:

(https://cma.org.sa/en/RulesRegulations/Regulations/Documents/CGRegulations_en.pdf).

Informed by an institutional theoretical perspective, this thesis examines the influence of factors that affect the CSRD of a changing institutional environment in Saudi Arabia. As shown in Table 3.4, the associations between CSRD dimensions, the 2030 Vision's objectives, and the revised CGR articles are analyzed in the context of institutional theory.

Table 3.4: Institutional theory and institutional changes related to the Saudi CSRD

CSRD dimension		The associated objectives of the 2030 Vision	The revised CGR associated articles	Institutional theory perspective
Social	*Environmental*	Objective 2: Offer a fulfilling and healthy life Objective 3: Grow and diversify the economy Objective 5: Enhance government effectiveness	Article 22: Main Functions of the Board Article 71: Competencies of the Risk Management Committee Article 83: Regulating the Relationship with Stakeholders Article 84: Reporting Non-Compliant Practices Article 90: The Board's Report	These institutional guidelines (the 2030 Vision and revised CGR), introduced by the Saudi government, exert regulative pressure on firms to display respective consistency. This regulative influence stimulates normative and cultural-cognitive pressures on firms to improve their CSRD. This is because of external stakeholders' expectations that companies should demonstrate high levels of professionalism in this regard, which increases normative pressure. Further, firms are under cultural-cognitive pressure (self-imposed) to mimic other better
	Marketplace	Objective 1: Strengthen Islamic values and national identity	Article 22: Main Functions of the Board Article 39: Training Article 71: Competencies of the Risk Management Committee	
	Workplace	Objective 2: Offer a		

Community	fulfilling and healthy life Objective 3: Grow and diversify the economy Objective 4: Increase employment Objective 5: Enhance government effectiveness Objective 6: Enable social responsibility	Article 83: Regulating the Relationship with Stakeholders Article 84: Reporting Non-Compliant Practices Article 85: Employee Incentives Article 87: Social Responsibility Article 88: Social Initiatives Article 90: The Board's Report	CSR performing companies to gain related benefits including improved reputation, more resources, increased stability, and enhanced legitimacy. These institutional pressures (resulting from the 2030 Vision and the revised CGR) are interrelated and simultaneously influence companies' performance in all aspects of CSRD (i.e., "environment," "marketplace," "workplace," "community," and "Saudi-specific" CSRD)
Saudi-specific	Objective 1: Strengthen Islamic values and national identity Objective 4: Increase employment Objective 6: Enable social responsibility	Article 22: Main Functions of the Board Article 87: Social Responsibility Article 88: Social Initiatives Article 90: The Board's Report	

Refer to Table 4.4 for more information about the CSRD instrument of this thesis.

3.5 Hypotheses Development

The identification of the independent variables and the formulation of hypotheses are made on the basis of the most recent and significant changes in relevant institutions to answer the RQs. Such variables are selected based on the Saudi-specific context of CSRD, consistent with the argument put forward by González-Benito & González-Benito (2010). The main aim of this thesis is to capture these CSRD-related institutional changes brought to Saudi companies (by the 2030 Vision and the revised CGR) and investigate their impact on CSRD. Thus, it is change centric research, which also justifies the

adoption of institutional theory as a lens through which the matter is comprehensively discussed and better comprehended. These institutional changes considerably affect factors related to board of directors' characteristics, committees, and other firm-specific factors. This thesis examines their associated variables' influence on CSRD in the context of these institutions.

However, regarding the ownership structures, instead of using the conventional method in the literature (i.e., government versus private ownership), this thesis utilizes a context-specific approach to consider the special forms of ownership in KSA. Ownership structure is complicated in Saudi Arabia because of the institution of the royal family. Thus, this thesis uses positions on the board of firms as an alternative (improved) method of examining the impact of ownership on CSRD. This is also to distinguish between normal government ownership and royal family ownership. Hence, GOVRB (see Section 3.5.7) is used as a proxy for government ownership and RFMB (see Section 3.5.9) is used as a proxy for royal family ownership, while private ownership is the default for companies with zero GOVRB and RFMB in the empirical models of this thesis. Thus, based on the classic dummy variable approach, the results of GOVRB and RFMB can be interpreted relative to private ownership (see Tables 6.1–6.8). This approach is consistent with González-Benito & González-Benito (2010) and Yang (2014) regarding selecting variables relevant to the CSRD context.

Other factors are not included in this thesis because they are not associated with any significant institutional changes, such as audit committee characteristics. Further, audit committee variables have been transplanted to CSR studies from the literature on financial reporting (Peters & Romi, 2014) where they have been found to be relevant (see for example, Carcello, 2009; Song & Windram, 2004). However, this thesis examines nonfinancial reporting (i.e., CSRD) in which audit committee characteristics have been tested and found to not be relevant (see for example, Akhtaruddin et al., 2009; Al-Janadi et al., 2013; Albassam, 2014; Habbash, 2016). Therefore, audit committee factors are not included in this thesis despite being included in some prior studies. Nonetheless, other board committees such as RMC (see Section 3.5.5) and CSRC (see Section 3.5.6) are examined as independent variables in the empirical models of this thesis. Hence, the associated research hypotheses of this thesis's explanatory variables are as follows.

3.5.1 Institutional changes (INST CHGS)

Institutional actors (e.g., governments) set regulations or guidelines to exert influence on firms to achieve political, economic, social, and environmental goals (Campbell, 2007; DiMaggio & Powell, 1983; Scott, 2008), of which CSR is one (Amran & Devi, 2008; Arena et al., 2018; Haji, 2013; Ntim & Soobaroyen, 2013; see Sections 2.2, 3.2, and 3.4). These institutional actors exert institutional pressures, in the form of forces, persuasions, or invitations, on firms for alignment with such aims (DiMaggio & Powell, 1983). In Saudi Arabia, the 2030 Vision and revised CGR originated from political influence by the Saudi government to achieve political, economic, social, and environmental objectives (see Tables 3.2 and 3.3). Hence, from institutional theory perspective, the Saudi government exerts coercive institutional pressure through CSRD-relevant publishing guidelines for firms to follow. There have been several investigations into the impact of institutional guidelines on corporate disclosure, arguing that such government guidelines guide and motivate firms' reporting and, thus, improve transparency and legitimacy (see Section 2.2.1). Some studies have examined the impact of institutional guidelines on corporate disclosure and found an improvement in disclosure resulting from relevant institutional changes (Amran & Devi, 2008; Chauvey et al., 2015; Frost, 2007; Haji, 2013; Sadou et al., 2017; Yang & Farley, 2016). For example, Haji (2013) and Sadou et al. (2017) examined the impact of the revised Malaysian CGR on CSRD and found an increase in CSRD following the institutional change, indicating effective respective institutions. Haji (2013) and Sadou et al. (2017) concluded that Malaysian companies show improved legitimacy through increasing CSRD and transparency. However, other studies have revealed an insignificant impact of institutional guidelines on firms' disclosures, indicating ineffective respective institutions (Costa & Agostini, 2016; Larrinaga, Carrasco, Correa, Llena, & Moneva, 2002; Luque-Vilchez & Larrinaga, 2016).

In KSA, the release of the 2030 Vision, in 2016, and the implementation of the revised CGR, in 2017, which are considerably related to CSRD (see Section 3.4.2), are both expected to influence the CSRD of Saudi listed firms. No studies have examined the relationship between such institutional changes and CSRD by Saudi companies. Institutional pressures resulting from the 2030 Vision and revised CGR can influence CSRD via two paths (i.e., direct and indirect). The direct effect is particularly related to

the pure impact of institutional changes on CSRD (i.e., represented by a year variable in the examined models; see Sections 4.5 and 4.6) beyond the respective effects caused by alternations in company characteristics. The indirect path is generally related to the influence of company characteristics on CSRD before and after the respective institutional changes (which is represented by a set of explanatory variables in this thesis; see Sections 3.5.2–12 and 4.5). This thesis hypothesizes that these Saudi CSRD-related institutional changes will directly influence the CSRD of Saudi firms even after controlling for the impact of company characteristics. Thus, based on the above theoretical discussion and mixed empirical findings regarding the impact of institutional guidelines on CSRD, this thesis takes a conservative position in forming the respective hypothesis:

Hypothesis 1: There is a direct impact of institutional changes on the CSRD of Saudi listed firms from 2015 to 2018, above and beyond that caused by alterations to firm characteristics.

3.5.2 Board size (BSIZE)

Board directors establish firms' strategy and monitor operations; thus, BSIZE can be viewed as an influential factor in relation to firms' transparency and performance (Fama & Jensen, 1983; Luoma & Goodstein, 1999). BSIZE is likely to be related to the diversity of board members' backgrounds, experiences, and views (Dalton, Daily, Johnson, & Ellstrand, 1999; Guest, 2009; John & Senbet, 1998; Luoma & Goodstein, 1999). Further, BSIZE is a significant CG factor that influences decision-making related to CSRD. Board directors' decisions are based on perceptions and interpretations related to institutional pressures of CSRD. While BSIZE is more likely to be related to the diversity of board members, greater diversified board membership would also be more likely to result in a larger size of board of directors (Dalton et al., 1999; Goodstein, Gautam, & Boeker, 1994; Luoma & Goodstein, 1999). Hence, the size of board of directors could be used as a proxy for the diversity of board members (Esa & Ghazali, 2012; Haji, 2013).

According to institutional theory, if there are more (diverse) directors on a board, there will be greater internal pressure for their company to consider the importance of a wider range of CSRD-related institutional pressures compared with firms with less expertise (members) on board. Thus, it is more likely that firms with larger BSIZE will strategically

respond to a perceived wider range of important institutional pressures and report more CSRD than will firms with smaller BSIZE. These arguments are consistent with prior literature (Goodstein & Boeker, 1991; Goodstein et al., 1994; Luoma & Goodstein, 1999; Oliver, 1991). Therefore, the role of BSIZE in responding to institutional pressures of CSRD is based upon the associated level of diversification (i.e., large versus small BSIZE, implying the effect of backgrounds, experiences, and views on the respective monitoring ability) and direction of consequences (positive or negative) in relation to CSRD. There have been mixed findings on the relationship between BSIZE and CSRD. Some studies have investigated the relationship between BSIZE and CSRD (Al-Janadi et al., 2013; Alotaibi & Hussainey, 2016; Haji, 2013; Jizi et al., 2014; Sadou et al., 2017), and found a positive relationship between the two. Other studies have reported a negative impact of BSIZE on voluntary disclosures (Cerbioni & Parbonetti, 2007; Kassinis & Vafeas, 2002). Other studies have found no relationship between BSIZE and voluntary disclosures (Lakhal, 2005; Post et al., 2011).

Besides the changes related to CSRD (i.e., the 2030 Vision and CSRD-related articles of the revised CGR; see Section 3.4.2), there are institutional changes regarding BSIZE in Saudi Arabia. The 2017 CGR prescribes more specific responsibilities related to boards of directors. Further, the revised CGR states that BSIZE shall consist of 3–11 members (i.e., Article 17 in the revised CGR). In Saudi Arabia, no studies have investigated BSIZE in relation to the revised CGR (Article 17) or its impact on CSRD in light of the recent institutional guidelines (see Section 3.4.2). Based on the above theoretical discussion and empirical findings that lean toward supporting the positive impact of BSIZE on CSRD, including Saudi-based studies (Al-Janadi et al., 2013; Alotaibi & Hussainey, 2016), the following hypothesis is formed:

Hypothesis 2: BSIZE of Saudi listed firms positively influences CSRD.

3.5.3 Board independent non-executive director (BIND)

BINDs play a significant role in guiding firms toward greater credibility and governance functioning (Beasley, 1996; Fama & Jensen, 1983). Prior studies have found that BINDs are more aligned with external stakeholders' interests and have a great influence on corporate disclosure (Haniffa & Cooke, 2002; Zahra, Oviatt, & Minyard, 1993). Companies with more BINDs have better monitoring roles that are not only limited to

financial results but also include other aspects of firms' performance (Jensen & Meckling, 1976) such as CSR practices (Zahra et al., 1993). It is also argued that firms with more BINDs enhance firm transparency and, thus, encourage CSRD by motivating firms' management to display more conformity with associated regulations and greater alignment with external stakeholders' views (Jizi et al., 2014; McWilliams, Siegel, & Wright, 2006; Peng, 2004; Tibiletti, Marchini, Furlotti, & Medioli, 2021). Therefore, consistent with institutional theory, firms with a higher proportion of BINDs (through better monitoring roles) will have greater internal pressure to consider the importance of a wider range of CSRD-related institutional pressures compared with firms with a lower proportion of BINDs. Thus, it is more likely that firms with a higher proportion of BINDs will strategically respond to a perceived wider range of important institutional pressures and report more CSRD than will firms with a lower proportion of BINDs. These arguments are consistent with prior literature (Boeker & Goodstein, 1991; Meyer & Rowan, 1977; Peng, 2004; Westphal & Zajac, 1995). Hence, these recent institutions are expected to add institutional pressures related to BINDs to influence CSRD. Previous studies have supported this argument and found a positive relationship between BINDs and CSRD (Al-Janadi et al., 2013; Jizi et al., 2014; Khan, Muttakin, & Siddiqui, 2013; Rao, Tilt, & Lester, 2012). However, considerable prior literature has found a negative impact of BINDs on CSRD (Abdullah, Mohamad, & Mokhtar, 2011; Alotaibi & Hussainey, 2016; Barako, Hancock, & Izan, 2006; Eng & Mak, 2003; Haniffa & Cooke, 2005; Issa, 2017). Further, some studies have documented no association between BINDs and CSRD (Alhazmi, 2017; Habbash, 2016; Haji, 2013; Lakhal, 2005; Sartawi, Hindawi, & Bsoul, 2014; Shamil, Shaikh, Ho, & Krishnan, 2014). These mixed findings in this regard also apply to studies based in Saudi Arabia (Al-Janadi et al., 2013; Alhazmi, 2017; Habbash, 2016; Issa, 2017).

In addition to the CSRD-related institutional changes (see Section 3.4.2), there are some changes regarding BINDs in Saudi Arabia. According to the 2017 CGR, an independent director is a person who has no direct or indirect relationship with the company, or relation to its directors, and has no more than 5% of company shares. Moreover, the revised CGR pay substantial attention to BINDs, providing more detailed instructions and requiring firms (see the CGR Article 16.3) to have at least one-third of their board of directors, and no fewer than two members, as independent directors. In Saudi Arabia, no studies have examined BINDs' influence on CSRD with consideration of the recent

institutional guidelines (i.e., the revised CGR Article 16.3 and CSRD-related institutional changes). Hence, given the above discussion and respective mixed empirical findings, the following hypothesis is formulated:

Hypothesis 3: The proportion of BINDs of Saudi listed firms influences CSRD.

3.5.4 Board meeting frequency (BMEET)

Board meeting frequency (BMEET) is an essential governance mechanism toward strong monitoring and control by directors to firms' performance, assisting in allocating more time to address firms' critical issues (Brick & Chidambaran, 2010; Fama & Jensen, 1983; Haji, 2013; Vafeas, 1999). Companies are expected by external stakeholders to be professional in monitoring and controlling performance by conducting more BMEETs (Freeman & Reed, 1983). Prior literature suggests that firms with active boards (more BMEETs) enhance their reputation by strategically engaging in CSR activities and encouraging CSRD because it motivates management to provide such disclosure and pay attention to social matters (Allegrini & Greco, 2013; Giannarakis, 2014; Lipton & Lorsch, 1992). Thus, BMEET can be used as a measure for board diligence (activeness; Allegrini & Greco, 2013; Brick & Chidambaran, 2010; Haji, 2013). Therefore, according to institutional theory, firms with more BMEETs, through the allocation of more time to address CSR issues, will have greater internal pressure to proactively consider CSRD-related institutional pressures than will firms with fewer BMEETs. Thus, it is more likely that firms with greater BMEET will positively respond to perceived institutional pressures and promote CSRD. This argument is consistent with institutional theorists' respective views (Dacin et al., 2002; DiMaggio & Powell, 1983; Scott, 1995; Suchman, 1995). There is some support from the literature to this argument; Allegrini and Greco (2013), Jizi et al. (2014), and Kent and Stewart (2008) reported a positive relationship between BMEET and corporate reporting.

Alternatively, if BMEET results in divergent responses to these institutional pressures of CSRD, this may lead to an insignificant effect of BMEET on CSRD. Previous studies have supported this argument, which failed to document any significant findings regarding the impact of BMEET on voluntary disclosures (Giannarakis, 2014; Haji, 2013; Laksmana, 2008; Ntim, Soobaroyen, & Broad, 2017), including studies based in KSA (Alhazmi, 2017; Alotaibi & Hussainey, 2016; Issa, 2017). Hence, there are conflicting

arguments and mixed empirical findings of the association between BMEET and CSRD in the extant literature. There are changes in respective regulations in Saudi Arabia. According to the revised CGR, it is suggested that, in CGR Article 32, firms should conduct at least four board meetings per year, with one meeting at least every three months. This CGR article aims to make board directors of Saudi firms more active at monitoring business performance. In Saudi Arabia, no studies have investigated BMEET's impact on CSRD considering the recent institutional guidelines (i.e., the revised CGR Article 32 and CSRD-related institutional changes). Hence, it is worthwhile to revisit. Thus, based on the above discussion, the following hypothesis is formed:

Hypothesis 4: BMEET of Saudi listed firms influences CSRD.

3.5.5 Risk management committee (RMC)

RMC is viewed as a CG mechanism whereby firms' risks are observed and controlled to create value for stakeholders (Beasley, Chen, Nunez, & Wright, 2006; Dickinson, 2001; Mikes, 2006). Therefore, RMC can lead firms to effectively manage risks (e.g., risk of not disclosing environmental damages) and opportunities (i.e., CSRD that strengthens firms' ties with stakeholders, such as reporting charity support), which may result in greater CSRD (Bebbington, Larrinaga, & Moneva, 2008; Musallam, 2018; Zhang, Jiang, Ma, & Li, 2014). In this thesis, RMC is represented by two variables: RMC meeting frequency (RMC MEET) and RMC size (RMC SIZE). From the perspective of institutional theory, similar to BSIZE (see Section 3.5.2) and BMEET (see Section 3.5.4), if there are diverse (proxied by RMC SIZE) and/or active (represented by RMC MEET) members of RMC of Saudi companies, firms will have greater internal pressure to consider the importance of a wider range of CSRD-related institutional pressures than will firms with smaller RMC SIZE and/or fewer RMC MEETs. Thus, it is more likely that firms with larger RMC SIZE and/or more RMC MEETs will positively respond to a perceived wider range of important institutional pressures and improve CSRD compared with firms with smaller RMC SIZE and/or fewer RMC MEETs. Prior literature has investigated RMC and observed that RMC mitigates risks and pressures associated with firm performance (Badriyah, Sari, & Basri, 2015; Jiménez & Delgado-García, 2012), internal controls (Arowolo, Ahmad, & Popoola, 2017; Yatim, 2010), and quality of financial reporting (Halim, Mustika, Sari, Anugerah, & Mohd-Sanusi, 2017). Conversely, Agustina and Baroroh (2016) reported an insignificant impact of risk management on

firm performance and profitability. These firm's characteristics are linked to CSRD in the respective literature (Adams, 2002; Alhazmi, 2017; Alotaibi & Hussainey, 2016; Liu & Zhang, 2017; Ntim & Soobaroyen, 2013; Zahra et al., 1993). Further, few studies have examined the association between RMC and CSRD. Zhang et al. (2014) used qualitative approaches (i.e., a questionnaire and interviews) to investigate the association between risk management and CSR in the Chinese food sector. They found that the relationship between risk management and CSR remains poorly understood by managers. The authors also reported that risk management is related to CSR. Musallam (2018) empirically examined the impact of RMC on the relationship between audit committee and CSRD of Palestinian firms. The study revealed a positive significant relationship between RMC, audit committee, and CSRD. However, to the best of the author's knowledge, no study has investigated the impact of RMC MEET and/or SIZE on CSRD.

Further, besides the institutional changes of CSRD, there are changes in respective (RMC-related) institutions in Saudi Arabia. According to the revised CGR, three articles—Articles 70, 71, and 72—provide new suggestions (i.e., not compulsory) for firms in relation to composition, competencies, and meetings of RMC. According to the revised CGR, these articles aim to enhance Saudi firms' ability to monitor business performance and maintain effective relationships with stakeholders. Hence, given the above theoretical discussion, the following hypotheses are formulated:

Hypothesis 5: RMC MEET of Saudi listed firms influences CSRD.

Hypothesis 6: RMC SIZE of Saudi listed firms influences CSRD.

3.5.6 Corporate social responsibility committee (CSRC)

CSRC is a CG factor that assists companies to plan and monitor CSR performance to improve firms' commitment toward sustainability and maintain an effective relationship with stakeholders (Ricart, Rodríguez, & Sánchez, 2005). Further, CSRC is regarded as a tool through which companies' resources are efficiently allocated to better manage stakeholders' needs through strategic planning (Hussain, Rigoni, & Orij, 2018; Ricart et al., 2005). Therefore, firms with CSRC are expected to influence CSRD by showing commitment to sustainability and engaging with multiple stakeholders. Following institutional theory, this thesis hypothesizes that firms with CSRC (through greater monitoring of CSR performance) could better perceive and interpret CSRD-related

institutional pressures (than companies with no CSRC), which would most likely lead them to positively respond to such pressures and report greater CSRD. Although some previous studies have identified an insignificant impact of CSRC on CSRD (Michelon & Parbonetti, 2012; Rupley, Brown, & Marshall, 2012), many others have found a positive significant relationship between the existence of CSRC and CSRD (Cucari, Esposito De Falco, & Orlando, 2018; Fuente et al., 2017; Gennari & Salvioni, 2019; Helfaya & Moussa, 2017; Hussain et al., 2018; Vigneau, Humphreys, & Moon, 2015).

However, no Saudi-based research has investigated the role of CSRC on CSRD. Further, in addition to the CSRD-related institutional changes (see Section 3.4.2), there are some specific institutional guidelines related to CSR provided by the Saudi government. According to the revised CGR, Saudi listed firms are voluntarily advised to conduct more diversified CSR engagements via CGR Articles 87 and 88. These articles aim to promote CSRD by Saudi listed firms, which may also encourage them to establish CSRC. Thus, given the above discussions and that more studies have revealed a positive relationship between CSRC and CSRD, the following hypothesis is developed:

Hypothesis 7: CSRC of Saudi listed firms positively influences CSRD.

3.5.7 Government representatives on board (GOVRB)

GOVRB in Saudi firms participate in determining strategies, maintaining and evaluating resources, ensuring legal and ethical integrity, enhancing reputation, and, most importantly, supporting alignment with government objectives. These are substantial responsibilities through which GOVRB can guide firms toward conformity to respective institutions and seek sustainable businesses (i.e., business success) in accordance with government guidelines. There are important institutional changes in relation to CSRD driven by strategic political, social, and economic objectives of the Saudi government, as previously discussed (see Section 3.4.2). According to the 2030 Vision of Saudi Arabia, companies have a great role in the realization of the Kingdom's Vision. The 2017 CGR stated that firms must conduct their businesses in accordance with the revised CGR compulsory articles and are strongly encouraged to follow the voluntary (i.e., guiding) articles (e.g., CSR-related articles, such as Articles 87 and 88). GOVRB, because they represent the government in their respective companies, are expected to play a significant role in aligning firms' performance with these institutional guidelines.

Prior research on government impact on voluntary disclosure focuses mainly on the role of government ownership in this regard. Amran and Devi (2008), Eng and Mak (2003), Ghazali (2007), Habbash (2016), A. Khan et al. (2013), and Tagesson et al. (2009) identified a positive relationship between government ownership and voluntary disclosure. Conversely, Al-Janadi et al. (2013), Alotaibi and Hussainey (2016), and Dam and Scholtens (2012) revealed a negative relationship between government ownership and voluntary disclosure. Goodstein and Boeker (1991) argued that board composition positively contributes to shaping firm's identity by motivating managers to adopt certain conduct and plans. Further, Michelon and Parbonetti (2012) reasoned that characteristics of directors on boards influence firm performance and disclosure. The authors found that community influential directors (e.g., retired politicians, academics, and members of social organizations) positively affect sustainability reporting. Al-Hadi, Taylor, and Al-Yahyaee (2016) observed that GOVRB is positively associated with risk reporting.

In this current thesis, these directors' characteristics are extended to include GOVRB in relation to their influence on CSRD. In addition, since the event examined in this thesis is government-related (i.e., the 2030 Vision and the 2017 CGR), an investigation into the role played by GOVRB on CSRD in the context of these institutional changes is relevant and important. Yang and Farley (2016) reported that managers with a governmental affiliation enhance climate-change reporting of Chinese firms in the context of respective institutional changes. Hence, from an institutional theory perspective, firms with a higher proportion of GOVRB will have greater internal pressure to consider the importance of a wider range of (government-generated) CSRD-related institutional pressures than will companies with a lower percentage of GOVRB. Thus, it is more likely that firms with a higher proportion of GOVRB will positively respond to a perceived wider range of important institutional pressures and increase CSRD compared with firms with a lower percentage of GOVRB. These arguments are consistent with institutional theorists' views regarding such institutional actor influence on firms for conforming with institutional changes (DiMaggio & Powell, 1983; Oliver, 1991; Scott, 1995). Thus, it is expected that GOVRB motivate firms to conduct businesses in line with the Saudi government's guidelines related to CSRD. Therefore, based on the above theoretical discussion and empirical findings that lean more toward supporting the positive influence of GOVRB on CSRD, the following hypothesis is developed:

Hypothesis 8: The proportion of GOVRB of Saudi listed firms positively influences CSRD.

3.5.8 Gender diversity

Gender diversity is an important characteristic that brings heterogeneity to firms, resulting in multiple views and, thus, a wide range of consequences while conducting businesses (Bear et al., 2010; Rao & Tilt, 2016; Robinson & Dechant, 1997). The presence of gender diversity in a corporation can affect decision-making (Ntim & Soobaroyen, 2013; Van der Walt & Ingley, 2003), which ultimately influences a firm's performance in different ways (Carter, Simkins, & Simpson, 2003; Rose, 2007), of which CSR is one (Bear et al., 2010; Post et al., 2011). Consistent with institutional theory is the belief that firms with gender diversity (by enriching board CSR discussions) will have greater internal pressure to consider the importance of a wider range of CSRD-related institutional pressures than will companies with no gender diversity. Thus, it is more likely that firms with gender diversity will proactively respond to a perceived wider range of important institutional pressures, compared with companies with no gender diversity, and thereby will increase CSRD.

In the thesis, gender diversity is represented by two measures: female on board (FOB; i.e., at least one female director on a firm's board) and female employment (FEMP; i.e., employing at least one female in any position in a firm; see Section 4.5). It is also argued that firms with gender diversity (mainly measured by women on board; i.e., board's heterogeneity) outperform firms with homogenous boards. Thus, they enhance firms' performance and CSR. Bear et al. (2010), Post et al. (2011), and Williams (2003) provided some support for this argument. They reported that board gender diversity enriches board discussions and, thus, is positively related with CSR. However, other studies have found a negative impact of gender diversity on firm performance (Adams & Ferreira, 2009), CSR (Muttakin et al., 2015), and CSRD (Fahad & Rahman, 2020; Majeed, Aziz, & Saleem, 2015). Further, previous studies have observed an insignificant influence of gender diversity on CSR (Amran, Lee, & Devi, 2014; Rose, 2007). Moreover, Issa and Fang (2019) investigated the impact of women board directors on CSRD by firms from GCC countries, and reported a significant positive impact in only Bahrain and Kuwait, while a weak positive influence was found in Saudi Arabia, the UAE, Oman, and Qatar.

Further, the context of gender diversity in Saudi firms has recently witnessed substantial changes. In Saudi Arabia, women were, to some extent, restricted in relation to working in companies or directing firms, as well as in holding leading positions (e.g., ministerial or diplomatic), which limits their influence on society (Issa & Fang, 2019; Karam & Jamali, 2013; Khurshid, Al-Aali, Soliman, Malik, & Khan, 2013). This justifies the lack of research regarding this topic in the Saudi CSRD literature (Issa & Fang, 2019). However, these restrictions on women's employment have been entirely removed since 2016, when the 2030 Vision was announced as a plan of substantial national developmental changes that supports females' rights and strongly encourages their employment (Saudi Vision 2030, 2016). According to the 2030 Vision website (2016), an increase in women's employment (up to 30% of the local workforce) is targeted by 2030 (i.e., 2030 Vision Objective 4.2.2). Further, according to the revised CGR, Article 83.8, it is advised that firms should maintain equality, fairness, and anti-discrimination procedures in relation to employees' treatment. These recent institutional changes are expected to add institutional pressures related to gender diversity on firms to affect CSRD. To the best of the author's knowledge, there is a dearth of research regarding the impact of FEMP on CSRD. This is possibly because it is a normal practice for Western firms to employ females. Further, in Saudi Arabia, no study has examined FOB influence on CSRD considering the recent institutional guidelines and informed by institutional theory. Hence, given the above theoretical discussion and contradictory empirical findings of the influence of gender diversity on CSRD, the following hypotheses are predicted:

Hypothesis 9: The presence of FOB of Saudi listed firms influences CSRD.

Hypothesis 10: The presence of FEMP by Saudi listed firms influences CSRD.

3.5.9 Royal family members on board (RFMB)

RFMB have political connections that make their roles as board directors more powerful in terms of firm governance and performance (Alazzani et al., 2019; Alzharani & Che-Ahmad, 2015; Polsiri & Jiraporn, 2012). They are highly appreciated and respected by firms' management and perceived as leaders representing the voice of the government (Alazzani et al., 2019; Polsiri & Jiraporn, 2012). In GCC countries, royal family members are known for their substantial social contributions to their communities (e.g., the King

Faisal Foundation, the King Khalid Foundation, Alwaleed Philanthropies, and the MISK Foundation in Saudi Arabia, the Khalifa Foundation in the UAE, and the Al-Sabah Foundation in Kuwait, which are large charitable organizations). Thus, RFMB add more diversity to boards of directors, resulting in more views, backgrounds, and experiences, which ultimately influences CSRD (Alazzani et al., 2019). In KSA, there are significant political, economic, and social developments, marked by the 2030 Vision and revised CGR, producing institutional changes to guide organizations and individuals to make respective positive contributions, in which RFMB can play an important role. Consistent with institutional theorists' views (Campbell, 2007; DiMaggio & Powell, 1983; Scott, 1995), it is argued that more powerful individuals on boards (in this case, a higher proportion of RFMB as respondents to institutional pressures) influence firms' performance and transparency (Alzharani & Che-Ahmad, 2015; Clarke, 2004) by exerting greater internal pressure on firms to consider the importance of a wider range of (government-generated) CSRD-related institutional pressures, compared with firms with a lower proportion of RFMB. Thus, this thesis hypothesizes that firms with a higher proportion of RFMB (who have strong political connections) will positively respond to a perceived wider range of important institutional pressures and improve CSRD compared with companies with a lower proportion of RFMB.

Although prior research on RFMB is limited, some studies have supported this argument. Michelon and Parbonetti (2012) examined the influence of influential directors on sustainability reporting of US and European firms and found that they positively affect such disclosures. Polsiri and Jiraporn (2012) investigated political connections and ownership structure's impact on financial institutions' failure in Thailand, reporting that firms with connection to the Thai royal family are less likely to fail. Alzharani and Che-Ahmad (2015) examined the role of RFMB on firm performance in Saudi Arabia and found that RFMB, through their strong monitoring, enhance their associated firms' performance. Alazzani et al. (2019) investigated the impact of RFMB on CSRD of firms from GCC countries, informed by a servant leadership perspective, and revealed that RFMB lead their companies toward stronger governance, resulting in improved CSRD. However, Al-Hadi et al. (2016) examined the influence of RFMB on GCC firms' risk disclosure and found a negative relationship, suggesting that RFMB engage in opportunistic behavior. Conversely, Alfraih and Almutawa (2017) documented an insignificant impact of RFMB on voluntary disclosure in Kuwaiti firms. To the best of

the author's knowledge, no study has examined the role of RFMB on CSRD in Saudi Arabia considering recent institutional changes or informed by an institutional theoretical perspective. Therefore, given that the empirical findings lean more toward supporting the positive influence of RFMB on CSRD in addition to the abovementioned arguments, the following hypothesis is developed:

Hypothesis 11: The proportion of RFMB of Saudi listed firms positively influences CSRD.

3.5.10 Regulatory penalties (PEN)

Regulatory penalties (PEN) incurred by firms are an indicator of management irresponsibility with government regulations; companies try to minimize their occurrence for greater legitimacy (Blacconiere & Patten, 1994; Deegan & Rankin, 1996; Wiseman, 1982). PEN result from a firm's misconduct related to economic (e.g., tax evasion), social (e.g., unfair dismissal), and/or environmental (e.g., environmental damages) issues, which are also aspects of CSR. Thus, penalties imposed indicate a firm's legitimacy being threatened (Deegan et al., 2000; Ding et al., 2019; Habib & Bhuiyan, 2017; Meng, Zeng, Shi, Qi, & Zhang, 2014; Shahib & Irwandi, 2016; Xia, Teng, & Gu, 2019).

In Saudi Arabia, the revised CGR (Article 90.9) requires Saudi companies to report penalties incurred during the year in their annual reports (i.e., board report). Further, the Saudi Presidency of Meteorology and Environment (PME, 2001; Articles 17–21) reports that firms that harm the environment will be penalized. Consistent with institutional theory, firms with PEN (through ineffective compliance) violate 'mandatory' rules and will also disregard institutional pressures related to 'voluntary' reporting (i.e., CSRD), showing continued management irresponsibility and hence, a negative attitude to CSRD. Thus, it is more likely that firms with PEN will negatively respond to CSRD-related institutional pressures, compared with companies without PEN; thus, they will demonstrate decreased CSRD. Alternatively, from the regulative aspect of institutional theory perspective, firms with PEN will need to strategically repair their legitimacy. One way of repairing legitimacy is through increased voluntary disclosure (e.g., CSRD). This is consistent with the findings of Deegan and Rankin (1996), who examined Australian firms that incurred environmental penalties. They revealed that prosecuted companies report more environmental disclosures to reduce the legitimacy gap caused by these

violations. However, Ding et al. (2019) investigated the effect of environmental penalties on environmental reporting of Chinese firms. Even though the authors documented that penalized firms increase voluntary environmental reporting, they also found that companies with PEN decrease mandatory environmental disclosures and reduce environmental reporting quality. Conversely, Shahib and Irwandi (2016) observed no association between the violation of financial regulation, financial performance, and the CSRD of Indonesian firms.

In general, this area lacks research in the existing CSRD body of literature. In Saudi Arabia, there are substantial changes in institutions related to CSRD (i.e., the 2030 Vision and revised CGR) with which Saudi firms are expected to comply. Therefore, it is expected that Saudi companies with PEN will ignore such institutional pressures and continue to irresponsibly manage their compliance with regulations and guidelines. This will discourage CSRD. Alternatively, because Saudi firms with reported PEN are under pressure to counterbalance the negative publicity, they are expected to disclose greater voluntary CSR information to repair damaged legitimacy. In this thesis, all reported regulatory penalties in Saudi firms' board reports are considered, including CSR-related violations. Given the above theoretical discussions and the mixed empirical findings, and based on a more conservative stance, the following hypothesis is formed:

Hypothesis 12: The presence of PEN by Saudi listed firms influences CSRD.

This hypothesis implies a causational relationship between PEN and CSRD (i.e., PEN causes CSRD). However, the association between PEN and CSRD may be a correlation, in which both PEN and CSRD are driven by a third factor, such as some firms' generally negative attitude to CSR, for which no measurement is available. Therefore, a VIF test for multicollinearity issues will be performed for all variables, with results provided in Section 6.2. The results will indicate which situation (i.e., correlation versus causation) applies through the multicollinearity test and the significance of the variable. This will ensure there is no strong correlation between PEN and the other factors in the model that influence CSRD, which would offer support for the formulation of this hypothesis.

3.5.11 CSR award (CSR AWD)

Awards are a typical indicator of companies' responsible operations (behavior), meeting stakeholders' expectations and, thus, enhancing corporate legitimacy (Boesso & Kumar,

2007; Deegan & Carroll, 1993; Ryan, Dunstan, & Brown, 2002). CSR awards are used by firms to legitimize their operation—transparency, reputation, market confidence, and resources are enhanced (Amran & Haniffa, 2011; Anas et al., 2015; Arena et al., 2018). CSR awards are reported to be a key motivation for Malaysian firms to enhance CSRD because obtaining such awards can be a strategy to build and maintain firms' reputations (Amran & Siti-Nabiha, 2009; Haniffa & Cooke, 2005). Boesso and Kumar (2007) found that firms with awards continued to improve stakeholder communications (i.e., voluntary disclosures). This has led to improved stakeholder confidence and, thus, relations (Amran & Haniffa, 2011).

From an institutional theoretical perspective, Deegan and Carroll (1993) suggested that awards of excellence in reporting reduce institutional pressures and enhance firms' sense of responsibility. Anas et al. (2015) and Arena et al. (2018) argued that CSR-rewarded companies would experience lower institutional pressures for CSRD. Further, on the basis of the mimetic mechanism of institutional theory, firms seek to imitate other better-performing companies' practices (i.e., role model), while such leading firms (i.e., more established organizations) seek to maintain their leadership. This leadership can be indicated by obtaining CSR awards (Amran & Siti-Nabiha, 2009). This is also consistent with previous studies (Amran & Haniffa, 2011; Anas et al., 2015; Arena et al., 2018; Deegan & Carroll, 1993; Haniffa & Cooke, 2005). Hence, firms with CSR AWD, through maintaining their leadership by obtaining CSR AWD, will have greater internal pressure to responsibly consider more CSRD-related institutional pressures than will companies with no CSR AWD. Thus, it is more likely that firms with CSR AWD will positively respond to perceived institutional pressures compared with companies without CSR AWD and, thus, will increase CSRD. Therefore, CSR awards can be considered recognition of good CSR practices that help firms maintain better stakeholder relationships, enhance legitimacy, and improve survival capabilities through increased CSRD (Amran & Siti-Nabiha, 2009; Arena et al., 2018). Hence, this thesis hypothesizes that CSR AWD has a positive influence on CSRD. Boesso and Kumar (2007) observed that awards are a strong predictor of voluntary disclosures for Italian and US firms. In Malaysia, Anas et al. (2015) and Sadou et al. (2017) found a positive significant influence of CSR awards on CSRD. Further, Arena et al. (2018) reported that Southeast Asian companies with CSR AWD have higher CSRD. However, Hinson, Boateng, and

Madichie (2010) revealed a negative relationship between CSR awards and CSRD by Ghanaian firms.

Institutional guidelines (the 2030 Vision and revised CGR) in Saudi Arabia motivate companies to conduct CSR activities; thus, they compete for a CSR prize. Several independent organizations (e.g., the King Khalid Foundation, the King Faisal Foundation, and Arabia CSR Awards) provide CSR awards of different categorizations (e.g., environmental, social, and economic) to firms (large, medium, and small) with the best CSR performance in each category (Alhejaili, 2018). According to the Saudi 2030 Vision (2016), firms are encouraged by the government to improve many aspects in society, such as the quality of living and environment protection (see Table 3.3). Companies have a great respective influence, along with the government endeavors, regarding these issues, which may result in firms with the best CSR performance being accordingly rewarded, as noted by prior researchers (Alhejaili, 2018; Saeidi, 2019). Such competition contributes to environmental, social, and economic improvements, which is also strongly encouraged by the CSRD-related articles of the revised CGR (see Table 3.4). To the best of the author's knowledge, no studies have empirically examined CSR AWD influence on CSRD by Saudi companies in the context of the 2030 Vision and revised CGR. Hence, on the basis of the above theoretical discussion and empirical findings that lean more toward supporting the positive impact of CSR AWD on CSRD, the following hypothesis is developed:

Hypothesis 13: The presence of CSR AWD in Saudi listed firms positively influences CSRD.

This hypothesis implies a causational relationship between CSR AWD and CSRD (CSR AWD causes CSRD). However, the association between CSR AWD and CSRD may be a correlation, in which both CSR AWD and CSRD are driven by a third factor, such as some firms' generally positive attitude to CSR, for which no measurement is available. Therefore, a VIF test for multicollinearity issues will be performed for all variables, with results presented in Section 6.2. The results will indicate which situation (i.e., correlation versus causation) applies through the multicollinearity test and the significance of the variable. This is to ensure that no strong correlation between CSR AWD and the other factors in the model influences CSRD, which would offer support for the formulation of this hypothesis.

3.5.12 International operations (INTL OPS)

International exposure is a strategy through which companies seek competitive advantages (Nachum & Zaheer, 2005; Porter, 2011), enhance value (Kogut, 1985), and improve resources, capabilities (operations), and knowledge (Attig et al., 2016; Hitt, Hoskisson, & Kim, 1997; Zarzeski, 1996). This brings more stakeholder interactions to corporations, indicating companies' strategic vision toward expansion (Meek, Roberts, & Gray, 1995); such companies need to maintain effective relationships in this regard. Firms with international operations are influenced by home and host countries' contextual factors (e.g., institutional, political, cultural, and economic) and they need to display respective consistency (Marano & Kostova, 2016; Meek et al., 1995; Yang, 2014). Disclosures made by multinational companies indicate such conformity (Meek et al., 1995; Zarzeski, 1996), of which, although limited, CSRD is one (Kaymak & Bektas, 2017; Marano et al., 2017). It is argued that firms with INTL OPS not only experience the pressure of globalization (Amran & Siti-Nabiha, 2009), including coercive (regulative), normative, and mimetic (cultural-cognitive) influences resulting from such exposure (i.e., in host countries; Martínez-Ferrero & García-Sánchez, 2017), but also experience consistency and transparency challenges (Kaymak & Bektas, 2017) locally (i.e., in home country), reflecting this learnt knowledge and adhering to local issues (Yang, 2014). These institutional pressures are either reduced or magnified on the basis of the legitimization of participation; this affects acceptance in the global economy in relation to firms with INTL OPS (Amran & Siti-Nabiha, 2009; Brammer et al., 2006; González-Benito & González-Benito, 2010; Yang, 2014).

Consistent with institutional theory, firms with a higher proportion of INTL OPS, because of their focus on international contexts of CSRD, will have greater internal pressure to consider CSRD-related international institutional pressures compared with companies with a lower proportion of INTL OPS. Thus, it is more likely that firms with a higher percentage of INTL OPS will positively respond to perceived institutional pressures than will companies with a lower proportion of INTL OPS; this will likely increase CSRD. Prior studies have reported mixed results regarding the relationship between firms' internationalization and voluntary disclosures. Meek et al. (1995) and Zarzeski (1996) identified a positive relationship between companies' INTL OPS and level of disclosures. Brammer et al. (2006) documented a positive significant relationship between CSR

performance and UK firms' internationalization; that is, companies with more international activities have better CSR performance than do companies with limited international operations, which is consistent with prior studies (Kang, 2013; Strike, Gao, & Bansal, 2006). Attig et al. (2016) found that US firms with INTL OPS in countries of stronger institutional environments have higher CSR ratings, suggesting institutional pressures faced by multinational companies positively affect CSR. This is also consistent with the findings of Marano et al. (2017) in relation to the CSRD of emerging market multinational firms.

In Saudi Arabia, the country's 2030 Vision motivates firms to engage in international business and conduct foreign investments (Objective 3.1) to contribute to diversifying the country's sources of income. Further, according to the revised CGR Article 90.19, firms are required to report a geographical analysis of their sales. There is an absence of research that empirically examines the impact of INTL OPS on CSRD in Saudi companies and the uniqueness of the Saudi culture compared with that of other developing countries. Thus, given the above theoretical and empirical discussions of the influence of INTL OPS on CSR, the following hypothesis is predicted:

Hypothesis 14: The proportion of INTL OPS by Saudi listed firms influences CSRD.

3.6 Control Variables

In this thesis, three control variables are considered in investigating the impact of institutional influences and firm characteristics on CSRD: industry sectors (IND), firm size (FSIZE), and profitability (PROF). These variables are found in the literature to be strongly related to CSRD (Al-Gamrh & Al-Dhamari, 2016; Alhazmi, 2017; Brammer & Pavelin, 2006; Young & Marais, 2012).

3.6.1 Industry sectors (IND)

Prior literature provides evidence of the relationship between IND and CSRD (Brammer & Pavelin, 2006; Hackston & Milne, 1996; Patten, 1991). In Saudi Arabia, for example, Alhazmi (2017), Issa (2017), and Mahjoub (2019) reported a positive relationship between IND and CSRD; however, Alsaeed (2006) revealed no relationship in this regard. From the institutionalists' perspective, firms imitate other similar but more successful firms to reduce institutional pressures (DiMaggio & Powell, 1983). Moreover,

researchers have consistently found that increased reporting behavior is associated with CSR-sensitive IND (e.g., energy, materials, and utilities) compared with other sectors (Brammer & Pavelin, 2006; Muttakin et al., 2015; Yang, 2014). Thus, Saudi firms associated with CSR-sensitive IND are under more public and institutional (e.g., the 2030 Vision, the revised CGR, and PME) pressures to report CSRD in line with recent institutional guidelines. Hence, it is expected that IND influences CSRD. The set of variables associated with IND will be constructed in such a way that all variables must have a positive coefficient by omitting the industry with the lowest level of reporting.

3.6.2 Firm size (FSIZE)

Many empirical studies have found a positive relationship between FSIZE and CSRD (Cowen et al., 1987; Hackston & Milne, 1996; Patten, 1991). However, other researchers have reported no such association (Gray et al., 1995a; Roberts, 1992). In Saudi Arabia, for instance, Alotaibi and Hussainey (2016), Habbash (2016), and Macarulla and Talalweh (2012) found a positive significant impact of FSIZE on CSRD. This is because larger companies, in general, conduct more projects, interact with more stakeholders, have a larger influence on society, hold a greater number of shareholders, and receive more public attention. Hence, they experience greater pressure to display social responsibility (Amran & Devi, 2008; Cowen et al., 1987). Moreover, because larger firms are more publicly visible, external stakeholders exert greater political and legitimacy pressures; thus, they are under greater public scrutiny (Lioukas, Bourantas, & Papadakis, 1993; Yang, 2014). In addition, FSIZE affects internal resources available for reporting purposes (Yang, 2014). Hence, larger companies may take the lead of conforming with institutional changes and be a role model in reporting CSRD. Thus, it is expected that FSIZE positively influences the CSRD of Saudi listed firms.

3.6.3 Profitability (PROF)

Several prior studies have investigated the relationship between PROF and corporate disclosure and found a positive relationship in this regard (Al-Moataz & Hussainey, 2012; Al-Tuwaijri et al., 2004; Haniffa & Cooke, 2005; Jizi et al., 2014; Roberts, 1992). From an institutional theory perspective, more profitable companies face more institutional pressures (Oliver, 1991). This is because more profitable firms have greater resources available to perform better in CSR and, thus, CSRD (Amran & Devi, 2008; Brammer &

Pavelin, 2006). However, other studies have reported a negative influence of PROF on firms' reporting (Andrikopoulos & Kriklani, 2013; Chen & Jaggi, 2000; Huang & Kung, 2010; Jennifer Ho & Taylor, 2007; Rao et al., 2012). Further, some research has revealed no association between PROF and CSRD (Brammer & Pavelin, 2006; Ghazali, 2007; Haji, 2013). Therefore, the PROF of Saudi listed firms is expected to influence CSRD.

3.7 Summary

This chapter is built on advances in institutional theory and developed the conceptual framework (i.e., the extended model) in accordance with prior relevant literature (Jamali & Neville, 2011; Matten & Moon, 2008; Scott, 2008; Yang, 2014). The extended model considers external environments (societal and organizational field levels) and internal environment (company-specific factors) when examining the CSRD of Saudi firms. According to the previous respective literature, the use of an institutional theoretical perspective in analyzing firms' reporting enables such a multilevel analysis, providing a richer understanding of the specific contexts that influence such disclosures.

In the theoretical model, the 2030 Vision and revised CGR are identified and recognized as a political influence that significantly drives institutional changes that affect CSRD and Saudi firms. Further, in this extended model, isomorphism's mechanisms of coercive/regulative, normative, and mimetic/cultural-cognitive are integrated and their empirical influence cannot be isolated. This is consistent with previous studies informed by institutional theory.

The explanatory power of institutional theory literature is extended by the current research's theoretical model incorporating Saudi company characteristics into the organizational level (internal environment) analysis. The model offers theoretical justification for the important roles of company characteristics in firms' disclosure and a comprehensive understanding of homogeneity and heterogeneity in CSRD by Saudi firms.

The empirical methods and approaches used by this thesis to examine the theoretical model are explained in Chapter 4.

Chapter 4: Research Methodology

4.1 Introduction

The previous chapter explained the extended theoretical model to examine the impact of institutional changes on CSRD in the Saudi context. This chapter presents the research methodology of this thesis. The present chapter is based on insights from institutional theory (see Chapter 3); its application in the Saudi CSRD research is very limited (see Chapter 2). Further, this chapter addresses how the extended model developed in Chapter 3 (see Section 3.3), through the lens of institutional theory, will be examined.

As discussed in Chapter 2, there is an absence in the current literature of a research instrument that captures the institutional aspects (i.e., the 2030 Vision and revised CGR) related to CSRD in the context of Saudi Arabia. This may risk results being incomplete. The recency of CSRD-related guidelines in Saudi Arabia means there has not been a research instrument that integrates CSRD-related domestic institutional changes and includes international and local (i.e., Saudi-specific) CSRD items, nor has there been any reported examination of the impact of institutional changes on CSRD in KSA (see Section 2.5). This thesis, in this chapter, aims to develop a CSRD instrument that (i) incorporates international and Saudi-specific issues of CSRD, (ii) captures both qualitative and quantitative CSRD items, and (iii) is formed on the basis of the Saudi 2030 Vision's objectives and 2017 CGR articles related to CSRD (i.e., RO2). This is to determine which CSRD items should be included in a research instrument designed to examine CSRD in Saudi Arabia (i.e., RQ3).

This thesis approach responds to the identified limitations in the CSRD literature regarding sample size (small versus large sample), data recency (outdated versus recent), instrument development (simple versus comprehensive), sampling source (single versus multiple), and overall research methodology (qualitative or quantitative versus mixed; see Section 2.5). This research methodology addresses these limitations, attaining the ROs.

Thus, this thesis applies a mixed-method approach to examine CSRD in Saudi Arabia combining the strengths of both quantitative and qualitative methodologies. It adopts a

positivistic approach in analyzing the factors influencing CSRD, and an interpretive approach to explain the Saudi-specific CSRD context (e.g., CSRD-related institutional changes and Saudi-specific firm characteristics such as RFMB, and research instrument) (see Chapter 7). Further, the thesis employs a deductive approach in developing the research hypotheses (see Section 3.5) and uses an inductive approach to constructing the research instrument (see Section 4.3).

The remainder of this chapter is structured as follows: Section 4.2 explains sample selection, Section 4.3 outlines data sources, and Section 4.3 discusses the measurement of CSRD. Section 4.4 reports measures of factors influencing CSRD. Section 4.5 explains data analysis. Finally, Section 4.6 presents a summary of the chapter.

4.2 Sample Selection

In this thesis, an identical sample size (i.e., balanced panel data) of 117 Saudi nonfinancial listed companies, as of 31 December 2018, are used to collect CSRD for 2015 and 2018. The CSRD data of this thesis are sourced from these firms' annual reports, standalone CSR reports, and websites (see Section 4.3). This is unlike most prior CSRD studies based in Saudi Arabia, which have used OLS with unmatched companies across years and were based solely on firms' annual reports for CSRD information (Al-Gamrh & Al-Dhamari, 2016; Al-Janadi et al., 2013; Alotaibi & Hussainey, 2016; Habbash, 2016). This thesis examines the nonfinancial firms listed in the Saudi Stock Exchange (Tadawul) for 2015 and 2018, with 359 observations (see Table 4.3). Thus, this thesis employs a larger sample size compared with prior Saudi-based studies (see Section 2.5). Further, the use of such a large sample size and institutional theoretical perspective to examine CSRD contributes to the current literature because the application of institutional theory to examine CSRD matters is limited and dominated by qualitative-based studies (Yang et al., 2015). The use of such large and recent data is, first, to examine the research event of the Saudi institutional changes related to CSRD and, second, to address such limitations in the relevant literature (see Sections 2.4 and 2.5).

In 2017, the Saudi market was restructured and spread into 10 primary sectors consisting of 179 (and 191 in 2018) listed companies, applying the GICS (Tadawul, 2017). In this thesis, the GICS is followed in terms of sector categorization, as shown in Tables 4.1 and 4.2. To the best of the author's knowledge, this is the first Saudi CSRD research that uses

GICS. Prior Saudi-based studies have referred to an old Saudi-specific sector classification (Al-Gamrh & Al-Dhamari, 2016; Al-Janadi et al., 2016; Alhazmi, 2017; Alotaibi & Hussainey, 2016; Habbash, 2016; Issa, 2017). There are some differences between the old categorization and the GICS, including the type (at an industry level) and number of firms associated with each sector. The implementation of GICS in the Saudi market and the use of GICS in this thesis mean future studies can compare CSRD results for each year of disclosure locally and by the country of disclosure internationally, consistent with the conclusion by Brammer and Pavelin (2006) and Clarkson, Overell, and Chapple (2011).

Table 4.1: Sample selection

Population: Total Listed Firms as of 31 December 2018			**191**
Exclude:	Sectors:	Total of associated firms:	
	Banking	12	
Financial sectors	Insurance	34	
	Investment	3	
Missing data		25	
Final sample			117
Representation			61%

The selection of nonfinancial listed firms is the result of a homogenous regulatory environment among these industries (see Table 4.2), while financial sectors (i.e., banking, investment, and insurance) have distinctive disclosure requirements as per Saudi market regulations (Al-Gamrh & Al-Dhamari, 2016; Alotaibi & Hussainey, 2016; Habbash, 2016; Issa, 2017). Thus, financial sectors are excluded in this thesis. Further, 22 firms were listed after 2015; one company did not disclose its 2015 annual reports, and two did not disclose their 2018 reports. These 25 firms with missing data are excluded in this thesis because their data were not accessible during the period of data collection (i.e., from March 2019 to July 2019). Thus, the final sample representation of this thesis is 61% of the population (i.e., total listed firms as of 31 December 2018). In particular, sectors such as energy (4 firms), materials (40 firms), and industrials (18 firms) are, collectively, a large component of the research sample (i.e., approximately 53% of the sampled firms). These sectors are perceived as the most environmentally sensitive sectors

with high pollution risks, which requires greater attention with regard to CSR assessment (Alhazmi, 2017; Brammer & Pavelin, 2008; Deegan & Gordon, 1996; Yang, 2014; Young & Marais, 2012). Utilities has the least number of associated firms—only two companies (see Table 4.2).

Table 4.2: Final sample by industry sectors

Sector number	Sector name	Firms with available data
1	Energy	4
2	Materials	40
3	Industrials	18
4	Consumer Discretionary	16
5	Consumer Staples	16
6	Health Care	6
7	Communication Services	5
8	Utilities	2
9	Real Estate	10
	Total	117
	Firms Observed Per Year	117
	Total Observed Firms	234

The reason for selecting these years, 2015 and 2018, is to investigate and compare the CSRD results of these two years, with a two-year gap, 2016 and 2017. In April 2016, the 2030 Vision was announced by CEDA, and the revised CGR became effective in April 2017 (see Figure 4.1).

Hence, 2015 is prior to these CSRD-related institutional changes issued by the Saudi government; thus, there was no available information in the Saudi market in this regard, neither there were specific CSRD articles in the previous version of the Saudi CGR (the 2012 CGR), nor a comprehensive national-level vision. Therefore, in this thesis, this year (2015) is selected as the year prior to the institutional changes.

In 2016, the Saudi 2030 Vision was released and the revised CGR were announced by the CMA of Saudi Arabia. This was the first time that the Saudi government announced a nationwide vision, which is also consistent with CSR concepts (see Section 3.4.2.1).

In 2017, the revised CGR became effective, through which violating firms are penalized in relation to mandatory articles. However, CSRD-related articles, in general, are voluntary (see Section 3.4.2.2). Further, in an unprecedented move, the 2017 CGR included specific CSRD articles (i.e., Articles 87 and 88).

The year 2018 is two years after the release of the 2030 Vision and the announcement of the revised CGR, and one year after the revised CGR implementation. Therefore, this year (i.e., 2018), in this thesis, is selected as the year after the institutional changes. This is to allow time for the Saudi market to respond to the 2030 Vision aims and the revised CGR to appropriately examine their impact.

The distribution of this research period is consistent with institutional theory. This is because this theory allows for longitudinal analysis of institutional changes and their influence on CSRD, which is consistent with the conclusion of Campbell (2007) and Oliver (1991).

Figure 4.1: Timeline of Saudi institutional changes

4.3 Data Source

The impact of the institutional changes (the 2030 Vision and revised CGR) on CSRD is analyzed by examining 234 annual reports, 8 standalone CSR reports, and 117 websites of the same set of firms (i.e., balanced panel data) for 2015 and 2018 (see Table 4.3). The annual reports were collected from the database of Tadawul's website. In addition, the

firms' standalone CSR reports (e.g., CSR reports, environmental reports, and sustainability reports) were obtained from the sampled firms' websites; similarly, websites' CSRD were available on the companies' websites. All three sources of disclosure (i.e., annual reports, websites, and standalone CSR reports) were used in the present thesis to gather the needed CSR information. Regarding website data, if not available in 2015, the determination to which year a firm's website was available was made upon a respective disclosure in the annual report of the firm. Only CSRD with specified dates were collected and coded in the research instrument to distinguish which CSRD belongs in 2015 and 2018 (see Section 4.4.2). The use of different CSRD sources increases data completeness, and is more likely to result in more complete findings (Cowen et al., 1987; Gray et al., 1995a; Guthrie & Farneti, 2008; Parker, 1982; Yang, 2014; Zeghal & Ahmed, 1990).

Firms' annual reports are an obligatory source of information and are universally recognized as official documents and subject to external audit, which increases their credibility and reliability (Amran & Devi, 2008; Du et al., 2010; Jizi et al., 2014; Unerman, 2000). However, prior literature supports the use of different CSRD sources, which indicates that it is misleading to base the evaluation of CSRD on one source of information, such as firms' annual reports, which eventually leads to incomplete conclusions (Cowen et al., 1987; Gray et al., 1995a; Guthrie & Farneti, 2008; Parker, 1982; Yang, 2014; Zeghal & Ahmed, 1990). Despite the need to complement annual reports with both standalone CSR reports and websites' related disclosure to obtain a better and comprehensive understanding of CSRD by Saudi firms, to date, no published research has done so. This thesis addresses this limitation by drawing on a multi-support analysis of firms' annual reports, standalone CSR reports, and websites.

Table 4.3: CSRD sources of information by industry, year, and total

Industry sectors	Annual reports		Standalone CSR reports		Websites		Total per industry sector
	2015	2018	2015	2018	2015	2018	
Energy	4	4	0	0	2	2	12
Materials	40	40	2	5	27	29	143
Industrials	18	18	0	0	8	8	52
Consumer Discretionary	16	16	0	0	5	6	43
Consumer Staples	16	16	0	0	7	7	46
Health Care	6	6	0	0	1	2	15
Communication Services	5	5	0	0	1	3	14
Utilities	2	2	0	1	2	2	9
Real Estate	10	10	0	0	2	3	25
Total Per Year	117	117	2	6	55	62	
Total Observations Per Medium	234		8		117		359
Total Observations	359						

4.4 Measurement of CSRD

4.4.1 Content analysis

Content analysis is a research technique for gathering and analyzing data in accordance to their specific context to provide replicable and valid inferences (Krippendorff, 1980; Neuendorf & Kumar, 2015). This technique involves codifying (e.g., binary coding) text (or content) in a systematic manner to ensure this process's reliability (i.e., replicability) and validity (i.e., the ability to relate inferences to examined contexts; Campbell, 2004; Michelon & Parbonetti, 2012; Unerman, 2000). The collection of data can be either computerized or manual, or both (Hussainey, Schleicher, & Walker, 2003; Kothari, Li, & Short, 2009). Coded data can be then categorized into different groups (e.g., CSRD categories) on the basis of selected measures and, thus, can be statistically analyzed (Weber, 1990). Content analysis is widely used in CSRD research (Guthrie & Farneti, 2008; Haniffa & Cooke, 2005; Jizi et al., 2014; Meek et al., 1995; Milne & Adler, 1999; Tagesson et al., 2009; Unerman, 2000). It is one of the most important techniques in social science (Krippendorff, 2018). This is because of several benefits related to using the content analysis method. For example, the utilization of this technique does not require

the cooperation of the examined subject (e.g., reports) and does not influence its behavior (Neuendorf & Kumar, 2015). Other qualitative methods (e.g., interviews and questionnaires) may suffer these issues because the subjects are aware of being observed or examined (Krippendorff, 2004; Neuendorf & Kumar, 2015). Thus, content analysis is unobstructed and improves external validity (Unerman, 2000; Weber, 1990). Further, use of this method can accommodate a time-series investigation into a change of reporting behavior over time, allowing for the analysis of large volumes of data (Krippendorff, 2004; Weber, 1990). Therefore, content analysis will be used in this thesis to analyze the data (overall, and by categories and individual items of CSRD) extracted from the sampled companies' annual reports, standalone CSR reports, and websites for 2015 and 2018 (see Section 4.6).

This thesis utilizes a quantitative content analysis to codify the CSRD data. Prior studies conclude that quantitative content analysis is more transparent and permits the replicability of the research design compared with qualitative content analysis (Neuendorf & Kumar, 2015; Weber, 1990; White & Marsh, 2006). Further, quantitative content analysis, when the examined subjects are clearly defined, yields more accurate results because it disregards irrelevant and redundant information (Guthrie, Petty, Yongvanich, & Ricceri, 2004; Krippendorff, 2004; Yang, 2014). This method is common in CSRD literature (Guthrie & Parker, 1990; Haniffa & Cooke, 2005; Khan, 2010; Kolk & Pinkse, 2010; Tagesson et al., 2009).

Quantitative content analysis can be conducted through equal and unequal weighting ratings. Even if some corporate disclosures, to some extent and in a specific context, could be more vital than others (Botosan, 1997; Cooke, 1989; Wiseman, 1982), the use of an unequal weighting rating is a highly subjective matter (Hackston & Milne, 1996; Tagesson et al., 2009). Thus, adoption of this method can result in subjective biases because some disclosures will have higher rates than others (Allegrini & Greco, 2013; Healy & Palepu, 2001; Yang, 2014). Haniffa and Cooke (2005, p. 405) noted that the use of binary coding ignores the emphasis by companies on certain CSRD because it only considers the presence of that disclosure. However, this offers less choice when coding such disclosure, which makes binary coding more reliable (Hackston & Milne, 1996; Raffournier, 1995). Therefore, to avoid such subjective assessment inherent in the unequal weighting rating, this thesis utilizes equal weighting (dichotomous or binary)

scoring, consistent with many prior CSRD studies (Haji, 2013; Haniffa & Cooke, 2005; Kolk & Pinkse, 2010; Meek et al., 1995; Patten, 1991; Tagesson et al., 2009).

The following subsections will discuss the development of the research instrument. This includes the CSRD index (Section 4.4.2), the coding procedures (Section 4.4.3), and the validity and reliability of the CSRD instrument, and the coding procedures (Section 4.4.4).

4.4.2 Research instrument

This thesis develops a research instrument (i.e., CSRD index) on the basis of a thorough review of relevant literature, the 2030 Vision, and revised CGR to achieve the second objective of this thesis (RO2). This research CSRD instrument includes international and Saudi-specific CSRD issues, captures both qualitative and quantitative CSRD items, and integrates the 2030 Vision's objectives and CSRD-related articles of the revised CGR. The CSRD instrument of this thesis considers the respective contributions of international organizations (e.g., the UNGC, OECD, ISO 26000, and GRI). These features of a research instrument's construction are considered to determine which CSRD items should be included in a research instrument designed to examine CSRD in Saudi Arabia (i.e., RQ3). The research instrument is used to comprehensively investigate the impact of the Saudi institutional changes on CSRD. To the best of the author's knowledge, no Saudi-based study has done this; thus, this thesis addresses this limitation.

Many prior studies have constructed a customized CSRD instrument to measure CSRD (Hackston & Milne, 1996; Haji, 2013; Haniffa & Cooke, 2005; Marano et al., 2017; Tagesson et al., 2009; Young & Marais, 2012). This is because of the absence of a CSRD index that suits all studies; prior researchers have concluded that international and local institutional aspects influence CSRD (Amran & Devi, 2008; Gray, Kouhy, & Lavers, 1995b; Yang & Farley, 2016; see Section 2.2.1). Thus, the construction of a CSRD instrument is conducted subject to a country's context. Particularly, the CSRD instrument of this thesis is developed to capture the changes on CSRD brought by the 2030 Vision and revised CGR by relating the CSRD items with the most associated articles of the revised CGR (nine articles) and 2030 Vision's objectives (27 objectives). The research CSRD instrument consists of 33 items, which are grouped into two main dimensions: "environmental" and "social" disclosures (see Table 4.4). The environmental and social

disclosures are voluntary in Saudi Arabia, while economic reporting is compulsory (Alhazmi, 2017; Alotaibi & Hussainey, 2016). Therefore, firms' economic disclosures related to CSRD, in this thesis, are excluded, consistent with prior Saudi-based studies (Al-Janadi et al., 2013; Alhazmi, 2017; Alotaibi & Hussainey, 2016; Macarulla & Talalweh, 2012).

First, the "environmental" dimension consists of 10 CSRD items. Second, the "social" dimension includes four categories—"marketplace" (five items), "workplace" (six items), "community" (seven items), and "Saudi-specific" (five items). These CSRD dimensions and categories are explained as follows.

4.4.2.1 Environmental CSRD

The "environmental" dimension relates to companies' strategies and management in relation to their environmental impact. This dimension includes 10 important environmental issues that are internationally (Sagebien, Lindsay, Campbell, Cameron, & Smith, 2008; Sharma, 2000; Tagesson et al., 2009; Yang & Farley, 2016) and domestically (Al-Gamrh & Al-Dhamari, 2016; Alhazmi, 2017) relevant. They are:

- utilization of recyclable materials
- adoption of energy efficiency features
- allocations for renewable energy exploration
- presence of waste management and/or sustainable natural resources
- allocations for pollution control schemes
- utilization of environmentally friendly facilities
- utilization of environmentally friendly transportation
- presence of environmental policy statement
- relevant anticipation in addressing issues of climate change
- awareness and development program for biodiversity protection.

These CSRD items are also consistent with, for instance, the environmental aspect of GRI (G4) guidelines, which are GRI 301: Materials, GRI 302: Energy, GRI 303: Water and Effluents, GRI 304: Biodiversity, GRI 305: Emissions, GRI 306: Waste, GRI 307: Environmental Compliance, and GRI 308: Supplier Environmental Assessment (GRI, 2020). There are no clear guidelines regarding environmental disclosures in Saudi Arabia.

The revised CGR have no specific articles that regulate Saudi companies' operations or reporting in relation to the environment. However, it does contain guidelines that concern all stakeholders (presumably the environment is included): Articles 22, 71, 83, 84, and 90 (see Tables 3.3 and 4.4). In terms of the 2030 Vision, some specific objectives are strongly related to environmental protection: Objectives 2.3, 2.4, 3.2, 3.4, 3.5, and 5.4 (see Tables 3.2 and 4.4).

The "social" dimension of the CSRD instrument of this thesis concerns CSR issues related to how responsibly companies engage with (i) production and value chain ("marketplace" category), (ii) employees ("workplace" category), (iii) relevant communities ("community" category), and (iv) Saudis' most sensitive issues of CSR ("Saudi-specific" category). CSRD items related to these categories in this thesis are also consistent with, for example, the social aspect of GRI (G4) standards: GRI 401: Employment, GRI 402: Labor and/or Management Relations, GRI 403: Occupational Health and Safety, GRI 404: Training and Education, GRI 405: Diversity and Equal Opportunity, GRI 406: Non-discrimination, GRI 407: Freedom of Association and Collective Bargaining, GRI 412: Human Rights Assessment, GRI 413: Local Communities, GRI 414: Supplier Social Assessment, GRI 415: Public Policy, GRI 416: Customer Health and Safety, and GRI 418: Customer Privacy (GRI, 2020). The CSRD "social" dimension's categories and the associated items covered in the research instrument of this thesis are discussed as follows.

4.4.2.2 Marketplace CSRD

In terms of "marketplace," there are five important practices that enable assessment of firms' process of production and value chain from the perspective of CSR. These activities include allocations for innovation and product development, assurance of product quality and safety, application of production standards and awards, engagement of sustainable value chain practices, and presence of customer relationship management. These issues are relevant on both international (Jizi et al., 2014; Ntim & Soobaroyen, 2013; Yusoff, Jamal, & Darus, 2016) and local (Alhazmi, 2017; Alotaibi & Hussainey, 2016; Mahjoub, 2019) scales in relation to CSRD. In Saudi Arabia, some indirect guidelines relate to this category's items. Articles 22, 71, 83, 84, 88, and 90 of the revised CGR encourage companies to maintain effective relationships with their stakeholders, including customers and suppliers (see Tables 3.3 and 4.4). Further, the 2030 Vision

presents some significant objectives related to "marketplace" items—Objectives 1.1, 2.3, 3.1, 3.3, 3.4, 3.6, 3.7, 4.3, 5.1, 5.2, 5.4, and 6.2 (see Tables 3.2 and 4.4).

4.4.2.3 Workplace CSRD

The "workplace" category is related to firms' responsible engagement with their employees. This category covers the six CSR issues of empowerment: support of employees' involvement, engagement of diversity and equal opportunity for employees, programs of employees' education and training, programs of employees' pension and assistance, programs of employees benefits and pay rewards, and application of safety and health codes of conduct in production. These aspects of CSRD have gained the interest of researchers internationally (Botosan, 1997; Haji, 2013; Kolk & Pinkse, 2010; Tagesson et al., 2009) and locally (Al-Gamrh & Al-Dhamari, 2016; Alotaibi & Hussainey, 2016; Alsaeed, 2006) in Saudi Arabia. In addition, some recent guidelines in Saudi Arabia are related to "workplace" CSRD items. The revised CGR and 2030 Vision offer relevant guidelines that seek to enhance companies' work environment: Articles 22, 39, 71, 83, 84, 85, and 90 (see Tables 3.3 and 4.4) and Objectives 1.1, 2.2, 2.6, 4.1, 4.2, 4.4, 5.2, 5.3, and 6.2 (see Tables 3.2 and 4.4).

4.4.2.4 Community CSRD

In relation to the "community" category, its seven CSRD items emphasize the role of corporations in recognizing and responsibly engaging with relevant communities for the sake of their welfare. These items include:

- establishment of non-profit projects
- programs of education, scholarship, and/or sponsorship for higher learning
- training programs for fresh graduates and/or future employees
- allocations and donations for charities, including support for the underprivileged, disabled, and the needy
- engagement of voluntary community services
- participation in health program and/or medical research
- participation in government social campaigns.

Like the previous CSRD categories, the issues of "community" are both internationally (Jizi et al., 2014; Kolk & Pinkse, 2010; Sagebien et al., 2008) and domestically (Al-Gamrh & Al-Dhamari, 2016; Alhazmi, 2017; Issa, 2017) relevant. In terms of related Saudi institutional guidelines to "community" CSRD, the revised CGR has Articles 22, 87, 88, and 90 (see Tables 3.3 and 4.4), and the 2030 Vision presents Objectives 1.1, 1.3, 2.1, 2.2, 2.3, 2.5, 2.6, 3.3, 4.1, 4.2, 4.3, 6.1, 6.2, and 6.3 (see Tables 3.2 and 4.4), which are strongly associated with this category's items.

4.4.2.5 Saudi-specific CSRD

The "Saudi-specific" category focuses on five CSRD items that are unique to Saudi Arabia and highly valued by Saudi citizens. These items involve allocations for Hajj and/or Umrah donations and support, allocations for supporting organizations of the Holy Quran memorization, allocations for ongoing charity (WAGFF) and/or mosques, other Islamic-based participations; and application of Saudization. These "Saudi-specific" CSRD issues have only recently gained the interest of researchers (Alhazmi, 2017; Alotaibi & Hussainey, 2016; Mahjoub, 2019); thus, this topic is still lacking research (see Sections 2.4 and 2.5). This thesis addresses this limitation. In terms of relevant institutional guidelines in KSA, Articles 22, 87, 88, and 90 of the revised CGR (see Tables 3.3 and 4.4) and the 2030 Vision's Objectives 1.1, 1.2, 1.3, 4.2, 6.2, and 6.3 (see Tables 3.2 and 4.4) provide respective consideration.

Even though the objectives of the 2030 Vision do not regulate corporate environmental and social reporting, they can promote CSRD and motivate Saudi companies to operate in accordance with these guidelines (see Table 3.2). The disclosure of these CSRD items can demonstrate a positive relationship between companies and the environment, customers, employees, communities, and Saudi-specific issues. Table 4.4 presents the CSRD instrument of this thesis.

Table 4.4: CSRD instrument with the associated 2017 CGR articles and 2030 Vision objectives

	CSRD categories	No.	CSRD items	CGR articles	2030 Vision objectives[a]
Environmental		1	Utilization of recyclable materials	22, 71, 83, 84, 90	2.4
		2	Adoption of energy efficiency features	22, 71, 83, 84, 90	2.4, 3.2
		3	Allocations for renewable energy exploration	22, 71, 83, 84, 90	2.4, 3.2, 3.4
		4	Presence of waste management and/or sustainable natural resources	22, 71, 83, 84, 90	2.4, 5.4
		5	Allocations for pollution control schemes	22, 71, 83, 84, 90	2.4
		6	Utilization of environmentally-friendly facilities (i.e., internal and related to environmental features of property, plant, and equipment)	22, 71, 83, 84, 90	2.3, 2.4
		7	Utilization of environmentally friendly transportation (i.e., external and related to logistic environmental sustainability; e.g., reducing carbon emissions in products distribution)	22, 71, 83, 84, 90	2.4, 3.5
		8	Presence of environmental policy statement	22, 90	2.4
		9	Relevant anticipation in addressing issues of climate change	22, 71, 83, 84, 90	2.4
		10	Awareness and development program for biodiversity protection	22, 71, 83, 84, 90	2.4
Social	Marketplace	11	Allocations for innovation and product development	88	3.1, 3.3, 3.4, 3.6, 3.7, 4.3, 5.4, 6.2
		12	Assurance of product quality and safety	71, 83, 84, 90	2.3, 5.2, 6.2
		13	Application of production standards and awards	22, 71	1.1, 6.2
		14	Engagement of sustainable value chain practices	22, 71, 83, 84, 90	3.1, 3.3, 3.4, 3.6, 3.7, 5.1, 6.2
		15	Presence of customer relationship management	83, 90	1.1, 2.3, 3.3, 6.2
	Workplace	16	Empowerment of open communication by supporting employees' involvement	84, 85, 90	1.1, 4.4, 5.2, 5.3, 6.2
		17	Engagement of diversity and equal opportunity for employees	83, 84, 85	1.1, 4.2, 4.4, 6.2
		18	Programs of employees' education and training	39, 90	1.1, 4.1, 4.2, 4.4, 6.2

	19	Programs of employees' pension and assistance	85, 90	2.6, 4.4, 6.2
	20	Programs of employee benefits and pay rewards	22, 85, 90	2.6, 4.4, 6.2
	21	Application of safety and health code of conduct in production	22, 71, 83, 84, 90	2.6, 4.4, 6.2
Community	22	Establishment of non-profit projects (e.g., educational, entertainment, and cultural centers)	87, 88, 90	1.3, 2.3, 2.5, 3.3, 4.3, 6.2, 6.3
	23	Programs of education, scholarship, and/or sponsorship for higher learning	87, 88, 90	1.1, 1.3, 4.1, 4.2, 6.2
	24	Training programs for fresh graduates and/or future employees	87, 88, 90	4.1, 4.2, 6.2
	25	Allocations and donations for charities including supports for the underprivileged, disabled, unfortunate, and the needy	87, 88, 90	6.2, 6.3
	26	Engagement of voluntary community services (e.g., sports activities, school visits, awareness courses, and national heritage support)	87, 88, 90	1.3, 2.2, 2.3, 2.5, 2.6, 6.1, 6.2
	27	Participation in health programs and/or medical research	87, 88, 90	2.1, 2.3, 6.2
	28	Participation in government social campaigns (e.g., enhance traffic safety, improve cities, support national security: police, and civil defense)	22, 87, 88, 90	2.3, 2.5, 3.3, 6.2
Saudi-specific	29	Allocations for Hajj and/or Umrah donations and support	87, 88, 90	1.2, 6.2
	30	Allocations for supporting organizations of The Holy Quran memorization	87, 88, 90	1.1, 1.3, 6.2, 6.3
	31	Allocations for ongoing charity (WAGFF) and/or mosques	87, 88, 90	1.1, 1.3, 6.2, 6.3
	32	Other Islamic-based participations (i.e., Ramadan, Eid, DAWAH, etc.)	87, 88, 90	1.1, 1.3, 6.2
	33	Application of Saudization (best practice of jobs localization)	22, 87, 88, 90	1.3, 4.2, 6.2
Total	*33*	*CSRD Items*	*9 articles*	*27 objectives*

a. Level 2 Objectives of the 2030 Vision (27 out of 27 objectives). The duplication of some of the 2030 Vision objectives and revised CGR articles with some CSRD items is because such guidelines are general and/or detailed, cover multiple CSR areas, and thus can relate to multiple CSRD items (e.g., Article 90 relates to 30 CSRD items of the research instrument). Refer to Tables 3.2, 3.3, and Appendix 1 (level 3 objectives of the 2030 Vision) for more information about the 2030 Vision objectives and revised CGR articles related to CSRD.

4.4.3 Coding procedures

The 33 items of the CSRD instrument were checked against each related disclosure of the sampled firms. These disclosures of CSR items were collected manually from Saudi firms' websites, standalone CSR reports (e.g., CSR, environmental, and sustainability reports), and annual reports as the sampling units of this research. This is to ensure that all firms' CSRD are captured in the research instrument to produce more complete results and conclusions and thus, reflect the CSRD status in Saudi Arabia.

In a coding sheet, as a checking test procedure, the sampled firms were organized with regard to the 33 CSRD items. As far as the assessment is concerned, the data collection process of this research fits the criteria of content analysis because it requires searching for the needed information in a document to be interpreted with consideration of a specific context (see Section 4.4.1). In this thesis, a dichotomous (binary) coding to record the disclosures of CSRD items, as a recording data unit, was utilized. The coding process involves examining the firms' websites, standalone CSR reports, and annual reports (by content analysis) to determine the items' disclosure of the sampled firms for 2015 and 2018. Then, CSRD items were accordingly assessed by scoring across each item 1 if the item was disclosed, 0 otherwise. The dependent variable then becomes the sum of the 0/1 scores across all items in a company in a given year. This coding process enables an analysis of how an item was disclosed (Haniffa & Cooke, 2005; Meek et al., 1995). The maximum CSRD score for each firm is 33 (i.e., if all CSRD items are reported by a company in a given year), and the maximum score for each individual CSRD item per year is 117 (i.e., if all sampled firms disclose a CSRD item in a reporting year). This method is popular in measuring CSRD, and widely used in prior related studies (see Section 4.4.1). The items' scores were all gathered and exported to Excel and SPSS to perform descriptive and empirical analyses (Tables 5.1 and 5.2 present the CSRD results from the coding sheet; see Section 4.6). This process assists in achieving the second research objective (RO2), thereby addressing the third research question (RQ3).

4.4.4 Instrument and coding reliability and validity

Utilization of the content analysis method requires consideration of two important issues regarding research reliability and, thus, its validity (Milne & Adler, 1999). These issues relate to data collection and the construction of the research instrument. In terms of

ensuring the research CSRD instrument validity and reliability, the following tests and procedures were performed. First, the reliability of this research, which is a prerequisite of its validity, was ensured through data rechecking, by re-collecting 20% of the sample data, meaning recoding the CSRD of 20 firms, which confirms the data stability and, thus, reliability (Stemler, 2001).This procedure was performed after three months of the first round of data collection by the researcher and revealed no differences.

The same rechecked data were also re-collected by an independent researcher from the same field to ensure construct validity and reliability of the research instrument. This procedure yielded only minor (i.e., less than 5%) differences, which is in the acceptance level of inter-coder reliability (Milne & Adler, 1999). Further, reliability was also confirmed by conducting the Cronbach's alpha test, which is a measure used to assess the internal consistency (i.e., data reliability) of a research instrument (Allegrini & Greco, 2013; Botosan, 1997; Cronbach, 1951; Tavakol & Dennick, 2011). A score of 0.7 to 0.95 is considered acceptable and proves reliability (Ho, 2006; Tavakol & Dennick, 2011). The Cronbach's alpha scores of the research CSRD instrument were 0.89 for 2015 data, and 0.92 for 2018 data, with an overall average score of 0.91. These are high scores, confirming data consistency and reliability. In terms of further improving the reliability of this research methodology, decision rules of the respective data extraction similar to those of relevant studies were followed (Aras, Aybars, & Kutlu, 2010; Milne & Adler, 1999). These rules include the following:

- A CSRD must be directly related to the firm under investigation.
- A CSRD must be clearly stated and not implied.
- In case of having a CSRD that can fit within more than item or category, it must be then classified based on the most emphasized item or category.

Second, the validity of this research instrument was ensured by minimizing the researcher's respective subjectivity while constructing the research instrument (i.e., CSRD index) and assessing the collected data (Marston & Shrives, 1991; see Section 4.4.1). This research CSRD instrument was developed based upon reliable prior studies that are highly related to the research matter (Haji, 2013; Haniffa & Cooke, 2005; Kolk & Pinkse, 2010; Meek et al., 1995; Patten, 1991; Tagesson et al., 2009). In addition, the validity and reliability of this research CSRD instrument can be assessed by comparing

the overall CSRD findings of this thesis with other relevant studies' results (see Section 7.3). Accordingly, the results of this thesis can be considered reliable and valid.

4.5 Description of CSRD Variables

The dependent variable in this thesis is CSRD, which is measured based on a customized CSRD instrument (see Section 4.4). Through a quantitative content analysis technique, a dichotomous coding is utilized; 1 is recorded if a CSRD item is disclosed by a firm in a given year, 0 otherwise (see Sections 4.4.1 and 4.4.3).

In this thesis, some CSRD influencing factors were identified to examine the institutional influence on CSRD and, thus, answer the research's second and third questions, as discussed in Chapter 3. Most of these CSRD influencing factors are firm characteristics that are of substantial consideration by the 2030 Vision and revised CGR (see Section 3.5). Prior CSRD literature suggests that firm-specific factors have an impact on CSRD, as discussed in Chapters 2 and 3. These factors and their measures are explained in Table 4.5.

In addition, in this thesis, a dummy variable denoted by INST CHGS (i.e., institutional changes) is used, representing the data related for 2018 (i.e., 1 is recorded if the data belongs to the year 2018, 0 otherwise). This is to control for changes (Yang & Farley, 2016) in the Saudi CSRD environment (i.e., the 2030 Vision and revised CGR) over the research period. This allows examination of changes between CSRD results of 2015 and 2018 after controlling for the impact of changes in all these variables. Thus, it enables consideration of the Saudi political, economic, and institutional contexts (see Sections 7.3–6). Table 4.5 demonstrates the research explanatory factors and their measurements.

Table 4.5: Measurements of the explanatory variables

	Factors Name	Factor Acronym	Measurement	References
Independent	Institutional changes	INST CHGS	A year dummy variable: 1 is recorded if the data belong to the year 2018, 0 otherwise (i.e., 2015). This is to test for the impact of institutional changes	Luoma and Goodstein (1999) Yang and Farley (2016)

	Board size	BSIZE	Number of directors on board	Jizi et al. (2014) Rao et al. (2012)
	Board independence	BIND	Proportion of independent non-executive directors to total number of directors on board	Ntim and Soobaroyen (2013)
	Board meeting frequency	BMEET	Number of board meetings per year	Laksmana (2008)
	Risk management committee meeting frequency	RMC MEET	Number of risk management committee (either a standalone or included in any board committee that noticeably considers assessing and managing risks) meetings per year	-
	Risk management committee size	RMC SIZE	Number of members on risk management committee (either a standalone or included in any board committee that noticeably considers assessing and managing risks)	-
	Corporate social responsibility committee	CSRC	1 if the firm has a corporate social responsibility committee on board (either a standalone or included in any board committee that noticeably considers engaging in CSR activities), 0 otherwise	Cucari et al. (2018) Michelon and Parbonetti (2012)
	Female employment	FEMP	1 if the firm employs at least one female in any position, 0 otherwise	-
	Female on board	FOB	1 if the firm has at least one female director on board, 0 otherwise	Adams and Ferreira (2009)
	Government representatives on board	GOVRB	Proportion of government representatives as directors to total number of directors on board	Al-Hadi et al. (2016)
	Royal family members on board	RFMB	Proportion of royal family members as directors to total number of directors on board	Alazzani et al. (2019)
	Corporate social responsibility awards	CSR AWD	1 if the firm earned a CSR award (or more) in any year, 0 otherwise	Anas et al. (2015)
	Regulatory penalty	PEN	1 if the firm incurred at least one regulatory penalty (either monetary or nonmonetary) in any year, 0 otherwise	Ding et al. (2019)
	International operations	INTL OPS	Proportion of foreign sales (beyond the Middle East and North Africa [MENA] region) to total sales	Han and Park (2017)
Control variables	Industry sectors*	IND	IND is represented by nine dichotomous variables, one per industry	Haniffa and Cooke (2005); Tagesson et al. (2009)
	Firm size**	FSIZE	Log of total assets	Attig et al. (2016) Yang

				and Farley (2016)
	Profitability**	PROF	Return on total assets (ROA): net income divided by total assets	Belkaoui and Karpik (1989) Rao et al. (2012)

* IND—energy, materials, industrials, consumer discretionary, consumer staples, health care, communication services, utilities, and real estate. However, only eight industry variables are included in any one model. An industry at one of the extremes is excluded to allow a test of the greatest industry differences.

** FSIZE and PROF, because they involve monetary values, were adjusted using Saudi's GDP deflator between 2015 and 2018 (15.94%); data retrieved from Worldbank at http://data.worldbank.org). The data of these factors are sourced from firms' annual reports of 2015 and 2018 unless otherwise stated.

4.6 Data Analysis

4.6.1 Descriptive statistics

Descriptive statistical analysis is an essential tool in interpreting and simplifying data—both the research sample and measures (Sekaran & Bougie, 2016). Further, this will help in understanding the data and clarifying its distribution (Sekaran & Bougie 2016). Hence, descriptive analysis plays a significant role in understanding the interrelationships and results in relation to the research aim of assessing the impact of the institutional influences on CSRD.

Thus, using descriptive analysis, the data are presented from different angles in a statistical sense, including the measures of total, mean, minimum, and maximum values (see Chapter 5). These statistical measures attempt to investigate differences between the results of 2015 and 2018 in respect to the following aspects:

- change in overall CSRD by Saudi firms
- change in CSRD medium by Saudi firms
- change in CSRD content by Saudi firms
- change in firm characteristics
- analysis of CSRD by industry sector
- analysis of CSRD by firm size.

4.6.2 Empirical testing

In this thesis, several variables (the research explanatory factors) will be examined in relation to the CSRD of Saudi Arabia (as identified in Table 4.5). In particular, these factors will be empirically analyzed in 39 models to examine their relationship with several aspects of CSRD (i.e., CSRD individual items, overall CSRD, and CSRD categories) in the context of the Saudi institutional changes, as further discussed in Sections 4.6.2.1–4.6.2.3.

Prior to the regression analyses, a multicollinearity test by variance inflation factors (VIF) is used in this thesis to assess the correlation between the explanatory variables. This test reduces standard errors caused by multicollinearity that exists between two or more independent variables and, thus, increases estimates' reliability; a variable VIF of less than 10 is unproblematic (Gujarati & Porter, 2009; Kennedy, 1992; Neter, Wasserman, & Kutner, 1983; Table 6.1 presents the VIF results of the explanatory variables).

4.6.2.1 Logistic regression

The dependent variable of this thesis (individual CSRD item) is a binary variable (0/1), in which an individual CSRD item (from the CSRD instrument) for each firm (from the sampled firms) is either disclosed or not disclosed at a certain time (2015 and 2018). The logistic regression is a predictive analysis used to examine dichotomous dependent variables and estimate the respective association of the explanatory variables, which can be either continuous or categorical factors (Peng, Lee, & Ingersoll, 2002). Thus, the logistic regression (GEE—binary logistic) is an appropriate approach to describe the individual CSRD data of this research instrument for Saudi firms and explain the relationship between CSRD and the research explanatory variables. Equation 4.1 presents the logit model used in this thesis to examine each individual CSRD item and the respective association with the explanatory variables, providing 33 sets of results.

$$\text{INDV CSRD} = \log\left(\frac{\text{P}}{1-\text{P}}\right) = \alpha_0 + \beta_1 INST\ CHGS + \beta_2\ BSIZE + \beta_3 BIND + \beta_4 BMEET + \beta_5\ RMC\ MEET + \beta_6 RMC\ SIZE + \beta_7 CSRC + \beta_8\ FEMP + \beta_9\ FOB + \beta_{10}\ GOVRB + \beta_{11}\ RFMB + \beta_{12}\ CSR\ AWD + \beta_{13}\ PEN + \beta_{14}\ INTL\ OPS + \beta_{15}\ FSIZE + \beta_{16}\ PROF + \sum_{j=1}^{8} \beta_{16+j} IND_j + \varepsilon \qquad \textit{(Equation 4.1)}$$

Where:

INDV CSRD (in Equation 4.1): Individual CSRD items based on the CSRD instrument of this research (see Table 4.4). INDV CSRD has two parts of definition: input and expected output. The input is represented by the collected data in the form of binary coding for each CSRD item; 1 if the item is disclosed, 0 otherwise (see Section 4.4.3). Since INDV CSRD is a dichotomous dependent variable, logistic regression is used to model INDV CSRD (see Section 4.6.2). Thus, the predicted value of the outcome is represented by a log form ($\log\left(\frac{P}{1-P}\right)$) demonstrating the propensity to report for each INDV CSRD item, where "P" equals the probability of reporting (1), and "1-P" represents the probability of the absence of reporting (0).

α_0 = regression constant term

$\beta_{1, \ldots,} \beta_{18}$ = regression coefficients to be estimated

j = industry sector number

ε = regression residual term.

Refer to Table 4.5 for the definitions of the explanatory variables.

4.6.2.2 Multivariate regression

In this subsection, the aggregate CSRD is analyzed from different perspectives (i.e., overall CSRD and CSRD categories), considering the respective influence of the research explanatory factors. This analysis is conducted by using multiple regressions to understand the CSRD behavior of all firms via an econometric model, holding all explanatory factors constant. This is a useful technique to predict a cardinal outcome variable from several explanatory variables (Field, 2009; Gujarati & Porter, 2009). The present research uses balanced panel data containing multiple observations over multiple years for the same set of firms.

There are some common regression estimating models that can be used to empirically examine the relationship between a dependent variable and independent variables. Pooled ordinary least Square (POLS) is largely utilized in the extant literature (Alotaibi & Hussainey, 2016; Haniffa & Cooke, 2005; Jizi et al., 2014). However, this technique may

predict inaccurate results when the research uses balanced panel data (such as the current research; Alhazmi, 2017; Baltagi, 2008; Mangena, Tauringana, & Chamisa, 2012). This is because of POLS' failure to capture the structure of such data, which may lead to biased findings (Alhazmi, 2017; Baltagi, 2008; Mangena et al., 2012). Therefore, in this thesis, the generalized linear model (GLM) is utilized because it considers the research's balanced panel data structure and reduces the associated errors (Dobson & Barnett, 2018; Liang & Zeger, 1986). Hence, GLM is an appropriate and more sophisticated technique, fitting the research purpose, because it can individually recognize characteristics of the collected data, providing more accurate results (Dobson & Barnett, 2018; McCullagh & Nelder, 1989; Nelder & Baker, 2004). Using this multiple regression technique, two main CSRD groups are accordingly examined: "overall" CSRD (total number of CSRD items disclosed) and "CSRD categories" (total number of associated CSRD items in each of the five categories). These models are presented below.

Model 1: Overall CSRD

$$\text{OVERALL CSRD} = \alpha_0 + \beta_1 INST\ CHGS + \beta_2 BSIZE + \beta_3 BIND + \beta_4 BMEET + \beta_5 RMC\ MEET + \beta_6 RMC\ SIZE + \beta_7 CSRC + \beta_8 FEMP + \beta_9 FOB + \beta_{10} GOVRB + \beta_{11} RFMB + \beta_{12} CSR\ AWD + \beta_{13} PEN + \beta_{14} INTL\ OPS + \beta_{15} FSIZE + \beta_{16} PROF + \sum_{j=1}^{8} \beta_{16+j} IND_j + \varepsilon$$

(Equation 4.2)

Model 2: CSRD Categories Models

Model 2.1: Environmental CSRD (ECSRD)

$$\text{ECSRD} = \alpha_0 + \beta_1 INST\ CHGS + \beta_2 BSIZE + \beta_3 BIND + \beta_4 BMEET + \beta_5 RMC\ MEET + \beta_6 RMC\ SIZE + \beta_7 CSRC + \beta_8 FEMP + \beta_9 FOB + \beta_{10} GOVRB + \beta_{11} RFMB + \beta_{12} CSR\ AWD + \beta_{13} PEN + \beta_{14} INTL\ OPS + \beta_{15} FSIZE + \beta_{16} PROF + \sum_{j=1}^{8} \beta_{16+j} IND_j + \varepsilon$$

(Equation 4.3)

Model 2.2: Marketplace CSRD (MCSRD)

$$\text{MCSRD} = \alpha_0 + \beta_1 INST\ CHGS + \beta_2 BSIZE + \beta_3 BIND + \beta_4 BMEET + \beta_5 RMC\ MEET + \beta_6 RMC\ SIZE + \beta_7 CSRC + \beta_8 FEMP + \beta_9 FOB + \beta_{10} GOVRB + \beta_{11} RFMB + \beta_{12} CSR\ AWD + \beta_{13} PEN + \beta_{14} INTL\ OPS + \beta_{15} FSIZE + \beta_{16} PROF + \sum_{j=1}^{8} \beta_{16+j} IND_j + \varepsilon$$

(Equation 4.4)

Model 2.3: Workplace CSRD (WCSRD)

$$\text{WCSRD} = \alpha_0 + \beta_1 INST\ CHGS + \beta_2 BSIZE + \beta_3 BIND + \beta_4 BMEET + \beta_5 RMC\ MEET + \beta_6 RMC\ SIZE + \beta_7 CSRC + \beta_8 FEMP + \beta_9 FOB + \beta_{10} GOVRB + \beta_{11} RFMB + \beta_{12} CSR\ AWD + \beta_{13} PEN + \beta_{14} INTL\ OPS + \beta_{15} FSIZE + \beta_{16} PROF + \sum_{j=1}^{8} \beta_{16+j} IND_j + \varepsilon$$

(Equation 4.5)

Model 2.4: Community CSRD (CCSRD)

$$\text{CCSRD} = \alpha_0 + \beta_1 INST\ CHGS + \beta_2 BSIZE + \beta_3 BIND + \beta_4 BMEET + \beta_5 RMC\ MEET + \beta_6 RMC\ SIZE + \beta_7 CSRC + \beta_8 FEMP + \beta_9 FOB + \beta_{10} GOVRB + \beta_{11} RFMB + \beta_{12} CSR\ AWD + \beta_{13} PEN + \beta_{14} INTL\ OPS + \beta_{15} FSIZE + \beta_{16} PROF + \sum_{j=1}^{8} \beta_{16+j} IND_j + \varepsilon$$

(Equation 4.6)

Model 2.5: Saudi-specific CSRD (SCSRD)

$$\text{SCSRD} = \alpha_0 + \beta_1 INST\ CHGS + \beta_2 BSIZE + \beta_3 BIND + \beta_4 BMEET + \beta_5 RMC\ MEET + \beta_6 RMC\ SIZE + \beta_7 CSRC + \beta_8 FEMP + \beta_9 FOB + \beta_{10} GOVRB + \beta_{11} RFMB + \beta_{12} CSR\ AWD + \beta_{13} PEN + \beta_{14} INTL\ OPS + \beta_{15} FSIZE + \beta_{16} PROF + \sum_{j=1}^{8} \beta_{16+j} IND_j + \varepsilon$$

(Equation 4.7)

Where:

OVERALL CSRD (in Equation 4.2): The aggregate of binary coding of all ("overall") CSRD items using the CSRD instrument of this research (33 items), by recording 1 if the CSRD item is disclosed, 0 otherwise (see Section 4.4.2).

ECSRD (in Equation 4.3): The aggregate of binary coding of the "environmental" CSRD items using the CSRD instrument of this research (10 items), by recording 1 if the CSRD item is disclosed, 0 otherwise (see Section 4.4.2.1).

MCSRD (in Equation 4.4): The aggregate of binary coding of the "marketplace" CSRD items using the CSRD instrument of this research (5 items), by recording 1 if the CSRD item is disclosed, 0 otherwise (see Section 4.4.2.2).

WCSRD (in Equation 4.5): The aggregate of binary coding of the "workplace" CSRD items using the CSRD instrument of this research (6 items), by recording 1 if the CSRD item is disclosed, 0 otherwise (see Section 4.4.2.3).

CCSRD (in Equation 4.6): The aggregate of binary coding of the "community" CSRD items using the CSRD instrument of this research (7 items), by recording 1 if the CSRD item is disclosed, 0 otherwise (see Section 4.4.2.4).

SCSRD (in Equation 4.7): The aggregate of binary coding of "Saudi-specific" CSRD items using the CSRD instrument of this research (5 items), by recording 1 if the CSRD item is disclosed, 0 otherwise (see Section 4.4.2.5).

Refer to Table 4.5 for the definitions of the research explanatory variables.

4.6.2.3 Robustness tests

This thesis conducts robustness tests for the research explanatory variables to examine the model sensitivity in relation to the variables' alternative measurements. Seven alternative measures for seven (original) variables (see Table 4.5) are used in these tests. Table 4.6 demonstrates these factors and their alternative measurements. The descriptive results of these alternative measurements are presented in Section 5.5.3. The findings of the robustness tests are provided in Section 6.2.2.

Table 4.6: Alternative measurements of CSRD influencing factors

Factor name	Factor alternative acronym	Alternative measurement	References
Board Independence	BIND2	Number of independent non-executive directors on board	-
Female on Board	FOB2	Proportion of female directors on board to total number of directors on board	Muttakin et al. (2015) Rao et al. (2012)
Government Representatives on Board	GOVRB2	Number of government representatives as directors on board	Michelon and Parbonetti (2012)
Royal Family Members on Board	RFMB2	Number of royal family members as directors on board	Alazzani et al. (2019)
International Operations	INTL OPS2	1 if the firm has either investment or production facility (beyond MENA region), 0 otherwise	-
Firm Size	FSIZE2	Log of total sales (after adjusting using Saudi's GDP deflator between 2015 and 2018 (15.94%); data retrieved from World Bank at http://data.worldbank.org)	Michelon and Parbonetti (2012) Allegrini and Greco (2013)
Profitability	PROF2	Return on equity (ROE): net income divided by shareholders' equity (after adjusting using Saudi's GDP deflator between 2015 and 2018 (15.94%); data retrieved from World Bank at http://data.worldbank.org)	Belkaoui and Karpik (1989) Michelon and Parbonetti (2012)

The data of these factors are sourced from firms' annual reports of 2015 and 2018 unless otherwise stated.

4.7 Summary

This chapter explains how the extended theoretical model (developed in Chapter 3) can be examined by adopting a quantitative content analysis methodology of an equal weighting rating. A total of 359 observations of CSRD through the annual reports, CSR-related reports, and websites of 117 nonfinancial Saudi firms based on the GICS will be examined. In addition, in this chapter, the measurements of CSRD are explained; the research CSRD instrument is developed considering the Saudi's respective changing institutional environment. The content analysis techniques and procedures used in this thesis are also explained in this chapter. Further, the CSRD influencing factors' measures are identified based on prior literature, and the data analysis approaches used in this

regard are additionally discussed and explained. Moreover, in this chapter, the robustness tests in relation to the research explanatory variables are described.

Thus, in this thesis, a number of analysis techniques are adopted, which are commonly utilized in the literature, to answer the RQs. Using descriptive analysis, the data will be summarized and presented in a meaningful manner, providing respective basic analysis. Logistic regression will be used to further analyze the individual CSRD items in relation to the research explanatory variables. GLM will be used to investigate the aggregate CSRD behavior of Saudi firms considering the respective influencing factors. Descriptive and multivariate statistical results will be reported in Chapters 5 and 6, respectively. Discussions of these results will be provided in Chapter 7.

Chapter 5: Descriptive Results

5.1 Introduction

This chapter will present descriptive results of the impact of institutional changes and firm-specific factors on CSRD in Saudi Arabia. Chapter 6 presents the results of the multivariate analysis. This chapter responds to the third objective (RO3) of this research: to investigate whether the pattern of CSRD by Saudi firms has changed over time as a result of the changing Saudi institutional environment.

More specifically, this chapter presents findings to address the following four questions. First, what CSR information do Saudi firms disclose? Second, has the quantity of CSRD changed after the announcement of the 2030 Vision and after the effective implementation of the 2017 CGR? Third, what changes have occurred in firm characteristics between 2015 and 2018? Fourth, to what extent have the 2030 Vision and revised CGR influenced CSRD by Saudi firms' sector and size? The findings are presented in eight tables and nine figures. Chapter 7 provides further discussion and interpretation of the results reported in this chapter.

This chapter is structured as follows. Section 5.2 reports changes in the overall CSRD by Saudi firms. Section 5.3 reports changes in the CSRD medium by Saudi firms; Section 5.4 reports changes in CSRD content by Saudi firms, and Section 5.5 summarizes respective changes in firms' characteristics. Section 5.6 analyzes CSRD by industry sector, and Section 5.7 analyzes CSRD by firm size. Finally, Section 5.8 provides a summary of this chapter.

5.2 Change in Overall CSRD by Saudi Firms

In this section, the CSRD of Saudi listed companies is analyzed in terms of 2015 and 2018 CSRD from different descriptive perspectives. These include analyzing the individual items of, categories of, and overall CSRD of Saudi firms, which are presented in Table 5.1. In addition, the measures of 2015 and 2018 CSRD total, mean, maximum, minimum, and standard deviation are presented in Figure 5.1. The CSRD of Saudi firms of 2015 and 2018 is also analyzed with respect to the maximum CSRD, which is presented in Figure 5.2. These analyses provide a deeper understanding of Saudi CSRD patterns for

2015 and 2018 in light of respective institutional changes (i.e., the 2030 Vision and revised CGR).

Table 5.1: Summary of 2015 and 2018 CSRD of Saudi listed firms

CSRD Category		No.	CSRD Items	2015 Disclosure	2018 Disclosure
Environmental		1	Utilization of recyclable materials	23	31
		2	Adoption of energy efficiency features	59	72
		3	Allocations for renewable energy exploration	19	28
		4	Presence of waste management and/or sustainable natural resources	45	58
		5	Allocations for pollution control schemes	42	58
		6	Utilization of environmentally friendly facilities	27	36
		7	Utilization of environmentally friendly transportation	15	27
		8	Presence of environmental policy statement	34	43
		9	Relevant anticipation in addressing issues of climate change	15	24
		10	Awareness and development program for biodiversity protection	26	39
		Subtotal		305	416
Social	Marketplace	11	Allocations for innovation and product development	66	82
		12	Assurance of product quality and safety	110	115
		13	Application of production standards and awards	84	92
		14	Engagement of sustainable value chain practices	41	61
		15	Presence of customer relationship management	76	90
		Subtotal		377	440
	Workplace	16	Empowerment of open communication by supporting employees' involvement	36	55
		17	Engagement of diversity and equal opportunity for employees	49	66
		18	Programs for employee education and training	99	107
		19	Programs for employee pension and assistance	50	56

	20	Programs for employee benefits and pay rewards	44	50
	21	Application of safety and health code of conduct in production	65	79
	Subtotal		343	413
Community	22	Establishment of non-profit projects	24	33
	23	Programs for education, scholarship, and/or sponsorship for higher learning	30	45
	24	Training programs for fresh graduates and/or future employees	66	81
	25	Allocations and donations for charities including supports for the underprivileged, disabled, and the needy	71	88
	26	Engagement of voluntary community services	68	83
	27	Participation in health programs and/or medical research	42	56
	28	Participation in government social campaigns	43	90
	Subtotal		344	476
Saudi-specific	29	Allocations for Hajj and/or Umrah donations and supports	14	20
	30	Allocations for supporting organizations of the Holy Quran memorization	14	22
	31	Allocations for ongoing charity (WAGFF) and/or mosques	11	19
	32	Other Islamic-based participations (i.e., Ramadan, Eid, DAWAH, etc.)	31	53
	33	Application of Saudization (Best practice of jobs localization)	53	68
	Subtotal		123	182
Overall CSRD			1492	1927

Table 5.1 shows the CSRD content that Saudi firms disclosed, demonstrating patterns of individual items of, categories of, and overall CSRD over 2015 and 2018. The method of result presentation in Table 5.1 focuses on the quantity of disclosure. It reveals that all CSRD individual items have increased from 2015 to 2018, resulting in an overall CSRD improvement in terms of items disclosed, from 1,492 in 2015 to 1,927 in 2018, influenced by institutional changes (the Saudi 2030 Vision and revised CGR). Alternatively, in Table

5.2, the percentages of CSRD from 2015 to 2018 are presented, showing the quality of the respective improvement.

Table 5.2: Change in Saudi CSRD from 2015 to 2018

CSRD category		No.	CSRD Items	2015 disclosure	2018 disclosure	Change in disclosure
Social	Environmental	1	Utilization of recyclable materials	20%	26%	30%
		2	Adoption of energy efficiency features	50%	62%	24%
		3	Allocations for renewable energy exploration	16%	24%	50%
		4	Presence of waste management and/or sustainable natural resources	38%	50%	32%
		5	Allocations for pollution control schemes	36%	50%	39%
		6	Utilization of environmentally friendly facilities	23%	31%	35%
		7	Utilization of environmentally friendly transportation	13%	23%	77%
		8	Presence of environmental policy statement	29%	37%	28%
		9	Relevant anticipation in addressing issues of climate change	13%	21%	62%
		10	Awareness and development program for biodiversity protection	22%	33%	50%
		Average of environmental CSRD		26%	36%	37%
	Marketplace	11	Allocations for innovation and product development	56%	70%	25%
		12	Assurance of product quality and safety	94%	98%	4%
		13	Application of production standards and awards	72%	79%	10%
		14	Engagement of sustainable value chain practices	35%	52%	49%
		15	Presence of customer relationship management	65%	77%	18%
		Average of marketplace CSRD		64%	75%	17%
	Workplace	16	Empowerment of open communication by supporting employees' involvement	31%	47%	52%
		17	Engagement of diversity and equal opportunity for employees	42%	56%	33%

	18	Programs for employee education and training	85%	91%	7%
	19	Programs for employee pension and assistance	43%	48%	12%
	20	Programs for employee benefits and pay rewards	38%	43%	13%
	21	Application of safety and health code of conduct in production	56%	68%	21%
	Average of workplace CSRD		49%	59%	21%
Community	22	Establishment of non-profit projects	21%	28%	33%
	23	Programs for education, scholarship, and/or sponsorship for higher learning	26%	38%	46%
	24	Training programs for fresh graduates and/or future employees	56%	69%	23%
	25	Allocations and donations for charities including supports for the underprivileged, disabled, and the needy	61%	75%	23%
	26	Engagement of voluntary community services	58%	71%	22%
	27	Participation in health programs and/or medical research	36%	48%	33%
	28	Participation in government social campaigns	37%	77%	108%
	Average of community CSRD		42%	58%	39%
Saudi-specific	29	Allocations for Hajj and/or Umrah donations and supports	12%	17%	42%
	30	Allocations for supporting organizations of the Holy Quran memorization	12%	19%	58%
	31	Allocations for ongoing charity (WAGFF) and/or Mosques	9%	16%	78%
	32	Other Islamic-based participations (i.e., Ramadan, Eid, DAWAH, etc.)	26%	45%	73%
	33	Application of Saudization (Best practice of jobs localization)	45%	58%	29%
	Average of Saudi-specific CSRD		21%	31%	48%
		CSRD average	39%	50%	30%

This method of result presentation demonstrates the rate of CSRD improvement. In Table 5.2, all CSRD items display positive percentages of change from 2015 to 2018, with an

overall improvement of 30% from 39% in 2015 to 50% in 2018. Further, more analyses in relation to the CSRD of Saudi firms are reported in Sections 5.3–5.5.

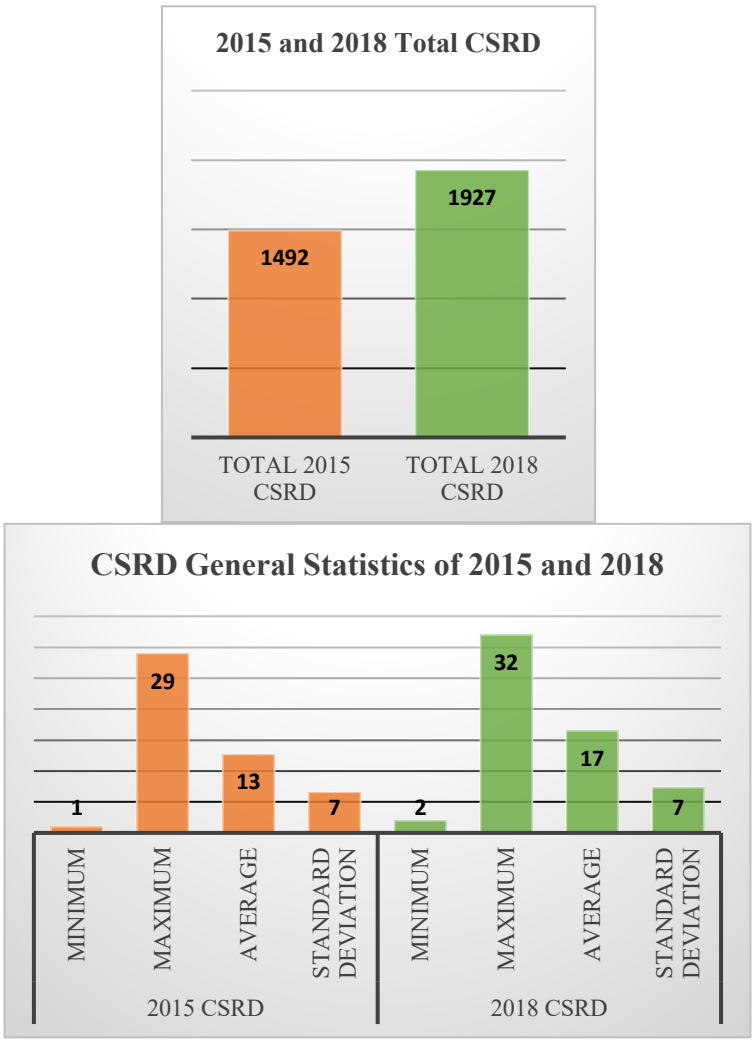


Figure 5.1: Statistics of CSRD in Saudi Arabia for 2015 and 2018

Table 5.3: CSRD descriptive results

Dependent variable	Year	N	Total	Minimum	Maximum	Mean	Std. Deviation
CSRD	Total	359	3,419	1	32	15	7
	2015	174	1,492	1	29	13	7
	2018	185	1,927	2	32	17	7

As illustrated in Figure 5.1 and Table 5.3, a total of 1,492 CSRDs were reported in 2015, with a minimum CSRD value of 1, a maximum of 29, and an average of 13 (of 33) CSRD per firm, with a standard deviation of 7. In contrast, in 2018, the total CSRD increased to

reach 1,929, with a minimum CSRD value of 2, a maximum of 32, and an average score of 17 (of 33) per company, with a standard deviation of 7. This result indicates that CSRD improved after the announcement of the Saudi 2030 Vision and after the 2017 CGR became effective, by approximately 30% ([1,929 – 1,492]/1,492 * 100), as a positive change, compared with the year 2015 results.

In Figure 5.2, the percentage of CSRD is presented in relation to the maximum CSRD of 2015 and 2018. This shows how the market managed CSRD before 2018 and how it reacted after the 2030 Vision was announced (in 2016), and the after revised CGR became effective (in 2017), based on the research instrument of CSRD developed in this thesis.

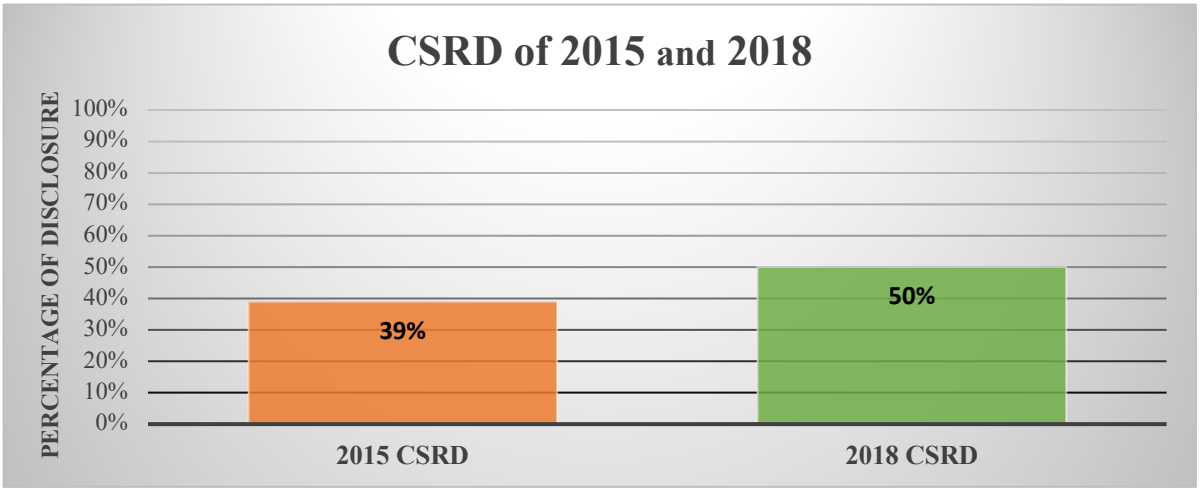


Figure 5.2: Comparison of the 2015 and 2018 Saudi CSRD with the maximum CSRD

Figure 5.2 shows the 2015 CSRD was at a 39% (1,492/[33 * 117] * 100) level of disclosure. In 2018, after the announcement of the 2030 Vision and after the 2017 CGR became effective, the percentage of disclosure increased to the level of 50% (1,929 / [33 * 117] * 100) of the maximum possible CSRD, with an approximate disclosure improvement of 30%. This means that Saudi firms disclosed a little more than one-third of the maximum possible CSRD in 2015 (referring to the thesis CSRD instrument, which contains 33 items). In 2018, Saudi companies were motivated by the 2030 Vision and revised CGR to increase their CSRD to reach half of the maximum CSRD.

5.3 Change in CSRD Medium by Saudi Firms

In this section, the sources of CSRD information utilized in this thesis are analyzed. Figure 5.3 shows the number of firms per CSRD medium in 2015 and 2018. It demonstrates how CSRD per medium changed in 2015 and 2018. Figure 5.3 also provides insights into how Saudi firms disclose their CSRD.

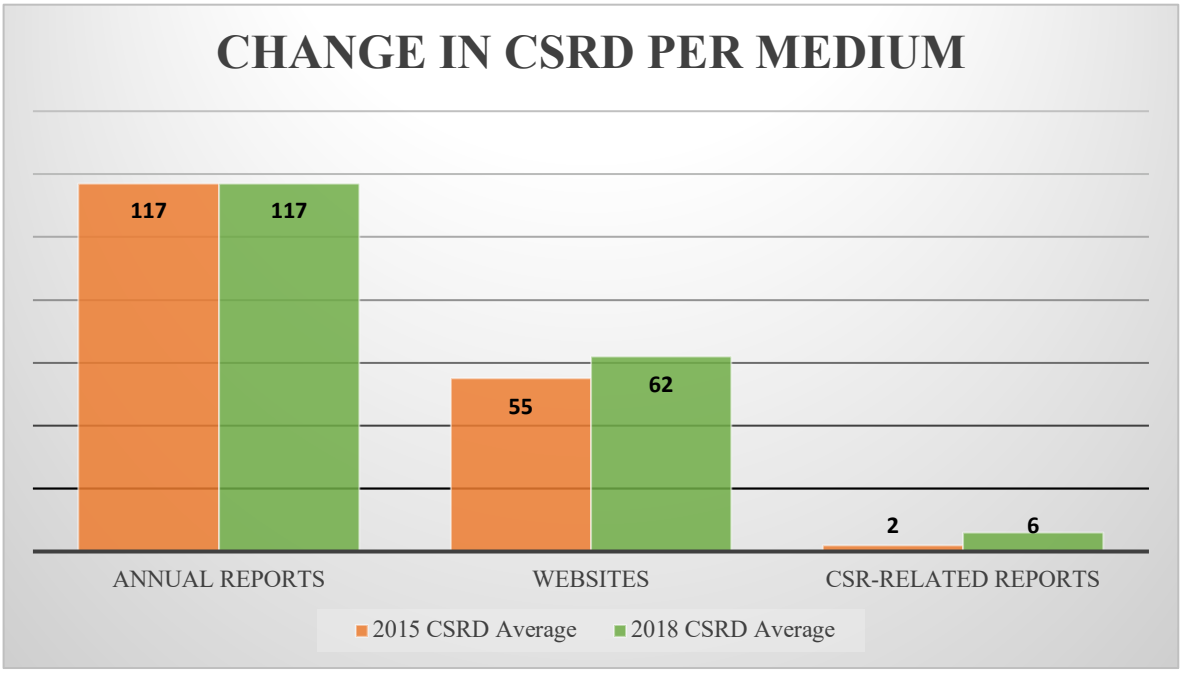


Figure 5.3: Change in CSRD per medium

Figure 5.3 indicates that the firms' usage of CSR-related reports has improved by 200% ([{6 – 2}/2] * 100) from 2015 to 2018. Although standalone CSR reports by Saudi listed nonfinancial firms are not common in Saudi Arabia (Alhazmi, 2017; Alotaibi & Hussainey, 2016), there is a positive movement by Saudi firms toward producing such reports; it was published by only two firms in 2015. In 2018, the respective number increased to six firms. Further, the utilization of websites for CSRD by Saudi companies improved by 13% during the period. However, the use of annual reports has remained the same because it is a mandatory source of information and the same set of companies was analyzed (see Section 4.3). In 2018, the number of firms considering GRI increased by 75%, from four to seven companies, four of which (all from the materials sector) published CSR reports.

These improvements in CSRD mediums by Saudi firms are consistent with the overall improved CSRD, discussed in Section 5.2, which shows an increased interest by Saudi firms in CSRD. Further analysis of this feature with regard to institutional theoretical perspective is provided in Section 7.2.4.

5.4 Change in CSRD Content by Saudi Firms

In this section, the content of CSRD, in terms of internal, external, and categories of CSRD, is analyzed. This analysis identifies the changes in CSRD by Saudi firms from 2015 to 2018.

5.4.1 Results of internal and external CSRD

Stakeholders of CSRD are analyzed in this thesis to provide insights into how companies changed their CSRD behavior after the related institutional influences. This will also identify the different beneficiaries of CSR in accordance with the research instrument dimensions. Hence, the internal CSRD is associated with the dimensions (stakeholders) of “marketplace” (5 CSRD items) and “workplace” (6 CSRD items). “Environmental” (10 CSRD items), “community” (7 CSRD items), and “Saudi-specific” (5 CSRD items) categories are considered external CSRD parties. This CSRD categorization is consistent with prior literature (Aldosari, 2017; Brown & Deegan, 1998; Guthrie & Parker, 1989; Moneva & Llena, 2000). Figures 5.4 and 5.5, and Table 5.4, show internal and external CSRD results of 2015 and 2018.

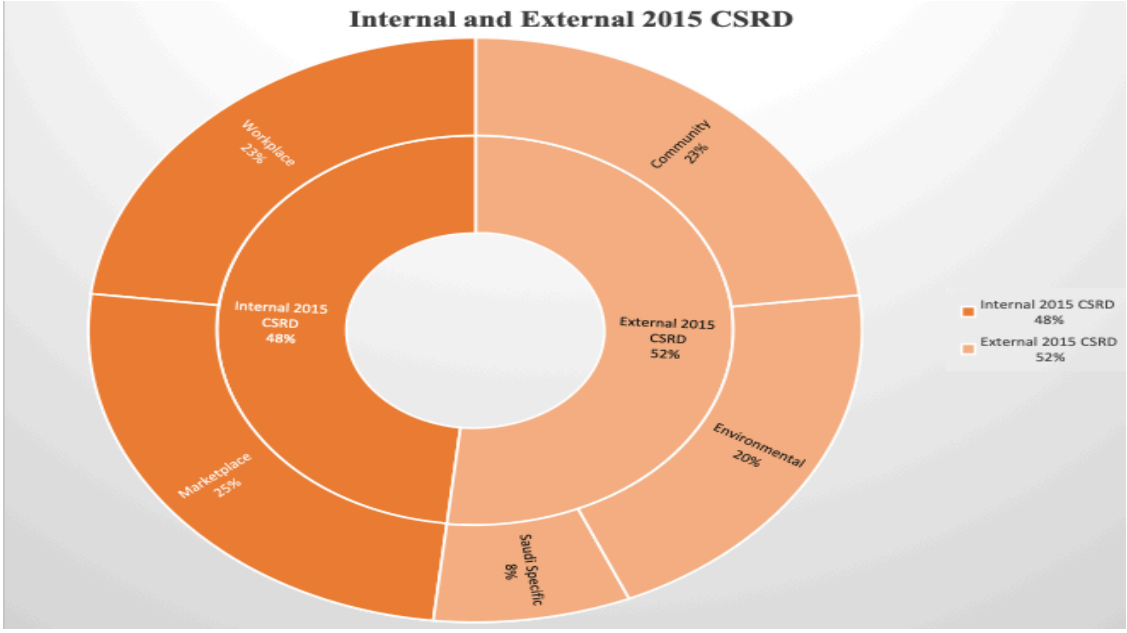


Figure 5.4: Comparison of 2015 CSRD dimensions by internal and external stakeholders

According to Figure 5.4, the internal 2015 CSRD amounted to 48% of overall CSRD, for which the "marketplace" category (25%) is a little larger than the "workplace" category (23%) by 2%. Conversely, CSRD related to external CSR stakeholders has a slightly larger percentage than the internal perspectives (52%), for which companies reported more "community" CSRD (23% of total 2015) than they did "environmental" and "Saudi-specific" related CSRD (20% and 8%, respectively). This means, in 2015, Saudi firms almost evenly reported CSRD in relation to internal and external stakeholders (i.e., 48% vs 52%).

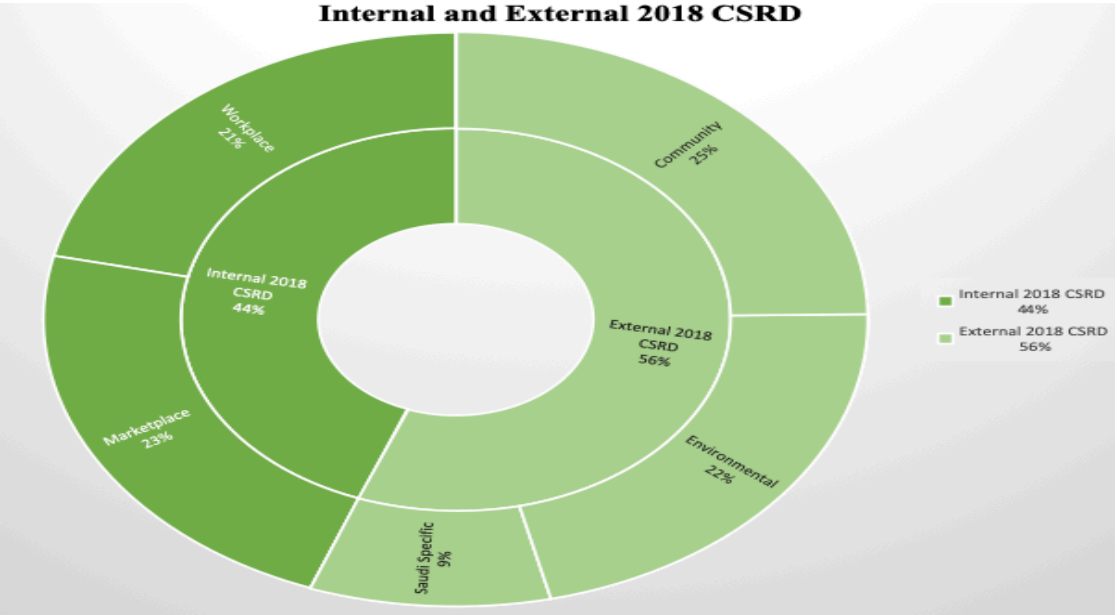


Figure 5.5: Comparison of 2018 CSRD dimensions by internal and external stakeholders

According to Figure 5.5, in 2018, the internal CSRD accounted for 44% of overall CSRD, in which "marketplace" CSRD (23%) is slightly larger than "workplace" CSRD (21%) by 2%. The external perspectives of CSR have considerably benefited more than the internal stakeholders, amounting to 56% of overall disclosure, in which "community" CSRD is the most preferred CSR stakeholder by Saudi firms, with an engagement rate of 25%. The "environmental" and "Saudi-specific" CSRD amounted to 22% and 9%, respectively. This means, in 2018, Saudi firms reported more CSRD related to external stakeholders than internal stakeholders (i.e., 44% vs 56%).

Table 5.4: Comparison of 2015 and 2018 CSRD by internal and external stakeholders

CSRD stakeholders		2015 CSRD	2018 CSRD	Change in CSRD
Internal	Marketplace	25%	23%	–8%
	Workplace	23%	21%	–9%
	Total	48%	44%	–17%
External	Environment	20%	22%	10%
	Community	23%	25%	9%
	Saudi-specific	8%	9%	13%
	Total	52%	56%	32%

In comparison, according to Table 5.4, internal CSR stakeholders, in 2018, receive less CSRD focus by Saudi firms (44%; 48% in 2015). Despite this decrease in focus, it is worth mentioning that the internal CSRD items reported by Saudi firms have increased in volume (i.e., from 720 CSRD items reported in 2015 to 853 items in 2018; see Table 5.1) in 2018 compared with 2015. Regarding the external perspectives, in 2018, Saudi firms reported more CSRD (56%; 52% in 2015).

In conclusion, internal and external CSRD in 2018 are considerably larger in volume than is 2015 CSRD (see Figure 5.1), with greater concentration by Saudi firms on external parties of CSRD (i.e., 2015 internal and external CSRD versus 2018 internal and external CSRD).

These findings support the overall result of a general improvement of CSRD in Saudi Arabia subsequent to the 2030 Vision and revised CGR. This perhaps suggests that the 2030 Vision and 2017 CGR motivated Saudi firms to report greater external CSRD, increasing the focus on environmental, community, and Saudi-specific issues of CSR (see Section 7.2).

5.4.2 Results of CSRD categories

Dimensions of the CSRD instrument were also investigated. In this subsection, each CSRD category is analyzed. Figure 5.6 presents the 2015 and 2018 results of CSRD per dimension, as identified in the research instrument, compared with the maximum possible disclosure. This is to differentiate between the dimensions, indicating the percentages of CSRD for each dimension and category to identify the varied patterns and improvements, and show how firms responded to the respective institutional changes (i.e., by calculating the percentage of change in disclosure).

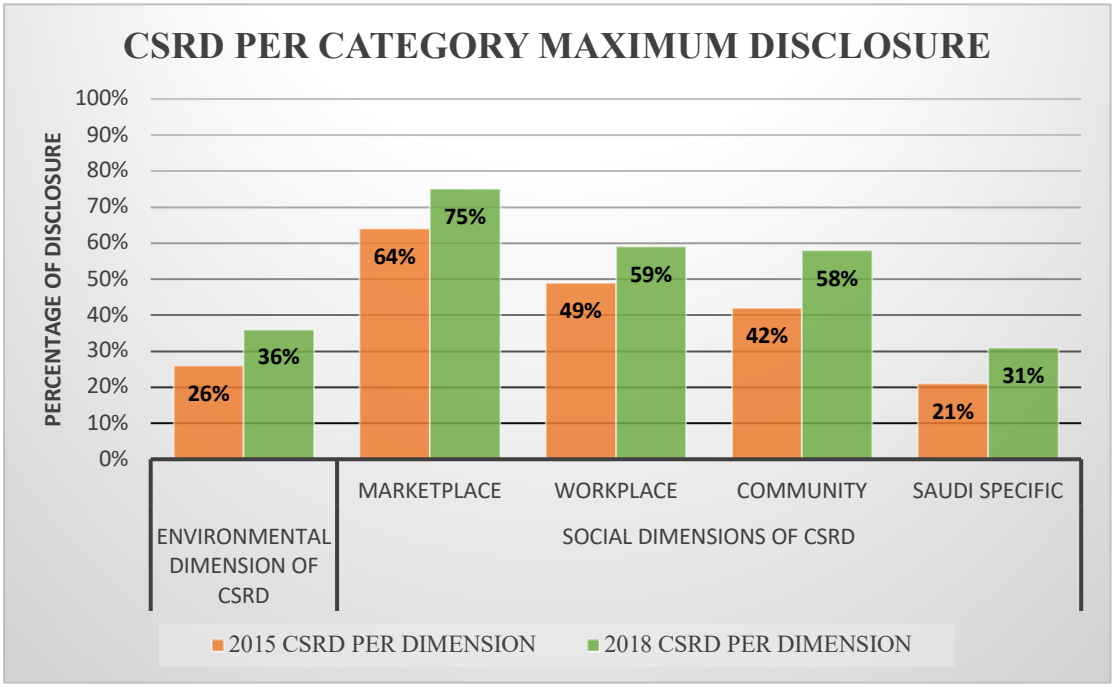


Figure 5.6: Comparison of the 2015 and 2018 Saudi CSRD to the maximum CSRD per category

As shown in Figure 5.6, all CSRD dimensions and categories improved after the announcement of the 2030 Vision and after the 2017 CGR became effective. However, these categories vary in terms of improvement. The "environmental" dimension was at the disclosure level of 26% (maximum "environmental" CSRD [10 * 117 firms] divided by 2015 actual "environmental" CSRD [see Table 5.1], 1170 / 305) in 2015. This increased to 36% disclosure in 2018, signaling an improvement of 38% ([{36 – 26} / 26] * 100). The same formula applies to all calculations of percentages of change in disclosure, which shows how firms responded to the respective institutional changes.

The “marketplace,” as a category of the “social” CSRD dimension, also improved by 17%, from 64% to 75% over 2015 and 2018, respectively. The “social” dimension category of “workplace” improved by 20%—it was around 49% disclosure in 2015, and 59% in 2018. Further, the “community” category of the CSRD “social” dimension in 2018 achieved 58%, whereas in 2015, it was at a disclosure level of 42%, with a positive change of 38%. Finally, the highest increase was noted in the “Saudi-specific” category, which represents the “social” dimension; it increased substantially from 21% to 31% between 2015 and 2018, respectively, with a significant improvement of 48%. Thus, the total CSRD has consequently increased from 39% in 2015 to 50% in 2018, with a considerable improvement of 30%, as Figure 5.2 demonstrates.

5.5 Summary of Change in Firms’ Characteristics

In this section, firm-specific factors (both continuous [i.e., multiple values] and categorical [i.e., dummy] variables) are presented in Tables 5.5 and 5.6. In addition, Table 5.6 presents sector-related information. Further, Table 5.8 demonstrates statistics related to variables with alternative measures.

5.5.1 Descriptive results of continuous variables

Table 5.5 presents a summary of the CSRD-related continuous variable results. The variances in these factors between 2015 and 2018 are also analyzed in this subsection.

Table 5.5: Continuous variables information

Covariate	Year	N	Minimum	Maximum	Mean	Std. deviation
	Total	234	5.00	12.00	8.350	1.490
BSIZE	2015	117	5.00	12.00	8.390	1.510
	2018	117	5.00	11.00	8.320	1.470
	Total	234	0.14	1.00	0.500	0.160
BIND	2015	117	0.29	1.00	0.510	0.170
	2018	117	0.14	0.88	0.480	0.140
	Total	234	2.00	15.00	5.220	1.870
BMEET	2015	117	2.00	15.00	5.280	1.970
	2018	117	2.00	13.00	5.150	1.770
	Total	234	0.00	9.00	0.420	1.290
RMC MEET	2015	117	0.00	5.00	0.330	1.180
	2018	117	0.00	9.00	0.510	1.390
	Total	234	0.00	5.00	0.430	1.230
RMC SIZE	2015	117	0.00	5.00	0.320	1.130
	2018	117	0.00	5.00	0.550	1.310
	Total	234	0.00	0.71	0.100	0.180
GOVRB	2015	117	0.00	0.71	0.100	0.170
	2018	117	0.00	0.71	0.110	0.180
	Total	234	7.81	11.59	9.370	0.680
FSIZE	2015	117	7.97	11.55	9.410	0.680
	2018	117	7.81	11.59	9.330	0.690
	Total	234	–0.18	0.38	0.040	0.080
PROF	2015	117	–0.14	0.38	0.070	0.090
	2018	117	–0.18	0.32	0.020	0.070
	Total	234	0.00	0.98	0.120	0.240
INTL OPS	2015	117	0.00	0.98	0.130	0.250
	2018	117	0.00	0.97	0.120	0.230
	Total	234	0.00	0.40	0.027	0.068
RFMB	2015	117	0.00	0.36	0.029	0.068
	2018	117	0.00	0.40	0.026	0.068

Note: board size (BSIZE), board independent non-executive directors (BIND), board meeting frequency (BMEET), risk management committee meeting frequency (RMC MEET), risk management committee size (RMC SIZE), government representatives on board (GOVRB), firm size (FSIZE), profitability

(PROF), international operations (INTL OPS), and royal family members on board (RFMB). Refer to Section 4.5 for the measurements of the explanatory variables of this research.

According to Table 5.5, some variances have occurred between 2015 and 2018 in the abovementioned factors. There is a variation of BSIZE between 2015 and 2018, as shown in Table 5.5, in terms of the maximum number of directors on board (which was 12 in 2015 and 11 in 2018). This suggests the impact of the revised CGR requirement of BSIZE (i.e., Article 17), which states that BSIZE shall not be less than three and not be more than 11 (see Section 7.4.1).

There was a decrease in BIND in 2018 compared with 2015. However, the BIND of Saudi firms is still consistent with the revised CGR Article 16.3, which states that the number of independent directors shall not be less than two members or one-third of the board members, whichever is greater (see Section 7.4.2).

The results show BMEET of Saudi firms was two, as a minimum, in 2015 and 2018. This does not conform with the revised CGR Article 32, which states that boards of directors should conduct no fewer than four meetings per year, and no fewer than one meeting every three months. The nonconformance might be a result of the revised CGR article being voluntary; thus, firms are not forced to comply with it (see Section 7.4.3).

The slight improvement in the mean of RMC MEET by Saudi firms, in 2018 compared with 2015, is potentially a result of the revised CGR Article 72. This article suggests (i.e., is not compulsory) that RMC shall convene periodically at least once every six months, and as may be necessary (see Section 7.4.4).

There was a slight improvement in the mean of RMC SIZE by Saudi firms in 2018 compared with 2015. This might be because of the revised CGR Articles 70, 71, and 72, which provide suggestions in relation to composition, competencies, and meetings of RMC (see Section 7.4.5).

GOVRB of Saudi firms, by the measure of mean, slightly increased in 2018 compared with the result of 2015. This shows little interest in owning public companies by the Saudi government. This is aligned with the 2030 Vision aim of growing the contribution of the private sector to the economy (i.e., 2030 Vision Objective 3.1; see Section 7.4.7).

There was a slight decrease in Saudi FSIZE and PROF, by the measure of mean, in 2018 compared with 2015. This might be a result of the recently imposed value added tax (VAT) by the Saudi government, further to high oil price fluctuations, which affected the entire Saudi market in 2018 (see Sections 7.5.2 and 7.5.3).

The INTL OPS of Saudi firms, by the measure of mean, almost remained stable in 2018 compared with 2015. This stability in the level of INTL OPS by Saudi firms shows some support of the 2030 Vision aims to further integrate the Saudi economy regionally and globally, and develop economic ties with global partners (i.e., 2030 Vision Objective 3.6; see Section 7.4.13).

Finally, there was a slight decrease in RFMB of Saudi firms, by the measure of mean, in 2018 compared with 2015. This indicates that RFMB have less interest in managing businesses in Saudi Arabia. This perhaps is a result of the Saudi 2030 Vision aim to ensure equal access to job opportunities (i.e., 2030 Vision Objective 4.2; see Section 7.4.10).

5.5.2 Descriptive results of categorical variables

Table 5.6 presents the descriptive results of CSRD-related categorical variables. These factors are also analyzed in terms of variations that occurred in 2015–2018. In addition, the sampled firms' industry sectors (see Table 5.7) are reviewed.

Table 5.6: Categorical variables information

Factor	Year	No.	Number of presences*	Mean	Std. deviation
CSRC	Total	234	16	0.07	0.25
	2015	117	7	0.06	0.24
	2018	117	9	0.08	0.27
PEN	Total	234	90	0.38	0.49
	2015	117	61	0.52	0.50
	2018	117	29	0.25	0.43
FEMP	Total	234	73	0.31	0.46
	2015	117	27	0.23	0.42
	2018	117	46	0.39	0.49
FOB	Total	234	9	0.04	0.19
	2015	117	2	0.02	0.13

	2018	117	7	0.06	0.24
	Total	234	9	0.04	0.19
CSR AWD	2015	117	4	0.03	0.18
	2018	117	5	0.04	0.20

Note: corporate social responsibility committee (CSRC), regulatory penalties (PEN), female employment (FEMP), female on board (FOB), corporate social responsibility awards (CSR AWD). Refer to Section 4.5 for the measurements of the explanatory variables of this research. * Indicates the total number of times such variable is given the value of 1 (present) as per codifying the collected associated data (i.e., 1 if present, 0 otherwise).

The institutional changes factor (INST CHGS) is not included in this table because it represents a year variable, meaning 0 is recorded if the data belong to 2015, and 1 if they belong to 2018. This is to measure the impact of the 2030 Vision (released in 2016) and the revised CGR (effective in 2017) on CSRD (see Sections 4.5 and 7.3).

The presence of CSRC of Saudi firms, by the measures of presence and mean, slightly increased from 2015 to 2018. This might be a result of the suggested articles of the revised CGR numbers 87 and 88, and the Vision's aims related to CSRD (see Table 4.4). This means Saudi firms responded positively to the revised CGR and Vision of 2030, even though these codes are voluntary (see Section 7.4.6).

There was a substantial decrease in PEN by the measures of presence and mean from 2015 to 2018. This shows a higher rate of compliance in relation to the related 2030 Vision aims. It also shows great consistency with the PME regulations, which also supports the revised CGR Article 90.9 (see Section 7.4.11).

Both FEMP and FOB were reported by 46 and 7 firms, respectively, in 2018. This is substantially greater than the disclosure by 27 and 2 firms, respectively, in 2015. This means Saudi firms positively responded to the 2030 Vision, which aims to increase women's employment (i.e., 2030 Vision Objective 4.2.2; see Sections 7.4.8 and 7.4.9).

There was a slight increase in CSR AWD (i.e., the presence of CSR AWD acquired by a firm) from 2015 to 2018. This shows a positive response to the revised CGR (i.e., Articles 87 and 88) and the 2030 Vision objectives (see Section 7.4.12).

Table 5.7: Industry sector information

Sector	Year	No.	Associated firms	Mean	Std. deviation
ENERGY	Total	234	8	0.03	0.18
	2015	117	4		
	2018				
MATERIALS	Total	234	80	0.34	0.48
	2015	117	40		
	2018				
INDUSTRIALS	Total	234	36	0.15	0.36
	2015	117	18		
	2018				
CONSR DISC	Total	234	32	0.14	0.35
	2015	117	16		
	2018				
CONSR STAPLE	Total	234	32	0.14	0.35
	2015	117	16		
	2018				
REAL ESTATE	Total	234	20	0.09	0.28
	2015	117	10		
	2018				
HEALTH CARE	Total	234	12	0.05	0.22
	2015	117	6		
	2018				
COMMS SVCS	Total	234	10	0.04	0.2
	2015	117	5		
	2018				
UTILITIES	Total	234	4	0.02	0.13
	2015	117	2		
	2018				

Note: energy sector (ENERGY), materials sector (MATERIALS), industrials sector (INDUSTRIALS), consumer discretionary sector (CONSR DISC), consumer staples sector (CONSR STAPLE), real estate sector (REAL ESTATE), health care sector (HEALTH CARE), communication services sector (COMMS SVCS), and utilities sector (UTILITIES).

The reason for one entry for both 2015 and 2018, in Table 5.7, is because there was no change in these sectors during the study period. According to Table 5.7, the MATERIALS sector has the highest number of associated firms (40 companies), whereas the UTILITIES sector has the smallest number of associated firms (only 2 companies). Section 5.6 provides more insights into industry sectors and CSRD of the Saudi sampled firms.

5.5.3 Descriptive results of variables with alternative measures

This section provides statistics about the research explanatory variables with alternative measurements for robustness tests (see Sections 4.6.2.3 and 6.2.4).

Table 5.8: Information of variables with alternative measures

Covariate	Year	No.	Minimum	Maximum	Mean	Std. deviation
	Total	234	0.00	0.14	0.005	0.02
FOB2	2015	117	0.00	0.14	0.002	0.02
	2018	117	0.00	0.14	0.007	0.03
	Total	234	1.00	9.00	4.110	1.43
BIND2	2015	117	2.00	9.00	4.230	1.55
	2018	117	1.00	8.00	3.990	1.28
	Total	234	0.00	6.00	0.900	1.48
GOVRB2	2015	117	0.00	6.00	0.850	1.42
	2018	117	0.00	6.00	0.950	1.54
	Total	234	0.00	11.26	8.890	0.97
FSIZE2	2015	117	0.00	11.26	8.950	1.09
	2018	117	5.45	11.15	8.830	0.83
	Total	234	–0.86	0.57	0.048	0.16
PROF2	2015	117	–0.28	0.56	0.093	0.14
	2018	117	–0.86	0.57	0.004	0.17
	Total	234	0.00	1.00	0.210	0.41
INTL OPS2	2015	117	0.00	1.00	0.210	0.41
	2018	117	0.00	1.00	0.210	0.41
	Total	234	0.00	4.00	0.230	0.58
RFMB2	2015	117	0.00	4.00	0.250	0.62
	2018	117	0.00	4.00	0.210	0.55

Note: FOB2: proportion of female directors on board to total number of directors on board; BIND2: number of independent non-executive directors on board; GOVRB2: number of government representatives as directors on board; FSIZE2: adjusted log of total sales; PROF2: adjusted return on equity; INTL OPS2: 1 if the firm has either investment or production facility (beyond MENA region), 0 otherwise; RFMB2: number of royal family members as directors on board.

5.6 Analysis of CSRD by Industry Sectors

Industry sectors are important aspects that are strongly associated with the level of CSRD, as found in prior studies (Brammer & Pavelin, 2006; Hackston & Milne, 1996; Patten, 1991). In other words, some industries are highly sensitive to CSR issues (e.g., the materials sector, in which environmental performance significantly affects CSRD; Deegan & Gordon, 1996). Hence, Figure 5.7 demonstrates the CSRD average of each industry sector. Further, Figure 5.8 reports the percentages of change of all industry sectors with regard to CSRD.

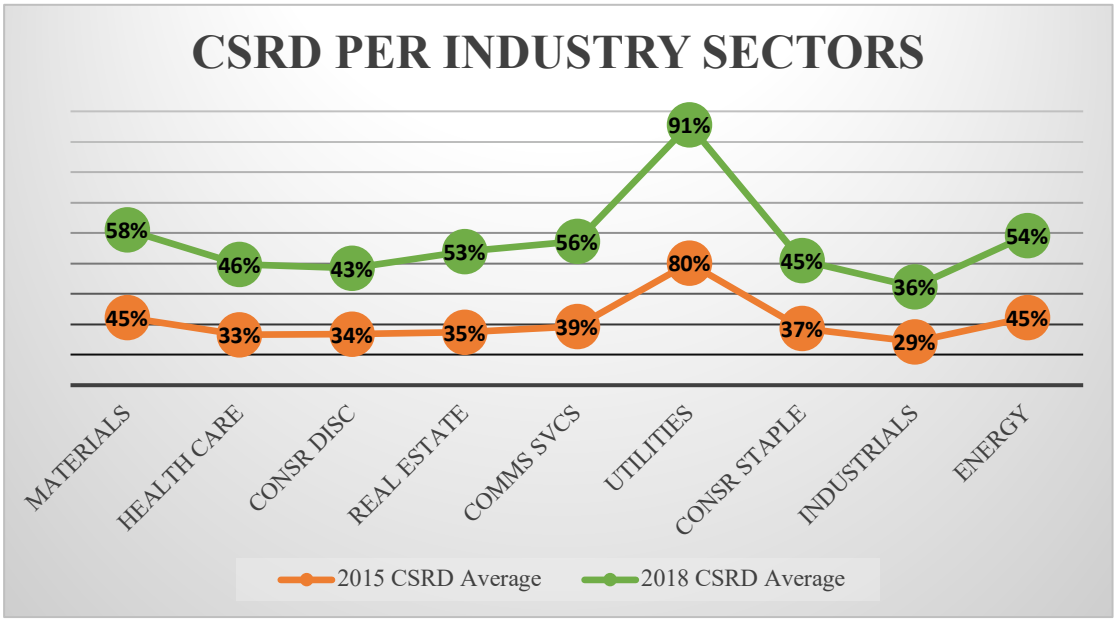


Figure 5.7: Comparison of 2015 and 2018 CSRD average of the Saudi nonfinancial sectors

Figure 5.7 shows that all sectors have performed better in 2018 than in 2015. However, some sectors have recorded significant improvement, while others have only noted minor changes. UTILITIES, MATERIALS, COMMS SVCS, ENERGY, and REAL ESTATE reported more CSRD than HEALTH CARE, CONSR STAPLE, CONSR DISC, and INDUSTRIALS. This is also consistent with the percentage change per industry, as

shown in Figure 5.8. REAL ESTATE showed the largest percentage of improvement (52%), and UTILITIES demonstrated the least growth (13%). However, UTILITIES had the highest level of CSRD (80%) prior to 2017, as shown in Figure 5.7. This suggests that the potential for further increases in reporting is limited when compared with other industries (Yang & Farley, 2016; see Section 7.5.1).

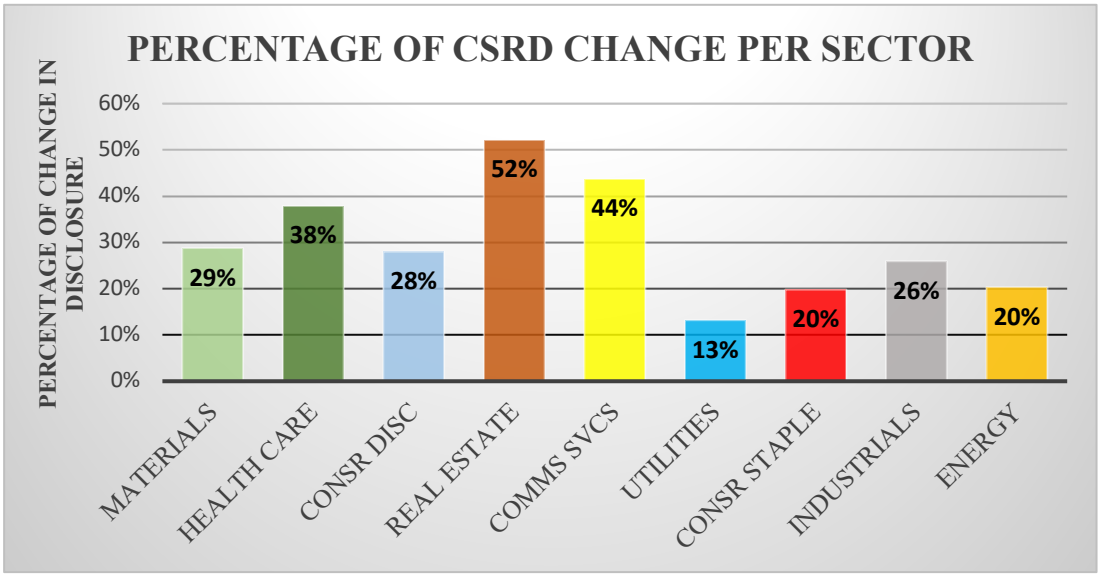


Figure 5.8: Percentage of CSRD change of the Saudi nonfinancial sectors

Moreover, Chapter 6 provides further analysis of industry sectors' impact on CSRD, and Chapter 7 discusses their respective findings in relation to CSRD results (descriptive and multivariate), and Saudi 2030 Vision. It is informed by an institutional theoretical perspective.

5.7 Analysis of CSRD by Firm Size

Firm size (FSIZE) is an important characteristic in relation to CSRD. This is because capabilities of firms can be represented by their size, as discussed in Sections 3.6.2 and 7.5.2. Therefore, Figure 5.9 shows CSRD based on the size (represented by average log of total assets of 2015 and 2018) of Saudi listed companies (i.e., large, middle, and small). Firms with fewer than 9 log of total assets are recognized as small firms, from 9 to 10 are deemed middle firms, and more than 10 log of total assets are classed as large firms.

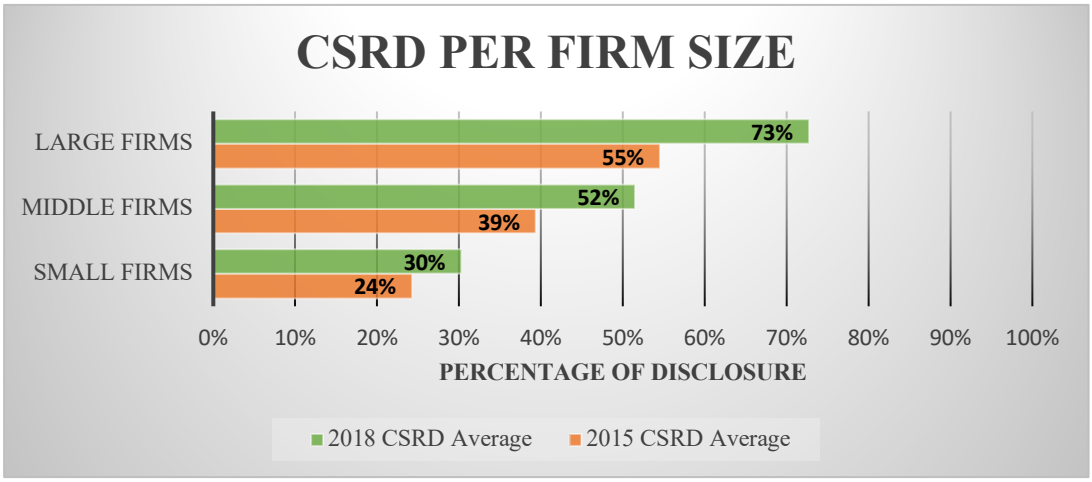


Figure 5.9: FSIZE based comparison of CSRD before and after institutional changes

As shown in Figure 5.9, the average of small firms' CSRD increased by only 6% (with a 25% change in disclosure) in 2018 compared with 2015, marginally growing from 24% to 30% in terms of CSRD. Middle firms' average CSRD noticeably increased by 13% (and 31% as a percentage of change). Large firms recorded the highest increase in CSRD (18%, as a percentage of change of 33%), from 55% to 73%. This also indicates how large companies are more compliant than their smaller counterparts in relation to institutional changes (i.e., the 2030 Vision and revised CGR), which, in turn, positively affected their CSRD (see Section 7.5.2). This is consistent with the conclusions of prior studies (Amran & Devi, 2008; Cowen et al., 1987; Lioukas et al., 1993; Yang, 2014).

In addition, Chapter 6 incorporates the impact of FSIZE in conjunction with all other variables on CSRD in the multivariate regression analysis. Moreover, Chapter 7 discusses FSIZE respective findings in relation to overall CSRD results (descriptive and multivariate), the Vision 2030 of Saudi Arabia, and is informed by institutional theory perspective.

5.8 Summary

In this chapter, the customized Saudi CSRD research instrument was analyzed and the impact of the 2030 Vision and 2017 CGR on CSRD by Saudi companies was descriptively measured. The results of this chapter, in general, revealed significant improvements in CSRD within two years of the release of the 2030 Vision, and only a year after the 2017 CGR became effective. These positive significant changes relate to

CSRD overall reporting, mediums, and content, and show how Saudi firms positively responded to the 2030 Vision and revised CGR. With regard to the "environmental" and "Saudi-specific" related CSRD, which were not directly addressed in the 2017 CGR, Saudi firms were found to respond strategically to their disclosure (see also Section 7.2). Firm characteristics related to CSRD show some significant findings in light of the 2030 Vision and revised CGR. In terms of industry sectors, UTILITIES, COMMS SVCS, MATERIALS, ENERGY, and REAL ESTATE were found to have significant improvements by comparing the CSRD results of 2015 with those of 2018. Regarding CSRD and firm size, large firms were found to have the highest increase in CSRD from 2015 to 2018. Chapter 6 presents the multivariate statistical results. Further analysis of the descriptive and multivariate results is conducted in Chapter 7.

Chapter 6: Multivariate Results

6.1 Introduction

Complementing the previous descriptive analysis chapter, this chapter provides an in-depth multivariate analysis of the research variables in relation to the influence of institutional changes and firm characteristics on CSRD. This chapter empirically addresses the following RQs:

- RQ6: Did the release of the Saudi 2030 Vision and 2017 CGR influence the content of reporting as opposed to the level of reporting?
- RQ7: To what extent have Saudi CSRD-related institutional changes influenced the CSRD of Saudi firms?
- RQ8: What factors influence the changing pattern of CSRD by Saudi firms? To what extent do these factors influence CSRD? (i.e., Have organizational characteristics of firms represented by BSIZE, BIND, BMEET, RMC SIZE, RMC MEET, CSRC, GOVRB, FOB, FEMP, RFMB, PEN, CSR AWD, INTL OPS, FSIZE, PROF, and IND influenced overall CSRD, categories of CSRD, and individual CSRD items?)
- RQ9: To what extent are the findings consistent with the proposed theoretical framework?

This chapter provides strong testing for the extended theoretical model and the descriptive results by providing empirical analysis. Thus, this chapter offers evidence on the fourth objective of this research (RO4; to advance the empirical analysis of associations between institutional changes, firm-specific characteristics, and CSRD in Saudi Arabia).

The theoretical extended model of this research (see Section 3.3) was examined from three perspectives by using multivariate regression models (see Section 4.6.2). First, the main regression model (using linear GLM regression, as discussed in Section 4.6.2) analyzed the overall CSRD and was used for aggregated CSRD across all firms and time. Second, five separate multiple regression models (using linear GLM regression) analyzed the CSRD categories (i.e., “environmental,” “marketplace,” “workplace,” “community,” and “Saudi-specific”) and were used for the aggregated CSRD in each of the five groups

across all firms and time. Finally, 33 models of binary logistic regression, analyzing each item of the CSRD instrument (see Section 4.6.2.1), were used for individual CSRD items across all firms and time.

Regarding the significance of the examined variables, three levels of statistical significance (i.e., $p \leq 0.10$; $p \leq 0.05$; and $p \leq 0.01$) are reported. Results at a 5% level of statistical significance or below (i.e., $p \leq 0.05$) are thoroughly discussed, following conventional research practice, in determining the significance of CSRD moderating factors. Further, a two-tailed hypothesis for some moderating variables was developed as a conservative approach, as explained in Section 3.5. Moreover, the expected direction of unstandardized coefficients (denoted by "B" in the regression models) values (see Table 6.1) is based on prior theoretical and literature findings, as discussed in Section 3.5. Concerning the multicollinearity problems that may interfere with the research variables, VIF were used to identify any strong linear associations between the model's explanatory variables. In this thesis, there are no significant multicollinearity problems because VIF results for all variables were less than 10 (RMC MEET and RMC SIZE presented the highest results, with 6.9 VIF), as Table 6.1 demonstrates. In addition, the main regression model of this research presents a high R Square result, greater than 50% (i.e., 0.586), indicating strong explanatory power of the tested model (see Table 6.1). These methods are commonly utilized in the respective literature (Kennedy, 1992; Myers & Myers, 1990; Stevens, 2012; Tagesson et al., 2009).

Therefore, first, the Saudi CSRD is analyzed by three levels of impact—overall, categories of, and individual CSRD items—in relation to the respective explanatory variables, in Section 6.2. Then, by addressing the research hypotheses (see Section 6.3), these CSRD-related factors are individually discussed and clarified in terms of how they affect CSRD (see Sections 6.4–6.6). Finally, a summary of this chapter's findings is provided in Section 6.7.

6.2 Changing CSRD from 2015 to 2018

In this section, the aggregated CSRD is analyzed with consideration of independent and control variables from two perspectives: overall CSRD and CSRD categories. In addition, individual CSRD items are accordingly investigated, as illustrated in Section 6.1. The

analysis of CSRD-related factors (i.e., the explanatory variables) in all regression models is considered at a 5% critical level of significance.

6.2.1 Overall CSRD

In relation to "overall" CSRD (33 CSRD item; see Table 4.4), the respective model presents a statistically high significance level (1%) for the institutional changes related to the CSRD environment represented by INST CHGS (i.e., the 2030 Vision and revised CGR). In addition, other explanatory variables present high statistical significance (see Table 6.1).

Table 6.1: Parameter estimates of overall CSRD results

Model	Expected direction	B	Std. error	Hypothesis test			Collinearity statistics (VIF)
				Wald chi-square	df	Sig.	
(Intercept)		–32.34	8.019	16.266	1	0.000	
INST CHGS	?	3.324	0.498	44.624	1	0.000***	1.354
CSRC	+	–1.744	2.261	0.595	1	0.560	1.188
ENERGY		3.380	2.172	2.421	1	0.120	1.283
MATERIALS		4.270	1.142	13.988	1	0.000***	2.713
CONSR DISC		1.894	1.460	1.684	1	0.194	1.771
CONSR STAPLE		3.588	1.358	6.980	1	0.008***	1.752
HEALTH CARE		1.646	2.078	0.628	1	0.428	1.337
COMMS SVCS		0.949	1.217	0.609	1	0.435	1.484
UTILITIES		9.268	2.559	13.123	1	0.000***	1.500
REAL ESTATE		0.372	1.685	0.049	1	0.825	1.771
PEN	?	–1.266	0.630	4.040	1	0.044**	1.254
FEMP	?	3.338	0.895	13.917	1	0.000***	1.377
FOB	?	–3.998	1.090	13.451	1	0.000***	1.119
CSR AWD	+	3.466	1.586	4.777	1	0.015**	1.200
BSIZE	+	0.572	0.292	3.850	1	0.025**	1.495
BIND	?	–3.177	2.700	1.384	1	0.239	1.383
BMEET	?	–0.116	0.221	0.277	1	0.599	1.367
RMC MEET	?	0.833	0.493	2.864	1	0.091*	6.921
RMC SIZE	?	–0.974	0.472	4.260	1	0.039**	6.909
GOVRB	+	5.232	2.936	3.175	1	0.037**	1.778
FSIZE	+	4.155	0.910	20.825	1	0.000***	3.054

PROF	?	–1.681	4.414	0.145	1	0.703	1.330
INTL OPS	?	0.003	0.024	0.014	1	0.907	2.085
RFMB	+	12.784	5.903	4.690	1	0.015**	1.252
(Scale)		24.009					
R Square		0.586					
F Statistics		12.328				0.000***	

Note: Dependent variable: overall CSRD.

* Significance level $p \leq 0.10$, ** Significance level $p \leq 0.05$, ***Significance level $p \leq 0.01$. Where, "?": nondirectional expectation, and "+": positive direction.

Hence, the regression model shows that INST CHGS, IND (by MATERIALS, CONSR STAPLE, and UTILITIES), FEMP, CSR AWD, BSIZE, GOVRB, FSIZE, and RFMB are found to have positive statistically significant relationships in relation to overall CSRD. PEN, FOB, and RMC SIZE were found to negatively affect overall CSRD.

6.2.2 CSRD categories

In this subsection, the "environmental," "marketplace," "workplace," "community," and "Saudi-specific" categories of the CSRD instrument are separately analyzed in relation to the research variables. The CSRD categories analysis results are demonstrated in tables (see Tables 6.2–6.6), followed by an illustration of their main findings.

6.2.2.1 Environment

Table 6.2 shows the impact of the research variables on the "environmental" CSRD category, which has the highest number of associated CSRD items (10) compared with other categories (see Table 4.4). There are significant results in this model's regression, as Table 6.2 demonstrates.

Table 6.2: Parameter estimates of environmental CSRD dimension

Model[a]	Expected direction	B	Std. error	Hypothesis test		
				Wald chi-square	df	Sig.[b]
(Intercept)		–8.395	3.396	6.113	1	0.013
INST CHGS	?	0.606	0.243	6.234	1	0.013**
CSRC	+	–0.819	0.764	1.148	1	0.716
ENERGY		3.381	1.086	9.695	1	0.002***
MATERIALS		3.398	0.699	23.638	1	0.000***

INDUSTRIALS		1.661	0.755	4.840	1	0.028**
CONSR DISC		1.528	0.826	3.425	1	0.064*
CONSR STAPLE		3.387	0.832	16.577	1	0.000***
HEALTH CARE		0.804	0.929	0.748	1	0.387
UTILITIES		6.435	0.823	61.191	1	0.000***
REAL ESTATE		1.317	0.682	3.726	1	0.054*
PEN	?	–0.437	0.306	2.041	1	0.153
FEMP	?	0.401	0.402	0.996	1	0.318
FOB	?	–1.111	0.390	8.124	1	0.004***
CSR AWD	+	2.316	0.695	11.117	1	0.001***
BSIZE	+	0.150	0.110	1.835	1	0.088*
BIND	?	–1.511	0.996	2.301	1	0.129
BMEET	?	–0.046	0.076	0.359	1	0.549
RMC MEET	?	0.147	0.157	0.876	1	0.349
RMC SIZE	?	–0.130	0.209	0.386	1	0.534
GOVRB	+	2.305	1.247	3.415	1	0.033**
FSIZE	+	0.876	0.369	5.655	1	0.009***
PROF	?	–5.367	1.773	9.161	1	0.002***
INTL OPS	?	0.014	0.009	2.502	1	0.114
RFMB	+	4.516	3.052	2.190	1	0.069*
(Scale)		4.359				

Note: Dependent variable: environmental CSRD.

* Significance level $p \leq 0.10$, ** Significance level $p \leq 0.05$, ***Significance level $p \leq 0.01$. Where, "?": nondirectional expectation, and "+": positive direction.

This table shows some significant relationships between the CSRD "environmental" category and research variables. It was found that INST CHGS, IND (by ENERGY, MATERIALS, INDUSTRIALS, CONSR STAPLE, and UTILITIES), CSR AWD, GOVRB, and FSIZE positively and significantly affect "environmental" CSRD. In addition, FOB and PROF were found to significantly influence the environmental reporting, negatively.

6.2.2.2 Marketplace

In the "marketplace" CSRD category, the research explanatory variables were analyzed to investigate their impact on five CSRD items associated with this category. This analysis yielded some significant relationships, as demonstrated in the following table.

Table 6.3: Parameter estimates of marketplace CSRD category

Model[a]	Expected direction	B	Std. error	Hypothesis test		
				Wald chi-square	df	Sig.[b]
(Intercept)		–1.494	1.760	0.72	1	0.396
INST CHGS	?	0.461	0.103	19.889	1	0.000***
CSRC	+	–0.675	0.504	1.794	1	0.820
ENERGY		0.993	0.438	5.146	1	0.023**
MATERIALS		0.438	0.364	1.447	1	0.229
INDUSTRIALS		0.259	0.328	0.623	1	0.430
CONSR STAPLE		0.125	0.379	0.108	1	0.742
HEALTH CARE		0.792	0.497	2.539	1	0.111
COMMS SVCS		0.745	0.404	3.405	1	0.065*
UTILITIES		1.155	0.479	5.796	1	0.016**
REAL ESTATE		0.596	0.414	2.071	1	0.150
PEN	?	–0.053	0.133	0.162	1	0.687
FEMP	?	0.653	0.186	12.288	1	0.000***
FOB	?	–0.696	0.394	3.115	1	0.078*
CSR AWD	+	0.135	0.394	0.117	1	0.366
BSIZE	+	0.099	0.055	3.253	1	0.036**
BIND	?	–1.293	0.607	4.542	1	0.033**
BMEET	?	–0.007	0.042	0.032	1	0.857
RMC MEET	?	0.064	0.096	0.448	1	0.503
RMC SIZE	?	–0.047	0.100	0.220	1	0.639
GOVRB	+	0.023	0.565	0.002	1	0.484
FSIZE	+	0.426	0.187	5.222	1	0.011**
PROF	?	–0.611	0.985	0.384	1	0.535
INTL OPS	?	0.006	0.006	0.974	1	0.324
RFMB	+	2.781	1.328	4.388	1	0.018**
(Scale)		1.224				

Note: Dependent variable: marketplace CSRD.

* Significance level $p \leq 0.10$, ** Significance level $p \leq 0.05$, ***Significance level $p \leq 0.01$. Where, "?": nondirectional expectation, and "+": positive direction.

Explanatory variables tested on this regression model show some significant relationships with regard to "marketplace" CSRD. INST CHGS, IND (by ENERGY and UTILITIES), FEMP, BSIZE, FSIZE, and RFMB were found to positively and significantly affect the

CSRD of the "marketplace" category, while BIND was found to have a negative significant influence.

6.2.2.3 Workplace

The "workplace" category of CSRD is associated with six CSRD items, and, in this part, its relationships with the research explanatory variables are analyzed. The respective regression model of this category presents the least number of significant relationships among all categories, with only four significant results, as Table 6.4 shows.

Table 6.4: Parameter estimates of workplace CSRD category

Model[a]	Expected direction	B	Std. error	Hypothesis test		
				Wald chi-square	df	Sig.[b]
(Intercept)		–9.165	2.8738	10.172	1	0.001
INST CHGS	?	0.663	0.151	19.143	1	0.000***
CSRC	+	–0.690	0.674	1.048	1	0.694
ENERGY		1.749	1.014	2.976	1	0.084*
MATERIALS		1.28	0.6455	3.930	1	0.047**
INDUSTRIALS		0.607	0.6186	0.962	1	0.327
CONSR DISC		1.25	0.7147	3.058	1	0.080*
CONSR STAPLE		1.13	0.682	2.746	1	0.097*
HEALTH CARE		0.641	0.782	0.672	1	0.412
COMMS SVCS		0.87	0.6018	2.088	1	0.148
UTILITIES		3.018	0.9199	10.764	1	0.001***
PEN	?	–0.334	0.232	2.079	1	0.149
FEMP	?	0.575	0.287	4.000	1	0.046**
FOB	?	–0.458	0.525	0.762	1	0.383
CSR AWD	+	0.297	0.520	0.327	1	0.284
BSIZE	+	0.029	0.096	0.092	1	0.500
BIND	?	0.145	0.836	0.030	1	0.863
BMEET	?	–0.037	0.072	0.261	1	0.609
RMC MEET	?	0.117	0.203	0.333	1	0.564
RMC SIZE	?	–0.222	0.172	1.668	1	0.197
GOVRB	+	0.035	0.957	0.001	1	0.486
FSIZE	+	1.151	0.290	15.731	1	0.000***
PROF	?	1.504	1.581	0.905	1	0.341
INTL OPS	?	0.004	0.008	0.218	1	0.641
RFMB	+	2.357	2.192	1.157	1	0.141

(Scale)	2.521

Note: Dependent variable: workplace CSRD.

* Significance level p ≤ 0.10, ** Significance level p ≤ 0.05, ***Significance level p ≤ 0.01. Where, "?": nondirectional expectation, and "+": positive direction.

Only four explanatory variables were found to have a significant relationship with the "workplace" CSRD category. INST CHGS, IND (by MATERIALS and UTILITIES), FEMP, and FSIZE positively influenced the "workplace" CSRD at the 5% level of significance. No negative significant impact of variables on the "workplace" category was reported in this regression model.

6.2.2.4 Community

In this category of CSRD, seven associated CSRD items are analyzed as a group, in this subsection, in relation to the research explanatory variables. The following regression model of "community" CSRD presents the highest number of significant relationships in the multivariate analysis (11 important outcomes), as illustrated in Table 6.5.

Table 6.5: Parameter estimates of community CSRD category

Model[a]	Expected direction	B	Std. error	Hypothesis test		
				Wald chi-square	df	Sig.[b]
(Intercept)		–9.988	2.424	16.985	1	0.000
INST CHGS	?	1.057	0.172	37.903	1	0.000***
CSRC	+	0.846	0.488	3.004	1	0.042**
ENERGY		0.544	0.336	2.613	1	0.106
MATERIALS		1.326	0.319	17.235	1	0.000***
CONSR DISC		1.803	0.390	21.379	1	0.000***
CONSR STAPLE		1.508	0.391	14.899	1	0.000***
HEALTH CARE		1.617	0.282	32.998	1	0.000***
COMMS SVCS		2.250	0.383	34.440	1	0.000***
UTILITIES		1.776	0.988	3.228	1	0.072*
REAL ESTATE		0.678	0.554	1.501	1	0.220
PEN	?	–0.442	0.219	4.081	1	0.043**
FEMP	?	1.015	0.260	15.301	1	0.000***
FOB	?	–1.323	0.383	11.926	1	0.001***
CSR AWD	+	0.325	0.359	0.818	1	0.183
BSIZE	+	0.203	0.091	5.019	1	0.013**

BIND	?	–0.621	0.791	0.616	1	0.433
BMEET	?	–0.058	0.062	0.893	1	0.345
RMC MEET	?	0.281	0.138	4.131	1	0.042**
RMC SIZE	?	–0.308	0.144	4.565	1	0.033**
GOVRB	+	1.996	0.681	8.583	1	0.002***
FSIZE	+	1.102	0.281	15.337	1	0.000***
PROF	?	1.729	1.455	1.412	1	0.235
INTL OPS	?	–0.009	0.006	2.743	1	0.098*
RFMB	+	2.021	1.748	1.336	1	0.124
(Scale)		2.021				

Note: Dependent variable: community CSRD.

* Significance level $p \leq 0.10$, ** Significance level $p \leq 0.05$, ***Significance level $p \leq 0.01$. Where, "?": nondirectional expectation, and "+": positive direction.

In this regression model, 11 explanatory variables were found to have significant relationships with the dependent variable, "community" CSRD. INST CHGS, CSRC, IND (by MATERIALS, CONSR DISC, CONSR STAPLE, HEALTH CARE, and COMMS SVCS), FEMP, BSIZE, RMC MEET, GOVRB, and FSIZE presented positive significant relationships with respect to the CSRD "community" category. PEN, FOB, and RMC SIZE were found to negatively and significantly affect "community" CSRD.

6.2.2.5 Saudi-specific

In this country-context CSRD category, five associated CSR items are grouped to identify the relationships between the "Saudi-specific" category and the research variables. Related significant findings were reported, as Table 6.6 demonstrates.

Table 6.6: Parameter estimates of Saudi-specific CSRD category

Model[a]	Expected direction	B	Std. error	Hypothesis test		
				Wald chi-square	df	Sig.[b]
(Intercept)		–6.585	1.6903	15.176	1	0.000
INST CHGS	?	0.537	0.1070	25.248	1	0.000***
CSRC	+	–0.405	0.3160	1.645	1	0.800
MATERIALS		1.116	0.1779	39.357	1	0.000***
INDUSTRIALS		0.761	0.2287	11.059	1	0.001***
CONSR DISC		0.6	0.2901	4.282	1	0.039**
CONSR STAPLE		0.726	0.2832	6.575	1	0.005***
HEALTH CARE		1.079	0.4412	5.976	1	0.007***
COMMS SVCS		0.372	0.3268	1.295	1	0.255
UTILITIES		0.172	0.3562	0.234	1	0.629
REAL ESTATE		1.069	0.3816	7.846	1	0.005***
PEN	?	–0.001	0.1350	0.000	1	0.997
FEMP	?	0.694	0.1940	12.863	1	0.000***
FOB	?	–0.41	0.2730	2.259	1	0.133
CSR AWD	+	0.393	0.3400	1.336	1	0.124
BSIZE	+	0.091	0.0660	1.909	1	0.084*
BIND	?	0.103	0.5000	0.043	1	0.837
BMEET	?	0.032	0.0430	0.545	1	0.460
RMC MEET	?	0.224	0.1250	3.208	1	0.073*
RMC SIZE	?	–0.267	0.1570	2.903	1	0.088*
GOVRB	+	0.873	0.5780	2.280	1	0.066*
FSIZE	+	0.599	0.1630	13.441	1	0.000***
PROF	?	1.064	0.8130	1.711	1	0.191
INTL OPS	?	–0.012	0.0040	9.495	1	0.002***
RFMB	+	1.109	1.3540	0.670	1	0.207
(Scale)		0.955				

Note: Dependent variable: Saudi-specific CSRD.

* Significance level $p \leq 0.10$, ** Significance level $p \leq 0.05$, ***Significance level $p \leq 0.01$. Where, "?": nondirectional expectation, and "+": positive direction.

The “Saudi-specific” CSRD regression model shows some significant relationships. INST CHGS, IND (by MATERIALS, INDUSTRIALS, CONSR DISC, CONSR STAPLE, HEALTH CARE, and REAL ESTATE), FEMP, and FSIZE were found to positively and significantly affect “Saudi-specific” CSRD, while INTL OPS presented a negative significant influence.

In conclusion, some explanatory variables significantly affected most CSRD categories, with a total of 34 significant associations at the significance critical level of 5%. These variables include the main focus of this research—to investigate the CSRD changing institutional environment in KSA, represented by INST CHGS, which presents a positive significant relationship with all five categories, in addition to other variables with a different number of category associations. However, BMEET showed no significant relationship (i.e., at 5% or below) with any CSRD category. Table 6.7 summarizes the respective significant relationships.

Table 6.7: Summary of CSRD categories significant results

Explanatory variables	CSRD categories					Total significant models
	Environment	Marketplace	Workplace	Community	Saudi-specific	
INST CHGS	+1	+1	+1	+1	+1	5
CSRC				+1		1
IND (9 sectors)	+1	+1	+1	+1	+1	5
PEN				–1		1
FEMP		+1	+1	+1	+1	4
FOB	–1			–1		2
CSR AWD	+1					1
BSIZE		+1		+1		2
BIND		–1				1
BMEET						0
RMC MEET				+1		1
RMC SIZE				–1		1
GOVRB	+1			+1		2
FSIZE	+1	+1	+1	+1	+1	5
PROF	–1					1
INTL OPS					–1	1
RFMB		+1				1
Total significant models	7	7	4	11	5	34

Note: +1 indicates a positive significant relationship between the variable and the CSRD category, while –1 indicates a negative significant relationship. All results are at the 5% critical level of significance.

6.2.3 Individual CSRD items

In this subsection, the 33 items of the CSRD index are individually presented as dependent variables to investigate the significant relationships associated with each CSRD item. Therefore, 33 binary logistic regression models were conducted, and Table 6.8 provides a summary of their significant outcomes.

Table 6.8: Summary of individual CSRD items results

Explanatory variables	Expected direction	Positive significant relationship	Negative significant relationship	Total significant models
INST CHGS	?	5,6,7,8,11,14,15,16,18,19, 20,21,23,24,26,27,28,29,32		19
CSRC	+	22,28		2
BSIZE	+	5,15,21,22,27,31		6
BIND	?		5,32	2
BMEET	?	29	27	2
RMC MEET	?	22,23,24,25,27,32	28	7
RMC SIZE	?		22,23,24,32	4
IND (9 Sectors)		1,2,3,4,5,6,7,8,9,10,11,14, 16,17,18,19,20,21,22,23,24, 25,26,27,28,29,30,32,33		29
GOVRB	+	2,3,7,9,24,26,27,28		8
FSIZE	+	4,6,8,10,11,14,15,17,18,19,2 1,22,23,24,26,27,28,29,32,33		20
PROF	?	19,20	4,5,7,10,21	7
INTL OPS	?	2,20	18,32	4
PEN	?		9,17,19,27	4
FEMP	?	3,9,11,14,16,17,23,25,26, 30,32,33		12
FOB	?		1,3,4,9,11,17,23,2 4,28,29,32	11
RFMB	+	2,8,9,11,13,23		6
CSR AWD	+	1,3,9,10,22,31		6
Total Associated CSRD Items		119	30	149

Note: "?": nondirectional expectation, and "+": positive direction. IND variables are constructed so that their coefficients will always be positive (see Section 3.6.1).

All CSRD items have significant relationships with at least one research explanatory variable. In addition, all explanatory variables have significant associations (a total of 149) with a maximum of 29 and a minimum of 2 CSRD items per individual variable. Table 6.8 also demonstrates that the positive significant relationships (a total of 119) between dependent variables (i.e., CSRD individual items) and explanatory variables are greater by approximately four times that of the negative associations (a total of 30). Further, other than control variables (i.e., IND and FSIZE), INST CHGS was found to

have the highest number of associations with individual CSRD items (19 positive significant results), while BIND, BMEET, and CSRC had the lowest associated number of CSRD items (only 2 significant findings for each).

6.2.4 Robustness analysis

This section presents the multivariate results of the robustness tests. The tests show that variables' outcomes, with respect to statistical significance and overall R^2, are similar, even after using alternative measures. The exception is that when replacing FSIZE (adjusted log of total assets) with FSIZE2 (adjusted log of total sales; see Tables 4.5 and 4.6), the significance level of this variable has changed from 1% (see Tables 6.1 and 6.9, column titled "Main Results" with row titled "FSIZE") to 5% (see Table 6.9, column and row titled "FSIZE2"). In general, this indicates that the research models and findings of this thesis are robust. The results in Table 6.9 demonstrate the stability (change) in the "overall" CSRD model's results when using alternative measurements for some of the research explanatory variables (see also Sections 4.6.2.3 and 5.5.3).

Table 6.9: Regression results of alternative measures on CSRD

Model	Main results	FOB2	BIND2	GOVRB2	FSIZE2	PROF2	INTL OPS2	RFMB2
(Intercept)	–32.340	–32.259	–34.430	–32.097	–9.175	–32.719	–33.616	–33.370
INST CHGS	3.324***	3.296***	3.337***	3.323***	3.152***	3.300***	3.303***	3.297***
CSRC	–1.744	–1.742	–1.759	–1.798	–0.742	–1.732	–1.794	–1.844
ENERGY	3.380	3.380	3.365	3.317	4.721**	3.401	3.387	3.328
MATERIALS	4.270***	4.242***	4.244***	4.266***	5.245***	4.241***	4.237***	4.391***
CONSR DISC	1.894	1.908	1.892	1.897	2.045	1.925	1.866	1.898
CONSR STAPLE	3.588***	3.592***	3.570***	3.601***	3.701**	3.624***	3.561***	3.657
HEALTH CARE	1.646	1.612	1.642	1.644	2.529	1.669	1.520	1.645
COMMS SVCS	0.949	0.963	0.912	0.960	3.092	0.872	0.908	0.770
UTILITIES	9.268***	9.350***	9.233***	9.113***	10.333***	9.344***	9.123***	9.327***
REAL ESTATE	0.372	0.417	0.354	0.430	2.960*	0.375	0.221	0.355
PEN	–1.266**	–1.257**	–1.252**	–1.266**	–0.590	–1.277**	–1.320**	–1.265**
FEMP	3.338***	3.329***	3.342***	3.336***	3.518***	3.328***	3.367***	3.334***
FOB	–3.998***	NA	–4.025***	–4.048***	–4.268***	–3.970***	–3.975***	–3.890***
FOB2	NA	–30.501***	NA	NA	NA	NA	NA	NA
CSR AWD	3.466**	3.423**	3.472**	3.443**	4.237***	3.499**	3.523**	3.447**
BSIZE	0.572**	0.551**	0.763**	0.508**	0.786***	0.566**	0.565**	0.580**
BIND	–3.177	–3.139	NA	–3.323	–4.673*	–3.195	–3.126	–3.393

BIND2	NA	NA	–0.362	NA	NA	NA	NA	NA
BMEET	–0.116	–0.116	–0.119	–0.121	–0.012	–0.126	–0.116	–0.136
RMC MEET	0.833*	0.836*	0.827*	0.853*	0.902*	0.834*	0.816*	0.813*
RMC SIZE	–0.974**	–0.974**	–0.984**	–0.990**	–0.707	–0.984**	–0.975**	–0.959**
GOVRB	5.232**	5.112**	5.245**	NA	7.249**	5.165**	5.084**	5.056**
GOVRB2	NA	NA	NA	0.591**	NA	NA	NA	NA
FSIZE	4.155***	4.163***	4.200***	4.195***	NA	4.208***	4.314***	4.281**
FSIZE2	NA	NA	NA	NA	1.398**	NA	NA	NA
PROF	–1.681	–1.673	–1.582	–1.515	–3.426	NA	–1.806	–1.316
PROF2	NA	NA	NA	NA	NA	–1.128	NA	NA
INTL OPS	0.003	0.004	0.003	0.005	0.026	0.003	NA	0.001
INTL OPS2	NA	NA	NA	NA	NA	NA	–0.287	NA
RFMB	12.784**	12.942**	12.674**	12.537**	16.739***	12.707**	12.467**	NA
RFMB2	NA	NA	NA	NA	NA	NA	NA	1.139**
(Scale)	24.009	24.057	24.033	24.081	25.868	24.001	24.005	24.081
R Square	0.586	0.585	0.586	0.585	0.554	0.586	0.586	0.585
F Statistics	12.328***	12.286***	12.307***	12.265***	10.817***	12.335***	12.331***	12.265***

Note: Dependent variable: overall CSRD.

* Significance level $p \leq 0.10$, ** Significance level $p \leq 0.05$, ***Significance level $p \leq 0.01$.Where, “NA”: not applicable. Results of the explanatory variables are represented by their unstandardized coefficients (B).

6.3 Definitions of Hypotheses' Support Levels

Regarding the method used to identify how hypotheses are supported by each explanatory variable, four levels of support were developed, consistent with Saringat's (2019) and Yang's (2014) respective methods. These hypotheses' support levels are clarified as:

1- Strong:
   a. if a variable presents a significant relationship at a 5% level or below in the overall regression model
   b. if a variable presents a significant relationship at a 5% level or below in 4 to 5 CSRD categories in the categories' regression models
   c. if a variable presents a significant relationship at a 5% level or below in 21 or more CSRD items in the regression models of CSRD individual items.

2- Moderate:
   a. if a variable presents a significant relationship at a 5% level or below in 2–3 CSRD categories in the categories' regression models
   b. if a variable presents a significant relationship at a 5% level or below in 11 or more, but fewer than 21, CSRD items in the regression models of CSRD individual items.

3- Weak:
   a. if a variable presents a significant relationship at a 5% level or below in 1 CSRD category in the categories' regression models
   b. if a variable presents a significant relationship at a 5% level or below in 1 or more, but fewer than 11, CSRD items in the regression models of CSRD individual items.

4- None:

   This covers all remaining cases in which there is no significant relationship at a 5% level or below in any CSRD regression models; "none" (i.e., no support) is accordingly assigned.

6.4 Institutional Changes (INST CHGS)

This factor is the main research focus—to investigate the CSRD before and after the 2030 Vision and revised CGR (i.e., an institutional change measured by a year factor to compare between 2015 and 2018 CSRD, see Section 4.5). Based on the regression analysis results, INST CHGS clearly shows a positive statistically significant impact on "overall" CSRD; "environmental," "marketplace," "workplace," "community," and "Saudi-specific" categories of CSRD; and 19 individual CSRD items (i.e., CSRD items 5, 6, 7, 8, 11, 14, 15, 16, 18, 19, 20, 21, 23, 24, 26, 27, 28, 29, and 32). Thus, the INST CHGS result offers strong support of Hypothesis 1 because it significantly relates to "overall" CSRD, all CSRD categories, and 19 individual CSR items.

6.5 Saudi Firm Characteristics as Explanatory Factors

In this section, the research independent variables' significant relationships with CSRD at all levels are discussed and summarized. These 13 CSRD-related independent variables include some CG factors, such as board characteristics and committees, and other firm-specific factors, including GOVRB, FEMP, FOB, RFMB, PEN, CSR AWD, and INTL OPS. Sections 6.5.1–6.5.9 discuss each variable's significant results.

6.5.1 Board of director characteristics

This subsection includes three related factors: BSIZE, BIND, and BMEET. Their results are separately discussed.

6.5.1.1 Board size (BSIZE)

In the analyzed regression models, BSIZE presented a positive statistically significant impact on "overall" CSRD, "marketplace" and "community" CSRD, and six CSRD individual items (i.e., CSRD items numbers 5, 15, 21, 22, 27, and 31). Therefore, this outcome strongly supports Hypothesis 2 because BSIZE statistically and significantly relates to CSRD according to the abovementioned models.

6.5.1.2 Board independence (BIND)

BIND was found to have a negative significant influence on "marketplace" CSRD and two CSRD individual items (i.e., CSRD items 5 and 32). Thus, this result weakly supports

Hypothesis 3 because BIND is significantly related to CSRD in only one respective category (i.e., "marketplace" CSRD) and two CSRD individual items.

6.5.1.3 Board meeting frequency (BMEET)

In the regression models, BMEET showed a mixed significant impact on only two CSRD individual items, 27 (negative relationship) and 29 (positive relationship). Hence, the BMEET outcome weakly supports Hypothesis 4 because it only relates significantly to two CSRD individual items.

6.5.2 Risk management committee (RMC) characteristics

In this subsection, two RMC associated factors are analyzed in relation to their impact on CSRD. They are RMC MEET and RMC SIZE; results are summarized as follows.

6.5.2.1 RMC meeting frequency (RMC MEET)

From the previous regression models, RMC MEET was found to have a positive significant influence on "community" CSRD and seven CSRD individual items (22, 23, 24, 25, 27, and 32). However, RMC MEET was also found to have a negative significant impact on only one CSRD individual item (28). Therefore, this result provides weak support for Hypothesis 5 because RMC MEET significantly relates to only one CSRD category (i.e., "community" CSRD) and seven individual CSRD items.

6.5.2.2 RMC SIZE

RMC SIZE in the provided regression models presented a negative significant impact on "overall" CSRD, "community" CSRD, and four individual CSRD items (22, 23, 24, and 32). Therefore, the RMC SIZE outcome provides strong support for Hypothesis 6 because it significantly relates to the abovementioned models.

6.5.3 CSR committees (CSRC)

In this subsection, CSRC outcome in the conducted regression models is discussed and summarized. Based on this research models' results, CSRC was found to have a positive impact on "community" CSRD and two individual CSRD items (22 and 28). Hence, the CSRC result provides weak support for Hypothesis 7 because it is only significantly related to the abovementioned CSRD regression models.

6.5.4 Government representatives on board (GOVRB)

In this subsection, government ownership was represented by GOVRB to assess its impact on CSRD. Based on the regression models, GOVRB presented a statistically positive significant impact on "overall" CSRD, "community" CSRD, and eight individual CSRD items (2, 3, 7, 9, 24, 26, 27, and 28). Thus, the GOVRB outcome provides strong support for Hypothesis 8 because it relates significantly to the abovementioned models.

6.5.5 Gender diversity

In this subsection, gender diversity was represented in the research's analyses by two related factors to investigate their associated impact on CSRD: FOB (which is also a board of directors' characteristic) and FEMP (i.e., a female employed in any company position). Results are discussed and summarized as follows.

6.5.5.1 Females on board (FOB)

According to the results of the conducted regression models, FOB showed a negative statistically significant influence on "overall" CSRD, "environment" CSRD, "community" CSRD, and 11 individual CSRD items (1, 3, 4, 9, 11, 17, 23, 24, 28, 29, and 32). Therefore, the FOB outcome provides strong support for Hypothesis 9 because it significantly relates to "overall" CSRD, 2 CSRD categories (i.e., "environmental" CSRD and "community" CSRD), and 11 CSRD individual items.

6.5.5.2 Female employment (FEMP)

In the regression models, FEMP presented a positive statistically significant impact on "overall" CSRD; CSRD categories of "marketplace," "workplace," "community," and "Saudi-specific"; and 12 individual CSRD items (3, 9, 11, 14, 16, 17, 23, 25, 26, 30, 32, and 33). Thus, FEMP's result provides strong support for Hypothesis 10 because it significantly relates to "overall" CSRD, four CSRD categories, and 12 individual CSRD items.

6.5.6 Royal family members on board (RFMB)

In this subsection, the RFMB influence on CSRD was investigated by their proportion to other members of the board of directors. From the regression analysis, RFMB was found

to have a positive, statistically significant impact on “overall” CSRD, “marketplace” CSRD, and six individual CSRD items (2, 8, 9, 11, 13, and 23). Hence, the RFMB outcome presents strong support for Hypothesis 11 because it significantly relates to “overall” CSRD, one CSRD category (i.e., “marketplace” CSRD), and six individual CSRD items.

6.5.7 Regulatory penalties (PEN)

In this subsection of the independent variables, PEN’s impact on CSRD was clarified. According to the regression models, the PEN variable showed a negative, statistically significant influence on “overall” CSRD, “community” CSRD, and four individual CSRD items (9, 17, 19, and 27). Thus, PEN’s result provides strong support for Hypothesis 12 because it significantly relates to “overall” CSRD, one CSRD category (i.e., “community” CSRD), and four CSRD items.

6.5.8 CSR award (CSR AWD)

In this subsection, CSR awards were investigated in terms of their impact on CSRD. In the regression models, CSR AWD was found to have a positive, statistically significant impact on “overall” CSRD, “environmental” CSRD, and six individual CSRD items (1, 3, 9, 10, 22, and 31). Therefore, the CSR AWD outcome presents strong support for Hypothesis 13 because it significantly relates to “overall” CSRD, one CSRD category (i.e., “environmental” CSRD), and six CSR items.

6.5.9 International operations (INTL OPS)

In this explanatory variable subsection, the international operations outcome was clarified in terms of how it influences CSRD. On the basis of the regression model results, INTL OPS presented a negative, statistically significant impact on “Saudi-specific” CSRD and a mixed, significant influence on four individual CSRD items (2 and 20 with a positive impact, and 18 and 32 with a negative impact). Hence, INTL OPS’s results provide weak support for Hypothesis 14 because it significantly relates to only one CSRD category (i.e., “Saudi-specific” CSRD) and four CSRD items.

6.6 Saudi Firm Characteristics as Control Variables

Factors that appear important in relation to CSRD in the respective literature are considered in this thesis, and thus, their results are analyzed in this section. These factors include industry sector, firm size, and profitability; their respective findings are clarified as follows.

6.6.1 Industry sector (IND)

According to the regression analysis, there was a significant difference between industry sectors in relation to "overall" CSRD, all categories of CSRD (i.e., "environmental," "marketplace," "workplace," "community," and "Saudi-specific" CSRD), and 29 individual CSRD items (i.e., 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 32, and 33). Hence, IND presents a significant association with CSRD, which is consistent with previous CSRD research findings (Brammer & Pavelin, 2006; Hackston & Milne, 1996; Patten, 1991).

6.6.2 Firm size (FSIZE)

According to the regression analysis, FSIZE (which is measured by log of total assets) showed a positive significant influence on "overall" CSRD, all categories of CSRD (i.e., "environmental," "marketplace," "workplace," "community," and "Saudi-specific" CSRD), and 20 individual CSRD items (i.e., 4, 6, 8, 10, 11, 14, 15, 17, 18, 19, 21, 22, 23, 24, 26, 27, 28, 29, 32, and 33). Therefore, FSIZE strongly relates to CSRD, which is consistent with the literature findings (Alotaibi & Hussainey, 2016; Amran & Devi, 2008; Cowen et al., 1987; Habbash, 2016; Hackston & Milne, 1996; Patten, 1991).

6.6.3 Profitability (PROF)

Profitability (which is measured by return on assets) as a control variable, in the regression models analysis, presented a negative significant impact on "environmental" CSRD and a mixed impact on seven individual CSRD items (19 and 20 have a positive association and 4, 5, 7, 10, and 21 have a negative association). Hence, the PROF outcome weakly relates to CSRD, which is consistent with some of the respective literature findings (Andrikopoulos & Kriklani, 2013; Huang & Kung, 2010; Jennifer Ho & Taylor, 2007).

6.7 Summary

In this subsection, all of the regression models' results are summarized in Table 6.10 at the 5% critical level of significance. In this table, the expected and estimated (based on this thesis's findings) direction of the explanatory variables' impact on CSRD is reported, along with the associated hypothesis. Further, each explanatory variable is accordingly ranked as strong, moderate, or weak based on its regression analysis outcomes in relation to "overall" CSRD, CSRD categories, and individual CSRD items (see Section 6.2). In conclusion, according to the regression models' results, it is found that 11 explanatory variables provide a strong level of hypothesis support and six provide weak support, as Table 6.10 illustrates. In addition, the descriptive and multivariate results are further analyzed and discussed in Chapter 7.

Table 6.10: Summary of explanatory variables results and hypothesis support

Explanatory variables	Expected direction	Estimated direction	Associated hypothesis number	Hypothesis support level by research models			Final hypothesis support level
				Overall	Categories	Individual	
INST CHGS	?	+	1	Strong	Strong	Moderate	**Strong**
BSIZE	+	+	2	Strong	Moderate	Weak	**Strong**
BIND	?	–	3	None	Weak	Weak	**Weak**
BMEET	?	Mixed	4	None	None	Weak	**Weak**
RMC MEET	?	Mixed	5	None	Weak	Weak	**Weak**
RMC SIZE	?	–	6	Strong	Weak	Weak	**Strong**
CSRC	+	+	7	None	Weak	Weak	**Weak**
GOVRB	+	+	8	Strong	Moderate	Weak	**Strong**
FOB	?	–	9	Strong	Moderate	Moderate	**Strong**
FEMP	?	+	10	Strong	Strong	Moderate	**Strong**
RFMB	+	+	11	Strong	Weak	Weak	**Strong**
PEN	?	–	12	Strong	Weak	Weak	**Strong**
CSR AWD	+	+	13	Strong	Weak	Weak	**Strong**
INTL OPS	?	Mixed	14	None	Weak	Weak	**Weak**
IND (9 Sectors)			NA	Strong	Strong	Strong	**Strong**
FSIZE	+	+	NA	Strong	Strong	Moderate	**Strong**
PROF	?	Mixed	NA	None	Weak	Weak	**Weak**
Total Number of Associated Variables	11 “?” 5 “+” 0 “–”	4 “Mixed” 8 “+” 4 “–”	14	11	16	17	**17**

Note: “?”: nondirectional expectation, “+”: positive direction, “–”: negative direction, “Mixed”: unclear direction, “NA”: not applicable because control variables are not hypothesized. For more information about hypotheses development, refer to Section 3.5. See Section 4.5 for variable definitions. Refer to Section 6.3 for definitions of hypothesis support levels.

Chapter 7: Conclusion

7.1 Introduction

This thesis is motivated by the lack of research into the impact of Saudi institutional changes (the 2030 Vision and 2017 CGR) on the CSRD of Saudi firms. The research has advanced theoretical discussions and empirical analysis of CSRD by addressing the overarching research question: how can factors that influence CSRD be theoretically and empirically explained in the context of Saudi Arabia? Hence, this chapter presents a theoretical and empirical explanation about factors that influence Saudi CSRD.

Theoretically, this thesis has advanced institutional theory generally and its application to CSRD research in the Saudi context specifically. This is the first study that has introduced an integrated conceptual framework (see the extended model in Section 3.3) that brings the institutional change resulting from the 2030 Vision (which covers the political, social, and economic aspects) and Saudi-specific firms' characteristics into the institutional analysis of CSRD in KSA. The extended model theorizes the role of institutional pressures formed by the 2030 Vision (including the revised CGR) in changing firms' CSRD behavior.

The findings reported in this thesis support the effectiveness of the institutional changes on the increase of CSRD by the Saudi firms. The results show the strong influence of the 2030 Vision and revised CGR on increasing disclosure of the social and environmental aspects of reporting entities' business activities. Findings of this thesis support prior social and environmental disclosure studies based in KSA and other countries in relation to factors that affect companies' reporting (Alhazmi, 2017; Alotaibi & Hussainey, 2016; Amran & Devi, 2008; Arena et al., 2018; Cucari et al., 2018; Haniffa & Cooke, 2005; Jizi et al., 2014; Michelon & Parbonetti, 2012; Ntim et al., 2017; Yang & Farley, 2016). This is further discussed in Sections 7.4–7.6. In addition, the findings of this thesis have implications for regulators, companies, investors, accounting professionals, practitioners, and other institutions in relation to understanding CSRD and its influencing factors (see Section 7.9).

The chapter is structured as follows. Section 7.2 discusses Saudi CSRD in terms of the level of reporting, relevance to the 2030 Vision, content of reporting, medium of reporting, and interpretation of the results in the framework of institutional theory. Section 7.3 discusses the impact of the institutional changes on CSRD. Section 7.4 discusses the moderating impact of firms' characteristics on CSRD, and Section 7.5 analyzes the impact of the control variables on CSRD. Section 7.6 summarizes the findings with consideration of firms' responses related to institutional guidelines and pressures; Section 7.7 discusses the research contributions and implications. Section 7.8 presents the limitations and directions for future research, and finally, Section 7.9 concludes the chapter.

7.2 Change in CSRD by Saudi Firms

7.2.1 Change in the level of CSRD

The increase in Saudi companies' overall CSRD of 30%, from an average of 39% in 2015 to 50% in 2018 (see Section 5.2), has provided strong evidence on the impact of improved Saudi government guidelines (although voluntary), represented by the revised CGR and 2030 Vision, on CSRD. This finding is consistent with prior literature on evolving CSRD in KSA. For example, Macarulla and Talalweh (2012) found that the average CSRD is 16%, Al-Janadi et al. (2013) 14.61%, Abdulhaq and Muhamed (2015) 36%, Al-Gamrh and Al-Dhamari (2016) 15.4%, Alotaibi and Hussainey (2016) 9.43%, Habbash (2016) 24%, Issa (2017) 11%, and Boshnak (2021) 68%. The difference in average results of CSRD in the prior literature is likely a result of the analysis of different CSRD periods and the use of unique CSRD instruments (e.g., CSRD index using GRI or CSRD index of a small or large number of items; see Table 2.1). However, the findings of this thesis verify the reliability of the CSRD instrument used in this research; the current CSRD results confirm the prior literature's respective conclusions (i.e., CSRD in Saudi Arabia is improving).

This improvement can be interpreted as Saudi companies' increased awareness of CSRD's importance in enhancing reputation, performance, and stakeholders' relationships, resulting from the government guidelines (political and coercive pressure; see Section 7.2.5). This is even in the context that all aspects of this research's CSRD instrument are not compulsory (the 2030 Vision and revised CGR, or any other CSRD-

related guidelines in KSA). The revised CGR provide Saudi firms with some flexibility in terms of engaging in CSR practices and disclosure. The 2030 Vision highlights many issues related to CSR, motivating Saudi companies to increase and diversify their CSR practices. This assists in creating a thriving Saudi society and protecting the environment, and thus contributes to the realization of the 2030 Vision of Saudi Arabia. The finding is consistent with a recent study by Boshnak (2021), which revealed a CSRD average of 68% by Saudi firms, suggesting that such improvement (compared with prior literature findings) is motivated by the revised (2017) CGR.

7.2.2 CSRD and Vision of 2030

The findings strongly support the associations between the Saudi 2030 Vision, revised CGR, and CSRD improvement. The overall increase in CSRD by Saudi firms can be attributed to the 2030 Vision and revised CGR. This suggests that the Vision, through its respective objectives, and the revised CGR, through its CSRD-related articles, exert institutional regulative pressure and stimulate normative and cultural-cognitive influences on Saudi firms to report CSRD in the context of these guidelines. This is consistent with the findings of Amran and Devi (2008) and Yang and Farley (2016). This is further discussed in Section 7.2.5.

In respect to the content analysis, the findings also clearly show that many firms actively support the Saudi 2030 Vision. The type of support, however, varies between firms. Some companies generally support the Vision by promoting its agenda in their reporting (e.g., TAPRCO, 2018, Jabal Omar, 2018, and Arabian Cement, 2018). For example, TAPRCO (2018) mentioned in its annual report that it supports the Saudi 2030 Vision, which seeks to improve national content. Others integrate the Vision into their strategy (e.g., Saudi Kayan, 2018, Al Babtain Power & Telecom, 2018, and Saudi Printing, 2018). For instance, Saudi Kayan (2018) stated that its Vision is integrated and aligns with the national 2030 Vision in contributing to the production of new specialized products, and promoting local content and national industries. Further, some firms support the Vision by conducting initiatives, such as "environmental," "marketplace," "workplace," "community," and "Saudi-specific" CSR practices (e.g., SGS, 2018, City Cement, 2018, SPIMACO, 2018, and SIPCHEM, 2018). For example, SGS (2018) experienced several aspects of transformation to reorganize the company's resources and prepare them in line with the 2030 Vision of the Kingdom, which aims to support Saudi companies in

expanding their various activities. Another example is City Cement (2018); the company stated that it is developing sources of alternative fuels to reduce dependence on petroleum fuels, minimize carbon emissions, and protect the environment in line with the 2030 Vision of the Kingdom. In addition, SPIMACO Pharmaceutical (2018) reported that it operates in accordance with the Saudi 2030 Vision, which aims to improve the pharmaceutical industry in the Saudi market. It also stated that SPIMACO and its subsidiaries will provide job opportunities inside and outside KSA, increase exports of pharmaceuticals manufactured in Saudi Arabia, and contribute to the transfer and resettlement of technology. Hence, the Saudi 2030 Vision encourages firms to effectively improve CSRD because the Vision represents the power of government.

This thesis provides evidence that supports the view of DiMaggio and Powell (1983) that companies adopt homogeneous patterns of behavior when introducing changes to the institutional environment. Moreover, this may also be because of Saudi companies' responsibility and desire to have an effective role in realizing the 2030 Vision, which has contributed to an increase in CSRD that is consistent with the 2030 Vision's objectives. Further, it is expected that companies will continue to show consistency and improve their contributions (comprehensive alignment) with the Vision over the next 10 years. This is because of the influence of the recent and CSR-related institutional guidelines, which exert institutional pressure on firms to respond accordingly. Hence, institutionalized CSRD is expected in the next 10 years in Saudi Arabia (see Section 7.2.5).

7.2.3 Change in the content of CSRD

Despite the overall improvement in the disclosure level, this research found CSRD varies between sample companies. For example, both internal and external stakeholders gained greater attention in 2018 by Saudi firms regarding the level of CSRD compared with the 2015 results, with a considerable increase in focus (i.e., content) on external beneficiaries of CSR (see Section 5.4.1). This may suggest that Saudi companies are motivated by the 2030 Vision and the 2017 CGR not only to report more CSRD but also to concentrate more on external CSR stakeholders, such as the environment and community.

Further, the "Saudi-specific" and "community" aspects of the social dimension of CSRD, on average, show the highest growth in disclosure per year, 48% and 39%, respectively,

as illustrated in Section 5.4.2. This significant change in CSRD signals how Saudi firms respond to the recently implemented CSRD-related institutional guidelines, represented by the 2030 Vision and revised CGR, by comparing the CSRD results of 2015 and 2018 (see Chapter 5). Further, this positive change is related to a greater market focus resulting from these institutional changes on the CSR "engagements of ongoing charity" (by a disclosure change of 78%) and "other Islamic based participations" (e.g., Ramadan, Eid, and DAWAH, by a disclosure change of 73%). This represents the trends in "Saudi-specific" CSRD (see Section 5.2). Likewise, the "community" category, in 2018, gained greater firm attention in relation to CSRD related to "educational programs" (by a disclosure change of 46%) and "government social campaigns" (by a disclosure change of 108%). In addition, most (75%) firms disclosed community engagement activities in 2018 (by a disclosure change of 23%), which addresses "charity and donation allocations," compared with 61% of firms that disclosed this item in 2015. Most importantly, "the participation of firms in government social campaigns" considerably increased; 77% of firms in 2018 reported their contributions to the realization of the Saudi 2030 Vision in various ways, as the main trend in this item (see Section 7.3.2), with additional support of other government social campaigns. Conversely, in 2015, this item was disclosed by only 37% of firms, as clarified in Section 5.2. These findings are consistent with the conclusions of prior research; CSRD is used by companies to show support for government agendas (Amran & Devi, 2008; Sharma, 2019).

The "environmental" dimension of CSRD has also improved by 35% (as a percentage of change) in 2018 compared with 2015 (see Figure 5.6). In particular, disclosure of the adoption of energy efficiency features was reported by 62% of firms in 2018, while in 2015, it was only disclosed by 50% (see Table 5.2). In addition, the disclosures of the "Utilization of environmentally-friendly transportation" and "Relevant anticipation in addressing issues of climate change" were more reported in 2018 than in 2015 by 77% and 62% of firms, respectively (see Section 5.2). These changes suggest that firms have attached greater importance to their environmental performance, as evidenced by the growth in the disclosure of international environmental accreditations and awards. This is consistent with the conclusions of prior studies (Alhazmi, 2017; Anas et al., 2015; Arena et al., 2018).

Strong growth was also found in the disclosure of "marketplace" and "workplace" CSRD, reporting improvement of 17% and 21%, respectively (see Section 5.2). These two aspects of CSRD have the highest level of reporting (see Figure 5.6), which is consistent with the findings of Ahmad, Sulaiman, and Siswantoro (2003), Andrew, Gul, Guthrie, and Teoh (1989), and Teoh and Thong (1984). The disclosure of "Engagement in sustainable practices" (a "marketplace" item) reported a noticeable increase in 2018 compared with 2015 (49%). It was also noted that Saudi firms are keen to have ISO accreditations and awards; thus, the associated CSRD item "Application of production standards and awards" slightly improved by 10%, which is at a relatively high level of disclosure—72% in 2015 and 79% in 2018 (see Table 5.2). For example, Nadec (a sampled Saudi firm), in its 2018 annual report, stated that it has received many quality and international food safety certificates, such as *ISO 9001* (Quality System), *ISO 22000* (Food Safety), and *ISO 17025* (Laboratory Certification). Sipchem (a Saudi company) in its 2018 CSR report stated that the company operates with high environmental, health, safety, security, and quality management systems standards accredited by *ISO 18001*, *RC 14001*, *OHSAS*, and *ISO 9001*. This suggests that Saudi firms acknowledge the importance of reporting CSRD related to "marketplace" in accordance with international related guidelines to gain stakeholders' confidence and, thus, legitimacy. This is the highest CSRD area, rising from 63% in 2015 to 74% in 2018 (see Section 5.2). Moreover, regarding "workplace" CSRD, the disclosure of "Empowerment of open communication by supporting employee involvement" recorded a substantial improvement in 2018 compared with 2015 by 52%. This suggests that Saudi firms reduce institutional pressures exerted by the 2030 Vision related to excellence, equity, and transparency (2030 Vision Objective 1.1) by increasing positive CSRD related to these matters (i.e., CSRD items 11–21; see Table 5.1).

Findings of CSRD strongly support the importance of providing specific government environmental guidelines to improve environmental protection and increase disclosure in Saudi Arabia (see Section 7.8). Increased CSRD will help Saudi firms maintain and improve their reputation, performance, and stakeholder relationship. This helps the Saudi society and environment to thrive, which also significantly contributes to the realization of the 2030 Vision of Saudi Arabia.

7.2.4 Change in CSRD medium

Regarding CSRD medium, Saudi firms rely more on annual reports to disclose CSRD. However, standalone CSR reports and websites are becoming more popular in this regard (see Section 5.3). All mediums of CSRD used by Saudi firms have improved from 2015 to 2018 in terms of reporting CSRD items as per the general increase of CSRD during the period (see Figures 5.1 and 5.2) and their usage (except for annual reports because they are mandatory and related to the same set of companies in both 2015 and 2018; see Figure 5.3). This suggests that Saudi firms still prefer to report CSRD in annual reports, consistent with the findings of prior research (e.g., a Tunis-based study by Chakroun, Matoussi, and Mbirki, 2017). However, findings of this thesis indicate that standalone CSR reports and websites of Saudi companies (and the use of new social media, such as Twitter, Facebook, and YouTube) are expected to increase in the near future.

Standalone CSR reports were only disclosed by two firms in 2015. In 2018 (see Table 4.3), the number increased to six. This positive change over time in the use of CSR reports by firms is consistent with the findings of prior literature (Yang, 2014). This increase in the number of firms publishing CSR reports may be a way for these firms to show support for the 2030 Vision (which includes many CSR aspects; see Section 7.6), improving their legitimacy and reducing CSRD-related institutional pressures. This is consistent with conclusions of prior research (Amran & Devi, 2008; Cho et al., 2015; Deegan, 2002).

In the current thesis, it was noted that CSR-related reports (a form of institutional carrier) are mainly used by firms from the MATERIALS sector (i.e., five firms from MATERIALS and one from UTILITIES; see Table 4.3). This might be because this sector is a highly CSR-sensitive industry (Alhazmi, 2017; Deegan & Gordon, 1996; Young & Marais, 2012); these firms utilize CSR-related reports to reduce such pressure (Deegan & Gordon, 1996; Young & Marais, 2012; see Section 7.2.2).

Regarding websites' CSRD, prior studies based in Saudi Arabia have found very few firms reporting CSRD via their websites (Macarulla & Talalweh, 2012). This has recently changed, as evidenced by this thesis. There were 55 companies providing CSRD through their websites in 2015 (see Table 4.3). Most (49%) of these firms are from MATERIALS. After the release of the 2030 Vision and 2017 CGR, the number of firms with CSRD by websites increased by 13%, from 55 in 2015 to 62 in 2018. This feature was also

dominated by MATERIALS, with 47% of the firms with CSRD on websites in 2018. The increase in firms providing information related to CSR on websites is perhaps because of institutional pressure from the revised CGR (Article 89), stating that "the Company's website shall include all information required to be disclosed and any details or other information that may be published through other disclosure methods" (CGR, 2017). Hence, MATERIALS firms, by considerably reporting CSRD via websites, reduce these pressures by maintaining better disclosure and transparency in this regard, which also shows higher conformity to Article 89 and, hence, enhanced respective legitimacy.

In this thesis, firms were found to manage institutional pressures by increasing CSRD (see Section 7.3.5). Increased CSRD (through annual reports, standalone CSR reports, or/and websites) help improve firm transparency and, thus, lower institutional pressures, which is also consistent with the conclusions of prior literature (Jamali & Karam, 2018; Yang & Farley, 2016). Therefore, conclusions based on only one source of CSRD, such as annual reports, may risk misleading or incomplete findings (Cowen et al., 1987; Gray et al., 1995a; Guthrie & Farneti, 2008; Parker, 1982; Yang, 2014; Zeghal & Ahmed, 1990). This thesis highlights the importance of analyzing diversified sources of information to gain more accurate results and, thus, more conclusive findings about CSRD (see Section 7.7.2).

It is also worth mentioning that sectors such as ENERGY, MATERIALS, and INDUSTRIALS collectively are a large component of the research sample (53%) and are considered among the most CSR-sensitive sectors with high pollution risks (Alhazmi, 2017; Deegan & Gordon, 1996; Young & Marais, 2012). These sectors were found to have CSR-related reports (see Table 4.3), as explained previously, and use GRI guidelines in their reporting. Specifically, in 2015, GRI was mentioned in the reports of four firms (two from MATERIALS, one from CONSR DISC, and one from CONSR STAPLE), two of which (all from MATERIALS) published CSR-related reports (see Section 5.3). In 2018, the number of firms considering GRI increased by 75% (from four to seven companies; four from MATERIALS, one from ENERGY, and one from CONSR DISC), four of which (all from MATERIALS) published CSR reports. The INDUSTRIALS sector (a CSR-sensitive sector, representing 15% of the research sample), has no associated firm that either provided a CSR-related report or mentioned GRI in their reports during the research period. This is potentially related to the limited resources and

capabilities of its associated firms, which thereby limit their CSRD (see Section 7.2.3). Further analysis in relation to CSRD by industries is provided in Section 7.5.1.

7.2.5 Institutional theoretical perspective on CSRD findings

The impact of the institutional Saudi government guidelines can be considered a coercive influence in the context of institutional theory, which is represented by the CSRD instrument categories of "environmental," "marketplace," "workplace," "community," and "Saudi-specific" (see Table 3.5). This is because these CSRD categories are linked to Vision's objectives and articles of the revised CGR that are highly associated with the items included in each category in the CSRD instrument (see Table 4.4). This strong association between these institutions and CSRD is potentially related to the nature of the CSRD items associated with these categories; they are considered to directly address firms' strategy, operation, and governance (see Section 4.4.2). Prior studies have found that government regulations exert coercive pressure on companies to improve corporate reporting (Amran & Devi, 2008; Brammer et al., 2012; Ntim & Soobaroyen, 2013; Zattoni & Cuomo, 2008). For instance, the 2017 CGR explicitly stated the following relevant CSRD individual items: "the presence of customer relationship and satisfaction management" ("marketplace"), "programs of employees benefits and pay rewards" ("workplace"), and "engagement of voluntary community services" ("community") of the social dimension of the current research's CSRD instrument (see Table 3.3). Despite being voluntary, the above items were found to have a substantial reporting increase of 37% (and a collective change in disclosure of 77%; see Section 5.4.2). The findings suggest that Saudi companies respond positively to such institutional changes in the context of CSRD, reducing institutional pressures and, hence, improving their legitimacy.

Content analysis of Saudi firms' reports provided support regarding their positive response to the government guidelines. For example, Extra (a sample Saudi company), reported that the company took a unique approach to providing its customers with a unique shopping experience within its exhibitions and e-commerce platform, as well as developing a high-quality system of after-sales services and retail solutions (Extra, 2018). In terms of employee benefits-related disclosure, some companies have been motivated post the institutional changes to improve their reporting and include such information (e.g., HCC, 2018; Almarai, 2018; Dalla Health, 2018). Likewise, the disclosure of voluntary community services also increased after these guidelines (e.g., Petro Rabigh,

2018; Bahri, 2018; Zamilindust, 2018; SIIG, 2018; SGS, 2018; WAFRAH, 2018; JAZDCO, 2018; Jabal Omar, 2018). These findings can be attributed, mainly, to firms' conformity with government guidelines, which formally consider these CSRD items (see Section 3.4.2), such as the disclosure of customer satisfaction, employees' benefits, and community services. This improvement in reporting indicates the effectiveness of these institutional changes in the context of CSRD.

The government guidelines (the 2030 Vision and revised CGR) also stimulate normative influences on companies to report environmental disclosure, as evidenced by a considerable change of 35% (i.e., from "environmental" CSRD of 26% in 2015 to 35% in 2018), signaling another positive and significant response to such institutional changes. This is because these guidelines substantially consider protecting broader stakeholders, including the environment (the 2030 Vision Objective 2.4 and revised CGR Articles 22 and 83). The guidelines encourage firms to improve their environmental reporting. Therefore, firms are motivated by such institutional pressures to gain recognition by actively seeking environmental accreditations and rewards. This behavior is an indicator of companies' willingness to meet relevant expectations of external stakeholders, and improve reputation and, thus, legitimacy; normative pressure is positively responded to, as explained by Belal and Roberts (2010), Brammer and Pavelin (2008), Deegan (2002), and Scott (2013). Thus, many companies report their achievements in this regard, benchmarking international CSR good practice. For example, Saudi Electric (a sample Saudi company), in 2018, developed a vision seeking to "lead the way in the field of environmental protection at the Kingdom (i.e., KSA) level" and support the national economy by reducing dependence on oil and preserving the environment (Saudi Electric, 2018). Through its strategic transformation program, the company seeks to protect the environment through diversifying clean energy sources, reuse and recycling, waste minimization measures, compliance with all prevailing environmental laws and regulations, and contribution to reducing greenhouse gas emissions (Saudi Electric, 2018). This trend of increasing awareness and reporting of environmental protection was also observed in several other companies' disclosures after the release of these CSRD-related guidelines (e.g., HCC, 2018; Najran Cement, 2018; Al Sorayai, 2018; NADEC, 2018; SRECO, 2018). These companies' statements provide clear evidence about how such regulations and pressure (i.e., normative) of national and international expectations can enhance environmental performance, and thus elicit the respective reporting.

The cultural-cognitive pressure (i.e., the institutional mimetic influence) can be attributed to the social category of "Saudi-specific" of the research CSRD instrument, such as the disclosure of "Islamic based participations." This category was also found to have the most significant improvement (a change in disclosure of 48%), indicating how Saudi companies respond to government guidelines. Its associated CSRD items increased by 10% from 2015 to 2018. This increase could be related to the influence of the Saudi common beliefs derived from the religion of Islam (see Section 3.4.1), and the informal impact of the institutional guidelines, as demonstrated in Section 3.4.2. Such influence motivates firms to disclose Islamic-based CSRD, which is consistent with the conclusions of prior research (Farook, Hassan, & Lanis, 2011; Jamali & Neville, 2011; Jamali & Sdiani, 2013; Sobhani et al., 2011). For example, from its religious duty and in the framework of keenness to improve the working environment and activate the values of belonging, YANSAB (a sample Saudi company), in 2018, organized Umrah trips during the holy month of Ramadan, combined with some cultural and awareness programs, whereby it adheres the Islamic teachings (YANSAB, 2018). Further, many other firms were also motivated after these institutional changes to report more "Saudi-specific" CSRD, such as disclosures related to Hajj, Umrah, the Holy Quran, mosques, Ramadan, Eid, and Saudization (e.g., TASNEE, 2018; SGS, 2018; Dur Hospitality, 2018; SPIMACO, 2018; Taiba, 2018; MCDC, 2018). These government guidelines, additionally, created an encouraging environment for more CSRD to be reported, as an indirect effect. These results propose promising CSRD status in the near future in Saudi Arabia, improving living standards for locals, and contributing to the realization of Saudi 2030 Vision, as explained in Section 7.2.2.

In conclusion, it is observed that the CSRD of Saudi companies is reported with consideration of government guidelines (see also Section 7.3), and international respective guidelines, based on related firm characteristics (see Sections 7.4 and 7.5), responding to respective institutional pressures. This suggests considerable convergence between CSRD-related international (e.g., GRI) and national (i.e., in Saudi Arabia) guidelines (see Section 4.4.2) in terms of exerting institutional pressure on Saudi companies to report CSRD. In general, these positive responses by Saudi firms to such pressures are to gain the benefits of legitimacy, more resources and, thus, enhanced survival capabilities. This is consistent with the findings of prior research in the respective literature (Arena et al., 2018; Clikeman, 2004; Meyer & Rowan, 1977).

7.3 The Impact of the Institutional Changes (INST CHGS) on CSRD

The results of this thesis reveal a positive significant change in CSRD after the release of the 2030 Vision and 2017 CGR, even after controlling for the change in company characteristics (see Section 4.5 and Chapter 6). This suggests that the increase in CSRD is related not only to changing firm characteristics that may partly result from the indirect impact of the 2030 Vision but also to the direct institutional impact of the 2030 Vision and revised CGR (i.e., above and beyond that caused by alterations to firms' characteristics). This indicates an increased perception of Saudi firms to convergent institutional pressures exerted by these institutional changes, leading to a positive respective response, resulting in improved CSRD, consistent with the conclusion by Amran and Devi (2008) and Oliver (1991). This provides strong support for Hypothesis 1 (see Section 3.5.1). The 2030 Vision and revised CGR motivated firms to report more CSRD (by approximately 30%) in 2018 compared with 2015 (see Chapters 5 and 6), as evidenced by the growth in overall disclosure, category disclosure, and disclosure of 19 individual items (see Section 6.4). Findings suggest that all the Vision objectives (27 objectives) and CSRD-related articles of the revised CGR (nine articles; see Section 3.3) have encouraged firms to report more CSRD from 2015 to 2018, despite the fact that these guidelines are voluntary. The results also suggest the important role of coercive institutional changes imposed by the government in stimulating positive reporting behavior, improving Saudi firms' transparency and, thus, legitimacy (see Sections 7.2.5 and 7.4). These findings are consistent with prior international studies' outcomes (Amran & Devi, 2008; Boshnak, 2021; Chauvey et al., 2015; Frost, 2007; Haji, 2013; Sadou et al., 2017; Yang & Farley, 2016) suggesting an effective role of institutional guidelines on corporate reporting, unlike the findings of Costa and Agostini (2016), Larrinaga et al. (2002), and Luque-Vilchez and Larrinaga (2016). The findings of this thesis reveal CSRD in Saudi Arabia is evolving, consistent with recent studies based in Saudi Arabia (Abdulhaq & Muhamed, 2015; Al-Gamrh & Al-Dhamari, 2016; Al-Janadi et al., 2013; Alotaibi & Hussainey, 2016; Boshnak, 2021; Habbash, 2016; Issa, 2017; Macarulla & Talalweh, 2012; Mahjoub, 2019). Further, these institutional guidelines have influenced firm characteristics in relation to CSRD, which is thoroughly discussed in Section 7.4.

7.4 The Moderating Impact of Firms' Characteristics on CSRD

7.4.1 Board size (BSIZE)

The findings indicate that BSIZE has a positive significant impact on CSRD (see Section 6.5.1). This result provides strong support for Hypothesis 2 (see Section 3.5.2). This outcome suggests that firms with larger BSIZE report greater CSRD. This indicates that larger boards are more accountable (because of the associated diversity and stronger monitoring) to CSR issues and, thus, CSRD (see the last paragraph of this section). This finding supports prior studies based in Saudi Arabia, which identified a positive association between BSIZE and voluntary disclosures (Al-Janadi et al., 2013; Alotaibi & Hussainey, 2016). The result of BSIZE in this thesis is also consistent with other prior studies' findings based in different countries (Haji, 2013; Jizi et al., 2014; Rao et al., 2012; Sadou et al., 2017; Torchia & Calabrò, 2016). However, some other prior studies found a negative impact of BSIZE on voluntary disclosures (Cerbioni & Parbonetti, 2007; Kassinis & Vafeas, 2002). Further, some past studies found no relationship between BSIZE and voluntary disclosures (Lakhal, 2005; Post et al., 2011).

The result of BSIZE shows strong support of the Saudi 2030 Vision, as per its positive significant association with "overall" CSRD, "marketplace" and "community" CSRD, and six individual CSRD items (5, 15, 21, 22, 27, and 31), which are strongly related to all of the Vision's objectives (i.e., 27 objectives; see Table 3.2). This suggests that firms with a larger BSIZE have more positive contributions in relation to the 2030 Vision (see Table 7.1).

Further, the BSIZE outcome of Saudi firms indicates conformity to the associated revised CGR Article 17, which states that BSIZE shall not be fewer than three members and not more than 11. The findings show that the maximum value of BSIZE in 2015 was 12 members on board, while in 2018 it decreased to 11 directors (see Table 5.4), signaling the effective influence of Article 17 on companies to display respective conformity. The minimum value of BSIZE remained five directors for both years. The descriptive results also show that the mean of BSIZE is eight directors (see Section 5.5.1), which is consistent with past studies' results (Al-Janadi et al., 2013; Albassam, 2014; Alhazmi, 2017; Alotaibi & Hussainey, 2016). This also indicated that the mean of BSIZE in Saudi Arabia is eight members. Prior studies found varying means of BSIZE in different

countries. Jizi et al. (2014) reported that the mean of US banking firms is 12 directors. Ntim and Soobaroyen (2013) found that the mean BSIZE of South African companies is 11 members. Sadou et al. (2017) observed that Malaysian companies' mean BSIZE is nine directors. Therefore, the BSIZE of Saudi firms is relatively small compared with prior international studies' findings.

In addition, the positive relationship between BSIZE and CSRD suggests that firms with larger BSIZE show conformity to all CSRD-related articles of the revised CGR (see Table 3.3). Therefore, this consistency by the Saudi firms with the CGR articles proposes that larger BSIZE strongly motivates companies to conduct business in line with the revised CGR and report more CSRD (see Table 7.1).

Therefore, firms with larger BSIZE have a variety of backgrounds, experiences, and views, enabling board directors to demonstrate better monitoring ability, improved stakeholders' accountability, and thus have a greater internal pressure to consider the importance of a wider range of institutional pressures related to CSRD, as discussed in Section 3.5.2. This conclusion is consistent with arguments by Dalton et al. (1999), Guest (2009), John and Senbet (1998), and Luoma and Goodstein (1999). This has led to a proactive response to a perceived wider range of important institutional pressures, which results in increased CSRD (see Table 7.2), consistent with Ntim and Soobaroyen (2013) and Oliver (1991). Hence, by greater conformity to these institutions, coercive/regulative, normative, and mimetic/cultural-cognitive influences are diminished as per increased legitimacy, meeting stakeholders' expectations (by performing advanced levels of business professionalism), and adherence to cultural shared beliefs and values that are related to CSRD. These findings are aligned with prior literature conclusions (Campbell, 2007; Dacin et al., 2002; DiMaggio & Powell, 1983; Kang & Moon, 2011; Scott, 2008).

7.4.2 Board independent non-executive directors (BIND)

The results show that BIND has a negative significant impact on the "marketplace" CSRD category and two individual CSRD items (5 and 32). This provides weak support for Hypothesis 3 (see Section 3.5.3). This suggests that firms with a higher proportion of BIND are associated with less CSRD. This outcome is consistent with the result of a previous Saudi-based study by Issa (2017); however, it is inconsistent with other studies' findings in which BIND has no significant influence on CSRD in Saudi Arabia (Alhazmi,

2017; Habbash, 2016). Prior research, in different countries, found mixed results in this regard. There are studies that found a positive impact of BIND on CSRD (Jizi et al., 2014; A. Khan et al., 2013; Rao et al., 2012), suggesting an effective role of BIND in improving CSRD by BIND's guidance of firms toward enhanced credibility, governance, and transparency. However, there are other studies that found a negative association between BIND and CSRD (Abdullah et al., 2011; Barako et al., 2006; Eng & Mak, 2003; Haniffa & Cooke, 2005), with which the findings of the current thesis are consistent. Further, some prior literature found no relationship between BIND and voluntary disclosures (Haji, 2013; Lakhal, 2005; Sartawi et al., 2014; Shamil et al., 2014).

The outcome of BIND indicates a negative response to the 2030 Vision's Objectives 1.1, 1.3, 2.3, 2.4, 3.1, 3.3, 3.4, 3.6, 3.7, 4.3, 5.1, 5.2, 5.4, and 6.2 (see Table 3.2), as per BIND's negative significant association with the "marketplace" CSRD category and two individual CSRD items (5 and 32). This suggests firms with a higher proportion of BIND have less disclosure related to the objectives of Vision 2030 (see Table 7.1).

Further, companies with a higher proportion of BIND negatively respond to the revised CGR Articles 22, 71, 83, 84, 87, 88, and 90, which are related to "marketplace" CSRD and CSRD items 5 and 32 (see Table 3.3). However, the current thesis finding of BIND demonstrates conformity to the revised CGR Article 16.3, which states that the number of independent directors shall not be less than two members or one-third of the board members, whichever is greater. The findings of this thesis show the mean of BIND is 50% of the board of directors (see Section 5.5.1), which is consistent with previous Saudi-based studies' outcomes. For example, Habbash (2016) and Issa (2017) found BIND with a mean of 52% and 50%, respectively. Prior studies found varying results of BIND's mean in different countries. Jizi et al. (2014) found the mean of the banking sector of the US is 81%. In Malaysia, Abdullah et al. (2011) found a lower mean of BIND around 39% of board directors. Whereas, in South Africa, Ntim and Soobaroyen (2013) found BIND's mean is about 66%. Therefore, based on previous research, the proportion of BIND of Saudi firms is in an average range compared with other countries.

Although firms display conformity to the 2017 CGR Article 16.3, empirical findings revealed that BIND has a significant negative impact on CSRD. The findings provide weak support for BIND's institutional pressures' influence on CSRD in the context of institutional changes (see Table 7.2). This is because of the result of BIND's negative

impact on “marketplace” CSRD and two CSRD items (5 and 32). Specifically, firms with a higher proportion of BIND have less reporting related to the “marketplace” CSRD category in which all of its five items are associated with firms’ CSRD at the operational level (e.g., innovation and product development, product quality and safety, production standards and awards, sustainable practices, and management of customer relationship). Thus, this contradicts the arguments provided in Section 3.5.3. The negative influence by a higher proportion of BIND of Saudi firms on CSRD may be related to the loss of board members with expertise in the industry including CSRD. They were replaced by BIND who lacked experience and knowledge in relation to “marketplace” CSRD and CSRD items 5 and 32. Such BIND may also lack contextual knowledge of their companies’ operations, and therefore, they probably may not be able to determine what CSRD items should be reported, which has resulted in the decrease of “marketplace” CSRD and CSRD items 5 and 32. Another potential explanation is that BIND may focus more on shareholders’ needs in maximizing their profits and not creating value for all the firm’s stakeholders. Further, BIND’s ability may be hindered in influencing the majority of board decisions, especially in relation to such CSRD. These justifications are consistent with Malaysian-based studies in which BIND was found to have a negative impact on CSRD (Abdullah et al., 2011; Haniffa & Cooke, 2005). This suggests that BIND of Saudi firms experience the abovementioned challenges, causing firms with a higher proportion of BIND to have a negative response to CSRD-related institutional pressures. Therefore, Saudi firms with a higher percentage of BIND are less likely to (i) promote CSRD, (ii) support Vision 2030, and (iii) comply with the revised CGR articles, especially with regard to the abovementioned items.

7.4.3 Board meeting frequency (BMEET)

The findings reveal that BMEET has a mixed, significant impact on two CSRD individual items (items 27 and 29; see Section 6.5.1). Thus, this result provides weak support for Hypothesis 4 (see Section 3.5.4). This result suggests that Saudi firms have limited discussions related to CSRD on the board when they conduct more BMEET (further discussed in the last paragraph of this section). Prior studies based in Saudi Arabia found BMEET with an insignificant influence on CSRD (Alhazmi, 2017; Alotaibi & Hussainey, 2016; Issa, 2017). Prior literature shows mixed results in terms of BMEET’s impact on CSRD in other countries. Allegrini and Greco (2013), Jizi et al. (2014) and Kent and

Stewart (2008) found a positive significant influence by BMEET on voluntary reporting; however, Giannarakis (2014), Haji (2013), Laksmana (2008) and Ntim et al. (2017) did not document any significant association in this regard.

The result of BMEET indicates positive support of the 2030 Vision's Objectives 1.2 and 6.2; however, it also shows a negative response to Objectives 2.1, 2.3, and 6.2 (see Table 3.2). The overlap between the positive and negative contributions in relation to Objective 6.2 is related to the Vision's multiple associations with CSRD items. Objective 6.2 (Enable social contribution of businesses) is associated with both CSRD items 27 and 29 (see Appendix 1). This is because of (number of) BMEET's positive association with CSRD item 29 "Allocations for Hajj and Umrah donations and supports," and negative relationship with CSRD item 27 "Participation in health program and medical research." This suggests that firms with more BMEET focus on Hajj and Umrah issues, which are associated with the 2030 Vision's Objectives 1.2 and 6.2, but neglect healthcare matters, which are associated with the Vision's Objectives 2.1, 2.3, and 6.2 (see Table 7.1). This finding also suggests that firms with more BMEET have very limited discussions related to CSR, and thus, their influence on CSRD is minimal as they are only associated with large CSR engagements (e.g., Hajj and Umrah support and health-related projects), but with a mixed influence (i.e., a sign of conflict of opinions).

Regarding the revised CGR, companies with more BMEET have a mixed (unclear) response to the revised CGR Articles 87, 88, and 90, which are related to CSRD items 27 and 29 (see Table 3.3). Further, BMEET outcome of Saudi firms indicates unconformity by 9% of the sampled firms to the revised CGR Article 32, which states that the board of directors should conduct no less than four meetings per year, and no less than one meeting every three months. Based on the descriptive outcomes, BMEET had a mean of approximately five meetings with a minimum of two meetings for both years, 2015 and 2018 (see Section 5.5.1). This inconsistency by 9% of the sampled firms (i.e., a total of 11 companies) with the revised CGR might be attributable to this article (Article 32) being voluntary, and thus, firms are not forced to comply with it. This perhaps suggests a lower associated perception related to complying with such institutional change by these firms. These results are consistent with some Saudi-based studies' outcomes (Albassam, 2014; Alhazmi, 2017; Alotaibi & Hussainey, 2016; Issa, 2017) that found the average of BMEET is five meetings. Prior literature findings in relation to BMEET's average are

mixed. In the US, Jizi et al. (2014) found the mean of BMEET of the banking sector is approximately 11 meetings. Allegrini and Greco (2013) found the average BMEET of Italian listed companies is nine meetings. Whereas, in Australia, Kent and Stewart (2008) found BMEET's average by Australian listed firms is approximately 10 meetings. Hence, according to these prior studies, Saudi firms conduct less (number of) BMEET, by average, compared with other countries' firms.

Therefore, in general, firms with more BMEET have a minimal impact on CSRD, and hence, conducting more BMEET does not effectively change board members' perception in relation to CSRD. However, very occasionally, firms with more BMEET influence board members' perception in different directions in relation to only two CSRD items. First, companies with more BMEET provide positive responses to institutional pressures related to CSRD item 29 (i.e., Allocations for Hajj and Umrah donations and supports), causing the improvement to such disclosure (see Table 7.2). This also results in support of the 2030 Vision's Objectives 1.2 and 6.2. Firms tend to reduce institutional pressures via considering such valued (i.e., religion-related) matters by society (DiMaggio & Powell, 1983; Oliver, 1991; Scott, 2013). Second, however, companies with more BMEET provide a negative response to institutional pressures related to CSRD item 27 (i.e., "Participation in health program and medical research"), resulting in discouraging such disclosure. This weak impact by BMEET on CSRD may be related to the lack of data accessibility provided to board directors, prior to BMEET, that assist in forming a response to CSRD-related institutional pressures and, thus, the reporting of CSRD items as a result of conducting more BMEET.

7.4.4 Risk management committee meeting frequency (RMC MEET)

The findings indicate that RMC MEET has a positive significant impact on "community" CSRD and mixed influence on seven individual CSRD items (see Section 6.5.2). This gives weak support for Hypothesis 5 (see Section 3.5.5). This outcome suggests that firms with more RMC MEET allocate more time discussing, conducting, and reporting CSRD related to the "community" category and six individual items (i.e., 22, 23, 24, 25, 27, and 32), whereby associated risks are observed and mitigated. Only one CSRD item (i.e., 28) was found to be negatively associated with RMC MEET, suggesting that companies with more RMC MEET neglect discussing CSR issues related to "Participation in government social campaigns," and thus, related risks are ignored. Because there is an absence of

studies that explicitly examine the impact of RMC MEET on CSRD, the scope for comparison is very limited. In general, this finding lends support to prior studies that found positive associations between RMC and CSRD (Musallam, 2018), and risk management and CSR (Zhang et al., 2014). The result of RMC MEET in this current research contributes to other prior studies' findings (Badriyah et al., 2015; Halim et al., 2017; Jiménez & Delgado-García, 2012; Yatim, 2010) that found a positive impact by RMC on firms' performance and voluntary disclosures. However, other prior research found insignificant influence by risk management on firm performance (Agustina & Baroroh, 2016).

The outcome of RMC MEET shows positive support of the 2030 Vision's Objectives 1.1, 1.3, 2.1, 2.2, 2.3, 2.5, 2.6, 3.3, 4.1, 4.2, 4.3, 6.1, 6.2, and 6.3; however, it also indicates a negative response to the Objectives 2.3, 2.5, 3.3, and 6.2 (see Table 3.2). This is because of RMC MEET's outcome of positive association with "community" CSRD and (six) individual items 22, 23, 24, 25, 27, and 32, and a negative relationship with CSRD item 28. This suggests that firms with more RMC MEET focus on "community" and Islamic (CSRD item 32: "Other Islamic based participations") CSRD which are associated with the abovementioned first group of the 2030 Vision's aims. However, it also suggests that these firms neglect political involvement (CSRD item 28: "Participation in government social campaigns") which is associated with the Vision Objectives 2.3, 2.5, 3.3, and 6.2. The replication of the Vision's Objectives 2.3, 2.5, 3.3, and 6.2 in both impact's directions is because of these objectives' broad scope covering many aspects of CSR (see Table 3.2). Hence, firms with more RMC MEET provide reasonable support (and minimal negative response) to the 2030 Vision's aims (see Table 7.1).

In relation to the revised CGR, companies with more RMC MEET provide unclear response to Articles 22, 87, 88, and 90 which are associated with the positive and negative CSRD results of RMC MEET (see Table 7.1). Further, RMC MEET findings of Saudi firms, in general, display unconformity with the revised CGR Article 72 which recommends (i.e., not compulsory) that RMC MEET shall be conducted periodically at least once every six months, and as may be necessary. Based on the descriptive outcomes, RMC MEET had a mean of approximately 0.42 meetings with 0.33 meetings in 2015 and 0.51 in 2018 (see Section 5.5.1), which signals a little improvement in this regard. However, this inconsistency by the Saudi firms with the revised CGR might be

attributable to this article (Article 72) being voluntary, and thus, firms are not forced to comply with it. Further, the low descriptive results of RMC MEET, in general, are attributable to the low number of Saudi firms that had an RMC (either standalone or included in any board committee that noticeably considers assessing and managing risks) as per 8% of sampled firms in 2015 and 15% in 2018. These results are consistent with a Middle Eastern-based study's (Palestine) outcomes (Musallam, 2018) that found the average of firms that have an RMC is 8% of the sampled companies. Prior literature findings in relation to the average of the existence of RMC are mixed. In Australia, Subramaniam, McManus, and Zhang (2009) found that 44% of sampled firms have an RMC. Arowolo et al. (2017) revealed that 37% of Nigerian listed firms have an RMC. Yatim (2010) found the average of the existence of an RMC by Malaysian listed companies is approximately 36% of the sampled firms. In Indonesia, Badriyah et al. (2015) revealed that 30% of the sampled firms have an RMC. Therefore, according to these prior studies, the number of Saudi firms with an RMC, by average, is higher than Palestinian firms but lower than other countries' companies' respective results.

Thus, Saudi firms with more RMC MEET, by allocating more time to discuss CSR issues, perceive CSRD-related institutional pressures in a way that leads their firms to mainly form positive respective responses, with other negative and unclear responses to such pressures. First, firms with more RMC MEET provide positive responses to institutional pressures related to "community" CSRD and CSRD item 32, resulting in an increase in such disclosure. This also results in support of the abovementioned 2030 Vision's Objectives (see Table 3.2). This conclusion is consistent with arguments by prior literature that firms tend to diminish institutional pressures by adhering to shared beliefs of society (DiMaggio & Powell, 1983; Oliver, 1991; Scott, 2013). Second, however, companies with more RMC MEET provide a negative response to institutional pressures related to CSRD item 28 in addition to the unclear response to CSRD-related Articles 22, 87, 88, and 90 of the revised CGR. Further, 85% of the sampled firms, in 2018, did not have an RMC and, thus, did not conduct RMC MEET, showing inconsistency with the guiding (suggestive) Article 72 of the 2017 CGR. This suggests that these (a total of 99) firms disregard institutional pressures related to Article 72 and, thus, negatively respond to it (see Table 7.1). Hence, in general, companies with more RMC MEET provide mixed responses to CSRD-related institutional pressures, causing these mixed findings of the influence of RMC MEET on CSRD.

7.4.5 Risk management committee size (RMC SIZE)

The findings demonstrate that RMC SIZE has a negative significant impact on CSRD (see Section 6.5.2). This result provides strong support for Hypothesis 6 (see Section 3.5.5). This result contradicts the current research finding related to RMC MEET (see Section 7.5.4), which is discussed further in the last paragraph of this section. This result suggests that as RMC SIZE of a firm, based on the number of associated members, increases, the probability of a firm reporting CSRD decreases. One potential reason for this inverse finding is that by calculating RMC SIZE average of firms that have an RMC (i.e., excluding all other companies that do not establish an RMC), it was found that the mean of RMC SIZE is only four members. This suggests that RMC SIZE of Saudi firms is relatively small. Further, this negative result may also be because CSRD in Saudi Arabia is not compulsory; thus, there is no regulative risk in disregarding it. Moreover, RMC members, because of a potential limitation in understanding CSR concepts, may view CSRD as a cost that has no financial benefits. Therefore, firms with larger RMC SIZE (suggested six to eight members) would probably have more views resulting from varied members' experiences and knowledge, which would offer comprehensive advice that positively affects the decision to conduct CSR activities and, thus, CSRD. This justification is consistent with prior researchers' conclusion that firms with larger BSIZE have better CG effectiveness and company performance (Bonn, 2004; Dalton et al., 1999; Guest, 2009; John & Senbet, 1998; Luoma & Goodstein, 1999). Hence, it is suggested that firms should have larger RMC SIZE for better efficiency and, thus, improved CSR contributions. As there is a lack of studies that explicitly investigate the influence of RMC SIZE on CSRD, the scope for comparison is very limited. In general, this finding contradicts prior studies that found positive associations between RMC and CSRD (Musallam, 2018), and risk management and CSR (Zhang et al., 2014). Refer to Section 7.4.4 for more RMC findings of related previous studies.

The result of RMC SIZE shows a negative response to the Saudi 2030 Vision as per its negative significant association with "overall" CSRD, "community" CSRD, and four individual CSRD items (22, 23, 24, and 32), which are, overall, strongly related to all of the Vision's objectives (see Table 3.2). This suggests that firms with large RMC SIZE neglect contributions related to the 2030 Vision (see Table 7.1).

Regarding the revised CGR, there is no specified number of members recommended for RMC SIZE in the respective CGR Articles 70, 71, and 72. However, the inverse relationship between RMC SIZE and CSRD suggests that firms with large RMC SIZE show inconsistency with all CSRD-related articles of the revised CGR (see Table 3.3). This unconformity by the Saudi firms with these CGR articles is potentially because of their voluntary disclosure (i.e., all CSRD-related articles of the revised CGR except Articles 22 and 84; see Table 3.3) or vague requirements (e.g., Articles 22, 84, and 90 in which firms have more freedom in interpreting their relation to CSRD), and thus, firms are not forced to comply with them in the context of CSR.

The descriptive results demonstrated that RMC SIZE (of all sampled firms) had a mean of approximately 0.43 members with 0.32 members in 2015 and 0.55 in 2018 (see Section 5.5.1). The slight improvement in the mean of RMC SIZE by the Saudi firms, in 2018 compared with 2015, might be related to the revised CGR Articles 70, 71, and 72, which provide suggestions in relation to composition, competencies, and meetings of the RMC, which may encourage firms to improve their RMC SIZE. However, similar to RMC MEET, the low results of RMC SIZE, in general, are attributable to the low number of Saudi firms that have an RMC, as per nine (out of 117) firms in 2015 and 18 in 2018 (improvement by 100% from 2015 to 2018 in terms of firms with an RMC). Refer to Section 7.4.4 for prior studies' descriptive findings related to RMCs.

Hence, based on the above discussion, the result of RMC SIZE is inconsistent with the arguments discussed in Section 3.5.5. Therefore, firms with larger RMC SIZE show no support of the CSRD dimension of the 2030 Vision's aims and the revised CGR as per the associated overall inverse result of CSRD (i.e., "overall" CSRD; "community" category; and CSRD items 22, 23, 24, and 32). This negative outcome may result in decreased legitimacy, poor stakeholders' relationship management, and poor support of cultural shared beliefs and values related to CSRD. These consequences are related to a lack of variety of backgrounds, experiences, and views associated with firms with larger RMC SIZE because RMC SIZE of Saudi firms, in general, is small (see Section 5.5.1). The lack of such features restricts the RMC's members from demonstrating effective monitoring ability and stakeholders' accountability. Therefore, these issues have led firms with larger RMC SIZE to show inconsistency with changing institutional environment related to CSRD. This conclusion is consistent with prior researchers'

arguments (Bonn, 2004; Dalton et al., 1999; Guest, 2009; John & Senbet, 1998; Luoma & Goodstein, 1999; Subramaniam et al., 2009). Further, this negative result of RMC SIZE in relation to CSRD also seems to be related to confusion by RMC members (lacked adequate knowledge and experience) that occurred when relating RMC activities to CSRD. This is consistent with the prior conclusion by Zhang et al. (2014), who investigated the relationship between food risk management and CSR in China and revealed that managers showed poor understanding in this regard.

These findings are aligned with prior literature conclusions (Dacin et al., 2002; DiMaggio & Powell, 1983; Kang & Moon, 2011; Scott, 2008). Thus, it is suggested for the Saudi government (by CMA) to further revise the 2017 CGR in relation to RMC responsibilities and consider forcing (i.e., make it compulsory) firms to have an RMC on their boards for potential improvement in CSRD. This will help firms to efficiently and effectively manage risks as a mechanism whereby companies can bring the transparency, concentration, and independent judgment needed to manage entities' risks, which eventually will contribute to enhancing CSRD as a part of the improved transparency, consistent with the conclusions of some prior research (Bebbington et al., 2008; Musallam, 2018; Subramaniam et al., 2009; Zhang et al., 2014). Thus, future research should pay attention to such developments related to RMC SIZE and accordingly examine the impact of RMC SIZE on CSRD.

7.4.6 Corporate social responsibility committee (CSRC)

The findings display that CSRC has a positive significant impact on "community" CSRD and two individual CSRD items (see Section 6.5.3). This provides weak support for Hypothesis 7 (see Section 3.5.6). This result suggests that firms with CSRC report more CSRD related to the "community" category and two individual items (i.e., 22 and 28, which are included in the "community" category), indicating reasonable planning and monitoring related to CSR performance. These CSRD items are "Establishment of non-profit projects" (CSRD item 22) and "Participation in government social campaigns" (CSRD item 28). Although the overall impact level is weak, this outcome suggests that firms with CSRC focus more on issues related to "community" CSRD. This finding is consistent with prior studies' results (Cucari et al., 2018; Fuente et al., 2017; Helfaya & Moussa, 2017; Hussain et al., 2018). In particular, CSRC of Saudi firms is also found to positively support non-profit projects and governmental agendas, which confirms the

conclusions by Ali et al. (2017) and Sharma (2019) that CSR is used not only to contribute to social issues but also to support political agenda. However, there are also prior studies that found insignificant influence by CSRC on CSRD (Michelon & Parbonetti, 2012; Rupley et al., 2012). In general, the current research's findings suggest CSRC of Saudi firms has some limitations as it only concerns community-related issues and disregards other aspects of CSR (i.e., "environmental," "marketplace," "workplace," and "Saudi-specific" CSRD). This is potentially because of CSRC members' inadequate understanding of CSR as per limiting its concepts to its philanthropic aspects, as concluded by S. A. Khan et al. (2013). Hence, to improve the impact level of CSRC on CSRD, it is suggested that providing comprehensive guidelines related to CSR by the Saudi government will improve firms' CSRC performance and thus CSRD in other aspects. It is also recommended for firms to diversify members of CSRC (e.g., sustainability experts, industry experts, females, youths, and foreigners), which will lead to increased and diversified CSRD.

The outcome of CSRC indicates positive support of the Saudi 2030 Vision as per its positive significant association with "community" CSRD and two individual CSRD items (22 and 28), which are, overall, strongly related to the Vision's Objectives 1.1, 1.3, 2.1, 2.2, 2.3, 2.5, 2.6, 3.3, 4.1, 4.2, 4.3, 6.1, 6.2, and 6.3 (see Table 3.2). This suggests that firms with CSRC make positive contributions related to the 2030 Vision (see Table 7.1).

Concerning the revised CGR, there is no specified article for companies to establish CSRC. However, the positive relationship between CSRC and CSRD suggests that firms with CSRC show consistency with the revised CGR Articles 22, 87, 88, and 90, which are related to community CSRD items (see Table 3.3). Hence, this conformity by the Saudi firms with these CGR articles indicates that firms were to some degree encouraged to establish CSRC (see Table 7.1). From the descriptive analysis, the findings demonstrate that CSRC of Saudi firms, by the measure of presence, has slightly increased by comparing the results of 2015 (6% of the sampled firms had CSRC) with 2018 (8%), with a percentage of change amount of 29%. The results also evidence the impact of the revised CGR Articles 87, 88, and 90, as well as the 2030 Vision's associated objectives on CSRD, as explained in the previous paragraph. The findings also show that Saudi firms accordingly respond to the revised CGR and Vision of 2030, even though CSRD is voluntary. Moreover, the descriptive results display that CSRC of Saudi companies had

an overall average of 7% (see Table 5.5). These outcomes are consistent with prior studies' findings conducted in different countries. Michelon and Parbonetti (2012) found the average of the US and European companies with CSRC is approximately 6%. Arena et al. (2015) revealed the mean of CSRC of the US oil and gas industry is approximately 16%. Fuente et al. (2017) found the average of CSRC by Spanish companies is about 10%. Cucari et al. (2018) found the mean of CSRC by Italian listed firms is 7%. However, Helfaya and Moussa (2017) found the average of CSRC by the UK firms is around 69%. Therefore, CSRC average by Saudi firms is relatively small compared with prior studies' findings in this regard.

Hence, from an institutional theoretical perspective, firms with CSRC, by better monitoring of CSR performance (compared with firms without CSRC), have a greater internal pressure to consider institutional pressures related to "community" CSRD and CSRD items 22 and 28, as discussed in Section 3.5.6. This has led such firms to form a positive response to the perceived pressures by improving their CSR performance, which, in turn, has resulted in an increased reporting of "community" CSRD and CSRD items 22 and 28. Therefore, companies with CSRC use CSRC to moderate institutional pressures through displaying improved legitimacy by reporting more of such CSRD. This is because they are under more institutional pressures to show conformity to respective institutional changes and maintain an effective relationship with stakeholders as these issues are related to CSR (i.e., compliance and stakeholders' satisfaction). This is consistent with prior researchers' conclusions that firms are influenced by institutional pressures to establish CSRC (Gennari & Salvioni, 2019; Miller & Serafeim, 2014; Vigneau et al., 2015).

7.4.7 Government representatives on board (GOVRB)

The findings indicate that GOVRB has a positive significant impact on CSRD (see Section 6.5.4). This result provides strong support for Hypothesis 8 (see Section 3.5.7). This outcome suggests that firms with a higher proportion of GOVRB report more CSRD, indicating stronger alignment by such firms with the government guidelines (see the last paragraph of this section). As there are only a few studies that explicitly examine the effect of GOVRB on disclosure, the scope for comparison is very limited. In general, this finding lends support to prior studies that found positive associations between GOVRB and risk reporting (Al-Hadi et al., 2016), community influential directors and

sustainability reporting (Michelon & Parbonetti, 2012), and managers with a governmental affiliation and climate-change reporting (Yang & Farley, 2016), suggesting an effective role by such board members in companies' disclosure. The outcome of GOVRB in this present research contributes to other studies' findings (Amran & Devi, 2008; Eng & Mak, 2003; Ghazali, 2007; Habbash, 2016; A. Khan et al., 2013; Tagesson et al., 2009) of a positive impact by government ownership (measured by the ratio of government shareholding to the total number of ordinary shares) on voluntary disclosure. In contrast, other prior research found a negative relationship between government ownership and voluntary disclosure (Al-Janadi et al., 2013; Alotaibi & Hussainey, 2016; Dam & Scholtens, 2012).

The finding of GOVRB shows strong support of the Saudi 2030 Vision as per its positive significant association with "overall" CSRD, "environmental" and "community" CSRD, and eight individual CSRD items (2, 3, 7, 9, 24, 26, 27, and 28), which are strongly related to all of the Vision's objectives (see Table 3.2). This indicates that firms with a higher proportion of GOVRB have more positive contributions associated with the 2030 Vision (see Table 7.1).

In relation to the revised CGR, there is no specific article concerning firms that have GOVRB. However, the positive relationship between GOVRB and CSRD suggests that firms with a higher proportion of GOVRB show conformity to all CSRD-related articles of the revised CGR (see Table 3.3). Therefore, this consistency by the Saudi firms with the CGR articles proposes that the more GOVRB, the more effective they motivate companies to conduct business in line with the revised CGR and thus report more CSRD (see Table 7.1).

The descriptive data reveal that GOVRB of Saudi firms, by the measure of mean, has slightly increased from 10% in 2015 to 11% in 2018, with an overall average of 10% (see Table 5.4). These outcomes are consistent with the findings by Michelon and Parbonetti (2012), who found the average of community influential directors (e.g., retired politicians, academics, and members of social organizations) on the boards of the US and European companies is approximately 14%. However, Al-Hadi et al. (2016) found the average of GOVRB in the GCC firms is about 40%. The result of the current research suggests that GOVRB of Saudi firms shows continuous support of public companies by the Saudi government. Particularly, such influential members motivate their firms to

improve performance (Michelon & Parbonetti, 2012), which ultimately contributes to the prosperity of the country's economy through the adoption of leadership strategies and business expansion (Amran & Devi, 2008). This is aligned with the 2030 Vision's objective of growing the contribution of the private sector to the economy (i.e., the 2030 Vision's Objective 3.1), in which firms with a higher proportion of GOVRB are found to positively respond to this aim in addition to other objectives (see Table 7.1).

Hence, according to the above analysis, the Saudi government has strategic political, social, and economic objectives to achieve. Thus, firms with GOVRB are seen by the government as effective development's actors (means) to accomplish these objectives, as discussed in Section 3.5.7. GOVRB influence their companies' performance in different ways, but mainly in maintaining strong compliance with institutional changes, consistent with the findings by Yang and Farley (2016). Thus, firms with a higher proportion of GOVRB have created a greater emphasis on government-generated institutional pressures related to CSRD. This has led such firms to positively respond to a perceived wider range of important institutional pressures and improve CSRD in accordance with the institutional changes (see Table 7.2). Therefore, companies with a higher proportion of GOVRB display improved legitimacy related to the 2030 Vision and the revised CGR, as the related positive CSRD outcome with "overall" and "community" CSRD suggests. These conclusions are consistent with prior literature arguments (Amran & Devi, 2008; Campbell, 2007; Dacin et al., 2002; DiMaggio & Powell, 1983; Kang & Moon, 2011; Michelon & Parbonetti, 2012; Scott, 2008; Yang & Farley, 2016).

7.4.8 Females on board (FOB)

The outcomes reveal that FOB has a negative significant impact on "overall" CSRD, "environmental" and "community" categories of CSRD, and 11 individual CSRD items (1, 3, 4, 9, 11, 17, 23, 24, 28, 29, and 32). This gives strong support for Hypothesis 9 (see Section 3.5.8). This suggests that firms with (the presence of) FOB are associated with lower CSRD, indicating challenges restricting FOB ability in enhancing CSRD (see the last paragraph in this section). This result contradicts the result of a previous GCC-based study by Issa and Fang (2019), in which FOB has no significant influence on CSRD in Saudi Arabia; however, it is consistent with international studies' findings of a negative relationship between FOB and firm's performance (Adams & Ferreira, 2009), CSR (Muttakin et al., 2015), and CSRD (Fahad & Rahman, 2020; Majeed et al., 2015).

Muttakin et al. (2015) examined the impact of board diversity on CSR of Bangladeshi (developing country) listed companies; they found FOB negatively influences CSR. The authors justified this negative association as per FOB of such an emerging nation lack knowledge and experience related to CSR, which caused this inverse result. Further, prior research found mixed results in terms of FOB role in CSR. Bear et al. (2010), Post et al. (2011), and Williams (2003) found a positive association in this regard as women on boards are more sensitive to CSR issues and have the power to make respective positive contributions to their firms. Amran et al. (2014) and Rose (2007) found an insignificant relationship between FOB and CSR.

Although firms by appointing more FOB (see the next paragraph regarding descriptive results) show consistency with the 2030 Vision's Objective 4.2.2 (Increase women participation in the labor market), this was not reflected in CSRD of firms with FOB. The regression outcome of FOB suggests a negative response to all objectives of the 2030 Vision (see Table 3.2). This is related to FOB's negative significant relationship with "overall" CSRD, "environmental" and "community" categories of CSRD, and 11 individual CSRD items (see Section 6.5.5). This indicates that firms with FOB may be less aligned with Vision 2030 on CSRD but are more aligned with 2030 Vision's Objective 4.2.2 (see Table 7.1; i.e., other than the dimension of Objective 4.2.2 related to CSRD, such as the political dimension of empowering females and supporting their leadership).

According to the descriptive results, the mean of FOB's presence in Saudi companies has slightly improved from 2% in 2015 to 6% in 2018, with an overall average of 4% (see Table 5.5). These results are consistent with a prior study's findings based on a large international sample in which Adams and Ferreira (2009) found the average of FOB is approximately 9%. However, Al Fadli, Sands, Jones, Beattie, and Pensiero (2019) found the FOB mean of Jordanian (Middle Eastern country) firms is about 20%. Further, Rose (2007) found the mean of FOB by listed Danish companies is 22%. Moreover, Terjesen, Couto, and Francisco (2016) found the FOB's average of firms from 47 countries is 53%. These results of prior research based in different countries indicate that the presence of FOB in Saudi firms is very low, which might also justify the inverse impact of FOB on CSRD in the current thesis (see the last paragraph).

With respect to the revised CGR, these descriptive outcomes demonstrate that firms by appointing FOB display conformity to the revised CGR Article 83.8, which states that firms should maintain equality, fairness, and anti-discrimination procedures in relation to employees' treatment. However, the conformity to the CSRD dimension of Article 83.8 was not supported by the regression result of firms with FOB. This is related to the negative impact of FOB on CSRD, suggesting a negative response by FOB to all CSRD-associated CGR articles (see Table 3.3). Thus, FOB of Saudi firms provides little support of the CSRD-related CGR articles (see Table 7.1).

Even though firms show consistency with the 2030 Vision Objective 4.2.2 and the 2017 CGR Article 83.8, empirical findings reveal that firms with FOB have a negative impact on CSRD. This negative impact by Saudi companies with FOB on CSRD can be justified as follows. In the GCC countries, including Saudi Arabia, there were some work restrictions on females (Abdalla, 1996; Issa & Fang, 2019), and only recently, in 2016, by the release of Saudi 2030 Vision, these constraints have been removed (the 2030 Vision's Objective 4.2.2). Hence, this perhaps introduced a new challenge for both firms and FOB. This is because Saudi females have less experience compared with their male counterparts in managing such issues when holding top-level positions in firms (Brennan, Solomon, Uddin, & Choudhury, 2008; Muttakin et al., 2015; Van der Walt & Ingley, 2003). In addition, this negative outcome might also be because firms, by only appointing FOB, wanted to send signals to stakeholders regarding their social equality commitment (Bilimoria, 2000; Miller & del Carmen Triana, 2009; Rao & Tilt, 2016), showing that they made a sufficient contribution to all CSR, the 2030 Vision, and the revised CGR. This has probably led to a company's decoupling behavior in which firms have FOB as symbolic compliance with the 2030 Vision and the revised CGR, rather than genuinely having FOB involved in strategic decision-making, such as CSRD, which results in less CSRD compared with firms without FOB. In this regard, researchers suggest that firms shift from tokenism to normality in relation to FOB appointment (Bear et al., 2010; Rao & Tilt, 2016). Further, this inverse result may be also caused by the low number of FOB in both years, two in 2015 and seven in 2018 (see Table 5.5), suggesting limited power can be exercised by FOB on firms to report CSRD. Several studies argue that a critical mass of at least three FOBs per firm should give FOB the power needed to play such a role (Amran et al., 2014; Issa & Fang, 2019; Konrad, Kramer, & Erkut, 2008; Rao & Tilt, 2016). Thus, Saudi companies with FOB may experience the abovementioned challenges

and hence provide such negative results, which is inconsistent with the arguments discussed in Section 3.5.8. As female leaders are more conservative, objective, and independent (Fondas, 2000; Rao & Tilt, 2016), they may focus more on evidence-based reporting (e.g., financial disclosures) rather than 'soft' reports, such as CSRD, which, in turn, has led firms with FOB to have less CSRD. Further, this negative influence by firms with FOB on CSRD may be related to the loss of board members with expertise in the industry including CSRD. They were replaced by female directors who lacked experience because of the abovementioned challenges. Hence, companies with FOB are less likely to (i) promote CSRD and (ii) support Vision 2030 and the revised CGR in the context of CSRD compared with companies without FOB (see Table 7.1).

7.4.9 Female employment (FEMP)

The results show that FEMP (e.g., managers, secretaries, salesperson, registers, and receptionists) has a positive significant impact on "overall" CSRD; "marketplace," "workplace," "community," and "Saudi-specific" categories of CSRD; and 12 individual CSRD items (3, 9, 11, 14, 16, 17, 23, 25, 26, 30, 32, and 33). This provides strong support for Hypothesis 10 (see Section 3.5.8). This indicates that firms with (the presence of) FEMP report more CSRD. This provides the opposite result to firms with FOB on CSRD (see Section 7.4.8). This finding could be attributable to different levels of involvement in the CSRD decision-making process between FOB and FEMP. Female employees who operate at the frontline or middle management level have more input in what and how CSRD items can be reported. FOBs operate at a strategic level and they are not involved in the details of what and how items of CSRD can be disclosed, in addition to the challenges faced by them explained in the previous section. This finding suggests that FEMB is used by companies to comply with institutional pressures, consistent with the conclusions by prior related research (Bilimoria, 2000; Miller & del Carmen Triana, 2009; Rao & Tilt, 2016). Prior researchers argue that females are more sensitive to CSR issues, at the level of their personal characteristics, and help firms to engage in more CSR activities (Bear et al., 2010; Nielsen & Huse, 2010; Post et al., 2011; Williams, 2003). As, to the best of the author's knowledge, there is an absence of research that explicitly investigates the influence of FEMP on CSRD, the scope for comparison is very limited. In general, this result lends support to previous research that found positive relationships between female managers and firm financial performance (Shrader, Blackburn, & Iles,

1997), and female managers and CSR (Alonso-Almeida, Perramon, & Bagur, 2015), suggesting that female managers pay more attention to company performance and CSR issues. The finding of FEMP in the current thesis contributes to other studies' outcomes (Bear et al., 2010; Post et al., 2011; Williams, 2003) of a positive influence by women on board on CSR. In contrast, other research found a negative association between women on board, firm performance, and CSR (Adams & Ferreira, 2009; Muttakin et al., 2015). Further, some research has found an insignificant relationship between women on board and CSR (Amran et al., 2014; Rose, 2007).

The outcome of FEMP displays strong support of the Saudi 2030 Vision as per its positive significant association with "overall" CSRD; "marketplace," "workplace," "community," and "Saudi-specific" CSRD categories; and 12 individual CSRD items (3, 9, 11, 14, 16, 17, 23, 25, 26, 30, 32, and 33), which are strongly related to all of the Vision's objectives (see Table 3.2). This suggests that firms with FEMP have more positive contributions related to the 2030 Vision (see Table 7.1).

Further, in terms of the revised CGR, firms by employing females show conformity to Article 83.8 (firms should maintain equality, fairness, and anti-discrimination procedures in relation to employees' treatment). According to the descriptive analysis, the findings display that FEMP of Saudi firms, by the measure of presence, has substantially increased from 23% in 2015 to 39% in 2018, with a percentage of change amount of 70%. Moreover, the descriptive results demonstrate that FEMP of Saudi companies had an overall average of 31% (see Table 5.5). The results also evidence the influence of the 2030 Vision's Objective 4.2.2 (increase women participation in the labor market). These findings are consistent with prior research by Shrader et al. (1997), who found the average of the US firms with female managers is approximately 24%. However, Alonso-Almeida et al. (2015) surveyed 203 Spanish women managers (i.e., top managers and entrepreneurs) and found 89% were top-level managers. Therefore, FEMP average by Saudi companies is relatively small compared with prior studies' findings. This is perhaps because of the recency in the easing of work restrictions related to females in Saudi Arabia (see Section 7.4.8). In addition, the positive association between FEMP and CSRD indicates that firms with FEMP show consistency to all CSRD-related articles of the revised CGR (see Table 3.3). Therefore, this conformity by the Saudi firms with the CGR

articles suggests that FEMP strongly assists corporations to conduct business in accordance with the revised CGR and report more CSRD (see Table 7.1).

Hence, firms with FEMP (by female employee's greater interest in CSR issues and by such firms using FEMP as a means to improve CSR and legitimacy) have greater internal pressure to consider the importance of a wider range of CSRD-related institutional pressures. This has led firms with FEMP to provide a positive response to a perceived wider range of important institutional pressures, resulting in promoting CSRD (see Table 7.2). Therefore, companies with FEMP maintain effective relationships with stakeholders and improve their legitimacy as per their increased compliance with CSRD-related institutional changes. These conclusions are consistent with prior literature arguments (DiMaggio & Powell, 1983; Goodstein & Boeker, 1991; Oliver, 1991; Scott, 1995).

7.4.10 Royal family members on board (RFMB)

The findings reveal that RFMB has a positive significant impact on CSRD (see Section 6.5.6). This provides strong support for Hypothesis 11 (see Section 3.5.9). This outcome suggests that firms with a higher proportion of RFMB report more CSRD, indicating the strong model of leadership and charitable reputation associated with royal family members (see the last paragraph of this section). RFMB have a similar role and influence as GOVRB as they both represent the government, although in different ways. GOVRB is officially appointed by the government, while RFMB is more powerful as they have advantages provided by the government and are highly respected by their society members (Al-Hadi et al., 2016; Alazzani et al., 2019; Halawi & Davidson, 2008). As there are only a few studies that explicitly examine the influence of RFMB on CSRD, the scope for comparison is very limited. In general, this finding lends support to prior studies that found positive relationships between community influential directors and sustainability reporting (Michelon & Parbonetti, 2012), RFMB and firm performance (Alzharani & Che-Ahmad, 2015), and RFMB and CSR reporting (Alazzani et al., 2019). In contrast, other prior research found a negative relationship between RFMB and risk disclosure (Al-Hadi et al., 2016). Further, Alfraih and Almutawa (2017) found no relationship between RFMB and voluntary disclosure.

This study found that RFMB shows strong support of the Saudi 2030 Vision, resulting from a positive significant association with "overall" CSRD, "marketplace" CSRD, and

six individual CSRD items (2, 8, 9, 11, 13, and 23), which are strongly related to all of the Vision's objectives (see Table 3.2). This indicates that firms with a higher proportion of RFMB make more contributions related to the 2030 Vision (see Table 7.1).

In relation to the revised CGR, there is no specific article concerning firms that have RFMB. However, the positive association between RFMB and CSRD suggests that firms with a higher proportion of RFMB show consistency with all CSRD-related articles of the revised CGR (see Table 3.3). Hence, this conformity by the Saudi firms with the CGR articles indicates that RFMB effectively motivates firms to operate in accordance with the revised CGR and thus report more CSRD (see Table 7.1).

The descriptive data display revealed that the average of RFMB of Saudi companies has slightly decreased from 2.9% in 2015 to 2.6% in 2018, with an overall mean of 2.7% (see Table 5.4). However, Alazzani et al. (2019) found the mean of RFMB in the GCC companies is about 10%. The current thesis result suggests that RFMB have less interest to manage businesses in KSA compared with prior research's findings, which perhaps is related to the Saudi 2030 Vision's aim regarding ensuring equal access to job opportunities (i.e., the 2030 Vision Objective 4.2).

Further, in the GCC countries, royal family members are known for their substantial social contributions to their communities (e.g., King Faisal Foundation, King Khalid Foundation, Alwaleed Philanthropies, and MISK Foundation in Saudi Arabia; Khalifa Foundation in the UAE; and Al-Sabah Foundation in Kuwait, which are large charitable organizations). Such contributions perhaps show how firms with a higher proportion of RFMB perceive the link between CSR and the country's projects of development (e.g., the Saudi 2030 Vision). Hence, based on the above discussion, companies with a higher proportion of RFMB, through RFMB's leadership, distinctive social contributions, and strong political connections, have greater internal pressure to consider the importance of a wider range of CSRD-related institutional pressures. This has led firms with RFMB to proactively respond to a perceived wider range of important institutional pressures, resulting in improving CSRD (see Table 7.2). Therefore, firms with a higher proportion of RFMB, in the context of CSRD, display improved legitimacy related to the 2030 Vision and the revised CGR and maintain effective relationships with stakeholders as per their greater compliance with CSRD-related institutional changes. This interpretation is

consistent with institutional theorists' views (Campbell, 2007; DiMaggio & Powell, 1983; Scott, 1995).

7.4.11 Regulatory penalties (PEN)

The findings indicate that PEN has a negative significant impact on "overall" CSRD, "community" CSRD, and four individual CSRD items (9, 17, 19, and 27). Further, the VIF test for multicollinearity issues shows that there is no strong correlation between PEN and the other factors in the model that influence CSRD (see Table 6.1), suggesting the relationship between PEN and CSRD is causational. This gives strong support for Hypothesis 12 (see Section 3.5.10). This suggests that penalized firms are associated with less CSRD, indicating that firms with ineffective management of compliance (irresponsible management) disregard CSRD. This result is consistent with some respective prior studies' findings. Habib and Bhuiyan (2017) investigated determinants of monetary penalties for poor environmental performance of EU firms and found that penalized companies have low environmental CSR performance. Ding et al. (2019) examined the influence of environmental penalties on environmental reporting of Chinese firms and found that companies with PEN are associated with poor mandatory environmental disclosures and low quality of such reporting. Ding et al. (2019) suggest that the absence of a strong system of regulations and penalties allows firms to hide such sensitive disclosures. They add, regarding the reporting quality, penalized firms tend to disclose unclear and inaccurate respective information, which is also consistent with the findings by Martínez-Ferrero et al. (2019). However, Blacconiere and Patten (1994), Deegan and Rankin (1996), Ding et al. (2019), Meng et al. (2014), and Patten (1992) found a positive association between corporations with PEN and voluntary disclosure. Deegan and Rankin (1996) and Patten (1992) suggest that environmentally penalized firms report more related information to minimize the legitimacy gap resulting from such violations (i.e., adoption of impression management strategies). Conversely, in Indonesia, Shahib and Irwandi (2016) studied the relationship between financial regulation violation, financial performance, and CSRD, and found it to be insignificant.

Penalized companies show a negative response to the CSRD dimension of the Saudi 2030 Vision as per its negative significant association with "overall" CSRD, "community" CSRD, and four individual CSRD items (9, 17, 19, and 27), which are, overall, strongly related to all of the associated CSRD Vision's objectives (see Table 3.2). This suggests

that firms with PEN neglect contributions related to the 2030 Vision in the context of CSRD (see Table 7.1).

In relation to the revised CGR, penalized firms by reporting imposed penalties display conformity with the mandatory Article 90.9 ("must report any punishment, penalty, precautionary procedure or preventive measure imposed on the company by the authority or any other supervisory, regulatory or judiciary authority, describing the reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future"). However, the inverse association between PEN and CSRD indicates that penalized firms show inconsistency with all CSRD-associated CGR articles (except Article 90.9; see Table 3.3). This evidences that although mandatory reporting requirements may involve negative disclosures (e.g., penalties), companies are more likely to display respective conformity. Conversely, in respect to voluntary disclosures (e.g., CSRD), firms with PEN show irresponsibility in this regard. This demonstrates the deterrence effect of a strong system of regulations and penalties in relation to compliance.

The statistics present that the average of Saudi penalized firms has substantially decreased from 52% in 2015 to 25% in 2018, with an overall mean of 38% (see Table 5.5), which shows a higher rate of compliance in relation to regulations. This is probably because of the clarity brought by the revised CGR and the 2030 Vision objectives (which were not available in 2015) in relation to firms' role of compliance and contributions. Further, this might be resulting from the 2030 Vision Objective 3.1.1, which is about enhancing the ease of doing business (e.g., availability of clear regulations). Moreover, this significant decrease is potentially related to firms' awareness of the importance of environment protection motivated by the 2030 Vision's Objective 2.4 (i.e., Ensure environmental sustainability) and the Saudi PME guidelines (Articles 17–21), which regulate environmental violations stating that companies harming the environment are penalized. These results are consistent with the findings by Habib and Bhuiyan (2017), who found the mean of the EU firms with environmental fines is 43%, with 748 observations from 2004 to 2014. However, Ding et al. (2019) found the average of Chinese penalized companies is approximately 7%. The current thesis's result suggests that the mean of Saudi penalized firms, according to the previous literature's findings, is in an average range compared with other countries.

Therefore, firms with ineffective compliance (i.e., penalized) show a poor sense of responsibility toward their stakeholders (including society and environment) and report less CSRD.

Hence, from the above discussion, penalized Saudi firms, through their ineffective management of compliance, as they violate 'mandatory' rules, they also disregard institutional pressures related to 'voluntary' reporting such as CSRD, indicating continued management irresponsibility and thus negative attitude to CSRD. This has led firms with PEN to provide a negative response to such institutional pressures, resulting in discouraging CSRD. These penalized firms disregard repairing their damaged legitimacy (i.e., presence of PEN) by increasing CSRD. Such firms incur PEN and report less CSRD, demonstrating irresponsibility in this regard (i.e., a lack in both compliance and social responsibility). Therefore, in the context of CSRD, companies with PEN show less legitimacy as per their limited compliance with institutional guidelines related to CSRD. External stakeholders expect firms to show consistency with a high-standard operation and avoid penalties to legitimize their ongoing existence, or at least repair the damaged legitimacy by conducting CSR activities and improving CSRD. However, Saudi penalized firms perceive CSRD-related institutional pressures with a negative CSR attitude and thus disregard CSRD. Thus, companies with PEN have issues related to legitimacy, stakeholders' satisfaction, and professionalism. In contrast, corporations with high compliance (i.e., absence of PEN) have the exact opposite result. Firms without PEN have a positive significant impact on CSRD, strongly support the CSRD dimension of the 2030 Vision, and are strongly aligned with all CSRD-related articles of the revised CGR. Thus, companies with high compliance would have a greater internal pressure to consider the importance of a wider range of CSRD-related institutional pressures compared with firms with PEN. This would lead such responsible firms to form a positive response to a perceived wider range of important institutional pressures and improve CSRD. Therefore, they would maintain more improved relations with stakeholders, enhanced reputation, and better legitimacy through improved CSRD.

7.4.12 CSR award (CSR AWD)

The findings display that CSR AWD has a positive significant influence on "overall" CSRD, "environmental" CSRD, and six individual CSRD items (1, 3, 9, 10, 22, and 31; see Section 6.5.8). Further, the VIF test for multicollinearity issues shows that there is no

strong correlation between CSR AWD and the other factors in the model that influence CSRD (see Table 6.1), suggesting the relationship between CSR AWD and CSRD is causational. This provides strong support for Hypothesis 13 (see Section 3.5.11). This result suggests that CSR-awarded firms report more CSRD. This also indicates that such firms are motivated to improve company transparency, reputation, market confidence, resources, and thus legitimacy via increased CSRD, which is consistent with prior findings (Amran & Haniffa, 2011; Anas et al., 2015; Arena et al., 2018). Further, this finding is aligned with prior studies' results (Anas et al., 2015; Arena et al., 2018; Boesso & Kumar, 2007; Sadou et al., 2017) of a positive influence by awards on voluntary disclosures. In particular, Saudi firms with CSR AWD are also found to emphasize "environmental" (as a category and four associated individual items) CSRD as per the current research's outcomes. Moreover, it is observed that firms that won CSR awards are large firms, which confirms the conclusions by Anas et al. (2015) and Deegan and Carroll (1993). However, Hinson et al. (2010) found a negative influence by CSR AWD on CSRD of Ghanaian firms' websites, suggesting that resource limitation (a lack of having a proper website) influences such an association.

The outcome of CSR AWD indicates positive support of the Saudi 2030 Vision as per its positive significant association with "overall" CSRD, "environmental" CSRD, and six individual CSRD items, which are, overall, strongly related to all Vision's objectives (see Table 3.2). This suggests that firms with CSR AWD make positive significant contributions related to the 2030 Vision in the context of CSRD (see Table 7.1).

In relation to the revised CGR, there is no particular article concerning firms that have CSR AWD. However, the positive relationship between CSR AWD and CSRD suggests that CSR-awarded firms show conformity to all CSRD-related articles of the revised CGR (see Table 3.3). Therefore, this consistency by the Saudi firms with the CGR articles proposes that companies are strongly motivated to conduct business in line with the revised CGR and maintain best CSR practice (by obtaining CSR AWD), which thus enhances their CSRD (see Table 7.1).

The descriptive data reveal that CSR AWD of Saudi firms, by the measure of mean, has slightly increased from 3% in 2015 to 4% in 2018, with an overall average of 4% (see Table 5.5). Anas et al. (2015) found the mean of CSR AWD by Malaysian firms is around 45%, with 60 observations in 2008, while Sadou et al. (2017; Malaysia-based study)

found it around 50%, with 142 observations during the period 2011–2014. This indicates that the number of CSR AWD by Saudi companies is very low compared with the prior studies' results, which may be because of the low number of awarding organizations in KSA (mainly three supporters: the King Khalid Foundation, the King Faisal Foundation, and Arabia CSR Awards) and their respective procedures (one to two listed firms per awarding organization yearly). However, the upward trend shows a positive response to the guiding CSRD-related articles of the revised CGR (see Table 3.3) and the 2030 Vision's aims (see Table 3.2).

From an institutional theoretical perspective, firms with CSR AWD are motivated to report more CSRD as a strategy whereby firm reputation is maintained, which reduces institutional pressures encountered by such companies (Amran & Siti-Nabiha, 2009; Anas et al., 2015; Haniffa & Cooke, 2005). Further, particularly, on the basis of the mimetic mechanism of institutional theory, firms seek to imitate industry leaders as role models. To maintain legitimacy, those industry leaders seek to continue to improve practice and external recognitions (e.g., CSR AWD) of their disclosure practice (Amran & Siti-Nabiha, 2009). This is also consistent with previous studies (Amran & Haniffa, 2011; Anas et al., 2015; Arena et al., 2018; Haniffa & Cooke, 2005). Therefore, firms with CSR AWD consider winning these awards as an independent recognition of their excellent CSR practices, which then motivate such firms to increase CSRD, which, in turn, improves their leadership position and hence legitimacy. This has led to further reducing institutional pressures and improving firms' responsibility. This conclusion is aligned with prior research by Amran and Siti-Nabiha (2009), Anas et al. (2015), Arena et al. (2018), and Deegan and Carroll (1993). Hence, Saudi CSR-rewarded companies, through maintaining their leadership by obtaining CSR AWD, have greater internal pressure to consider CSRD-related institutional pressures (compared with firms without CSR AWD), indicating a positive attitude toward CSRD. This has led firms with CSR AWD to form a positive response to the perceived institutional pressures and hence promote CSRD (see Table 7.2). Such firms, by doing so, show high compliance with CSRD-related institutional changes.

7.4.13 International operations (INTL OPS)

This thesis finds weak support for Hypothesis 14 (see Section 3.5.12). The results regarding INTL OPS (i.e., proportion of foreign sales [beyond MENA region] to total

sales) are mixed (see Section 6.5.9). Firms with a higher proportion of INTL OPS are positively and significantly associated with two CSRD individual items (i.e., 2 and 20). This suggests that multinational firms with a higher proportion of INTL OPS report more in relation to "Adoption of energy efficiency features" (CSRD item 2) and "Programs of employees' benefits and pay rewards" (CSRD item 20). The findings indicate that these two CSRD items, aligned with international CSRD issues, have been institutionalized in Saudi companies with a higher percentage of INTL OPS. This is consistent with the findings of prior studies (Attig et al., 2016; Brammer et al., 2006; Marano et al., 2017; Yang, 2014). However, companies with a higher proportion of INTL OPS have a negative significant impact on "Saudi-specific" and two CSRD individual items (i.e., 18 and 32). This finding suggests that corporations with a higher proportion of INTL OPS neglect reporting information related to "Saudi-specific" (home country) CSRD (consists of five items, see Table 4.4), "Programs of employees education and training" (CSRD item 18), and "Other Islamic based participations" (CSRD item 32). This negative finding, in general, indicates that firms with a higher proportion of INTL OPS downplay the local CSRD content of reporting, which is consistent with Bondy and Starkey (2014), who revealed that local culture is neglected in the development of CSR policy of UK multinational firms, suggesting the favoring of universal CSR issues.

The result of INTL OPS suggests positive support for the Saudi 2030 Vision, as per its positive significant association with two individual CSRD items, which are related to Vision Objectives 2.4, 2.6, 3.2, 4.4, and 6.2 (see Table 3.2). This is because these Vision objectives are more aligned with global CSR issues. This suggests that firms with a higher proportion of INTL OPS make some positive contributions to the 2030 Vision (see Table 7.1). However, because companies with a higher proportion of INTL OPS negatively influence "Saudi-specific" CSRD and CSRD items 18 and 32, they respond negatively to Vision Objectives 1.1, 1.2, 1.3, 4.1, 4.2, 4.4, 6.2, and 6.3 (see Table 7.1). The overlap between the positive and negative contributions in relation to Objectives 4.4 and 6.2 is related to the Vision's multiple associations with CSRD items. Objective 4.4.2 ("improve working conditions for expats") is associated with both CSRD items 18 and 20, and Objective 6.2 ("enable social contribution of businesses") is associated with both CSRD items 20 and 32 (see Appendix 1).

In respect to the revised CGR, firms with a higher proportion of INTL OPS, by reporting sales based on geographical analysis, show consistency with the mandatory Article 90.19 ("The board report shall include geographical analysis of the company's and its affiliates' revenues"). Further, based on the INTL OPS positive impact on CSRD items 2 and 20, companies with a higher percentage of INTL OPS display consistency with CSRD-related Articles 22, 71, 83, 84, 85, and 90 of the revised CGR. However, the negative relationship between firms with a higher proportion of INTL OPS and CSRD (i.e., "Saudi-specific" category and CSRD items 18 and 32) indicates that companies with a higher proportion of INTL OPS display inconsistency with CGR Articles 22, 39, 87, 88, and 90 (see Table 3.3). This evidences the significant effective role of mandatory reporting requirements in relation to compliance.

The descriptive analysis shows that INTL OPS of Saudi firms, by the measure of mean, have almost remained stable—13% in 2015 and 12% in 2018—with an overall average of 12% (see Table 5.5). This result shows further support of Vision Objective 3.6 ("further integrate Saudi economy regionally and globally"). Attig et al. (2016) reported that the mean of INTL OPS by 3,040 US firms was 25% in 1991–2010. Han and Park (2017) revealed that the INTL OPS average of nonfinancial Chinese companies (listed on Shanghai and Shenzhen Stock Exchanges) from 2009 to 2014 was around 10.4%. Godos-Díez, Cabeza-García, and Fernández-González (2018) documented the mean of INTL OPS in 2015 of Spanish listed corporations as 62%. This indicates that the average of INTL OPS by Saudi firms is relatively low compared with previous findings, which may be related to the exclusion of MENA countries' associated sales.

Therefore, companies with a higher proportion of INTL OPS perceive CSRD-related institutional pressures in a way that leads them to have a mixed response (see Table 7.2). First, companies with a higher proportion of INTL OPS, by (to some extent) focusing more on international CSRD issues, downplay institutional pressures related to "Saudi-specific" CSRD and CSRD items 18 and 32. This has led such firms to provide a negative respective response to local CSRD content, resulting in a decrease in such CSRD. This suggests that firms with a higher percentage of INTL OPS have fewer engagements with local stakeholders of CSR (e.g., Saudi-specific CSRD items related to supporting Quran organizations, and Hajj and Umrah pilgrims), which reduces such firms' domestic legitimacy. This is consistent with the findings of Bondy and Starkey (2014). One

possible explanation for such a negative response is that as these firms increase their INTL OPS, they try to gain legitimacy in the offshore market by attempting to avoid religious discrimination because they are under greater pressure to meet international stakeholders' expectations. This is potentially part of their strategic management in managing international exposure (global market) in this regard; such firms are complying with Islamic norms. Thus, because of religious discrimination, firms with a higher percentage of INTL OPS perhaps had to downplay such Islamic Saudi-specific CSRD to avoid backlash from the international market. This perhaps deserves further investigation. Second, however, firms with a higher proportion of INTL OPS, likely influenced by international context of CSR, appear to have greater internal pressure to proactively consider CSRD-related institutional pressures compared with firms with a lower percentage of INTL OPS. This has led such firms to have a positive response to perceived institutional pressures related to more international issues of CSRD, resulting in increased reporting of CSRD items 2 and 20. This increases such firms' international legitimacy, including the environmental-related aspect (CSRD item 2) of such companies' operations, which aligns with the conclusion by Attig et al. (2016). Further, companies with a higher proportion of INTL OPS, in general, positively respond to institutional pressures exerted by the revised CGR Article 90.19, which increases multinational firms' legitimacy in this regard.

7.5 The Impact of Control Variables on CSRD

7.5.1 Industry sector (IND)

The findings reveal that IND of Saudi firms influences the level of CSRD. This finding is consistent with previous research (Brammer & Pavelin, 2006; Hackston & Milne, 1996; Patten, 1991). In Saudi Arabia, for example, Alhazmi (2017), Issa (2017), and Mahjoub (2019) also found a positive relationship between IND and CSRD, unlike Alsaeed (2006), who revealed no relationship between IND and corporate disclosures. Further, the regression outcomes display a significant difference between industry sectors in relation to CSRD (see Chapter 6).

The descriptive statistics demonstrate that the nonfinancial sectors of the Saudi market in 2015 and 2018 ranged in mean from 2% to 34%, with a minimum of two associated firms and a maximum of 40 companies (see Table 5.6). In 2017, the Saudi market was

restructured and spread into 10 primary sectors, applying the GICS (Tadawul 2017). To the best of the author's knowledge, no Saudi-based study has considered this change in industry classification. In addition, the descriptive data show firms associated with the sectors UTILITIES, MATERIALS, COMMS SVCS, and ENERGY report more CSRD (see Section 5.6). These results also indicate that companies associated with CSR-sensitive IND are under greater public and institutional (e.g., the 2030 Vision objectives, revised CGR, and PME regulations) pressure to report CSRD in line with recent institutional guidelines.

The descriptive findings of this thesis reveal that the CSRD of all industry sectors increased in 2018 (by different levels) compared with 2015. This may suggest that firms imitate other similar (i.e., from the same sector) but more successful companies in relation to CSRD, which leads to increased CSRD in all sectors, consistent with the conclusion of DiMaggio and Powell (1983).

It is notable that firms associated with REAL ESTATE have the largest percentage of change, 52% in 2018 compared with 2015, followed by COMMS SVCS, with 44% (see Section 5.5). Although firms of these two sectors have no special pressure from industry or special government scrutiny in relation to CSRD, they reported, by average, a higher level of CSRD than did other sectors (see Section 5.6). This may indicate that these sectors respond more effectively than other industries in relation to institutional pressures of CSRD (the 2030 Vision and revised CGR). Further, this improved CSRD might be also attributable to a growth in some firms' size in the sectors of REAL ESTATE and COMMS SVCS. For example, SRECO and Jabal Omar (Saudi firms from REAL ESTATE sector) increased their average total assets by 4% from 2015 to 2018. This small increase, as a part of the explanation, perhaps helped them increase their average CSRD from 20% to 60% of the maximum disclosure, given that many other companies suffered a decrease in total assets in 2018. This growth in the respective firms' sizes suggests industries become more capable and pay greater attention to communicating CSR activities to external stakeholders, driven by the motives of enhancing their reputation and attracting more resources. However, the lowest change percentage of CSRD was associated with UTILITIES, which only improved by 13% (see Section 5.6). However, UTILITIES scored the highest level of CSRD average, compared with all other sectors, for both years: 80% in 2015 and 91% in 2018. Hence, the lowest improvement rate found

with UTILITIES is because this sector has already reached a high level of CSRD; thus, change is understandably less compared with other late mimicking ("catching-up") industries. This minimizes UTILITIES firms' opportunities for further substantial CSRD enhancement and adds institutional pressure in this regard (see Section 7.6.1), which is consistent with the findings of a Chinese study by Yang and Farley (2016).

It was also noted that HEALTH CARE and CONSR STAPLE sectors had a lower level of CSRD than other sectors; they scored 33% and 37% in 2015, and 46% and 45% in 2018, respectively (see Section 5.6). INDUSTRIALS is widely recognized as a CSR-sensitive sector, as noted by Alhazmi (2017), Deegan and Gordon (1996), and Young and Marais (2012). However, in this thesis, INDUSTRIALS had the lowest level of CSRD, 29% in 2015 and 36% in 2018 (see Section 5.6). The lower level of CSRD by Saudi industrial companies might be related to their size. They are among the medium and small firms of the Saudi market, ranging from 7.8 to 9.5 in terms of log of total assets. This suggests that these firms have limited resources and, thus, capabilities compared with larger firms, which restricts their ability to conduct CSR activities and report CSRD. This is consistent with the conclusions of prior research (Cowen et al., 1987; Hackston & Milne, 1996; Roberts, 1992). The findings of the relatively lower CSRD level in the abovementioned three sectors suggest that regulators may need to pay greater attention to those industries to motivate firms to engage more in social and environmental practices and disclosures (e.g., by introducing industry awards of CSRD, or considering mandatory reporting). Regarding the other sectors—MATERIALS, ENERGY, and CONSR DISC—the results revealed that these sectors have similar CSRD levels, ranging from 34% to 45% in 2015 and from 43% to 58% in 2018, with a percentage of change ranging from 20% to 29% (see Section 5.6).

7.5.2 Firm size (FSIZE)

The results show a positive significant influence by FSIZE (adjusted log of total assets) on "overall" CSRD, all categories of CSRD (i.e., "environmental," "marketplace," "workplace," "community," and "Saudi-specific" CSRD), and 20 individual CSRD items (see Chapter 6). Therefore, FSIZE strongly relates to CSRD, which is consistent with the respective literature findings (Alotaibi & Hussainey, 2016; Amran & Devi, 2008; Cowen et al., 1987; Habbash, 2016; Hackston & Milne, 1996; Patten, 1991).

According to the descriptive analysis, the mean of FSIZE slightly decreased from 9.41 in 2015 to 9.33 in 2018. This decrease might be a result of Saudi economic reforms (see Section 7.5.3). Further, the findings show that FSIZE had an overall average of 9.37 (see Table 5.4). This result is consistent with the outcomes of prior research. In Saudi Arabia, Habbash (2016), based on 267 observations during 2007–2011, revealed that the mean of FSIZE was 9.24. Attig et al. (2016) documented that the average of US firms' FSIZE was 7. In South Africa, Ntim and Soobaroyen (2013) found the average of FSIZE was 3.74. Cucari et al. (2018) revealed the mean of Italian FSIZE to be 16.28.

The descriptive results show that all sampled companies (with different sizes: small, medium, and large) have increased the level of CSRD in 2018 compared with 2015, with varied patterns (see Section 5.7). As explained previously, FSIZE plays a significant role in relation to CSRD. The change in CSRD per FSIZE indicates that Saudi companies engage with CSR activities in accordance with their capabilities and resources. This outcome suggests that larger firms have greater CSRD, which is consistent with prior studies (Alotaibi & Hussainey, 2016; Amran & Devi, 2008; Cowen et al., 1987; Habbash, 2016; Hackston & Milne, 1996; Patten, 1991). These results suggest that larger firms experience more institutional pressure to report more CSRD, as per their greater resources, capabilities, public visibility, and wider interactions with stakeholders (DiMaggio & Powell, 1983; Pfeffer & Salancik, 2003; see Section 3.6.2). As a result, larger companies have greater capabilities to adapt to and manage such institutional changes (DiMaggio & Powell, 1983; Hannan & Freeman, 1984; e.g., the 2030 Vision and the 2017 CGR). These competencies, in turn, make larger firms comply more with new guidelines than the relatively small and medium firms to legitimize their existence by enhancing their reputation, which improved their CSRD (Hannan & Freeman, 1984; Pfeffer & Salancik, 2003; Reverte, 2009). This results in larger Saudi companies taking exemplary roles in reporting CSRD in accordance with institutional guidelines.

7.5.3 Profitability (PROF)

The findings indicate that PROF (ROA) had a negative significant impact on "environmental" CSRD and a mixed impact on six individual CSRD items (see Chapter 6). Therefore, PROF's outcome weakly relates to CSRD. This suggests that more profitable firms report less CSRD. This result is consistent with the findings of Andrikopoulos and Kriklani (2013), Chen and Jaggi (2000), Huang and Kung (2010),

Jennifer Ho and Taylor (2007), and Rao et al. (2012). Conversely, it contradicts some literature findings that revealed a positive association between PROF and corporate disclosure (Al-Moataz & Hussainey, 2012; Al-Tuwaijri et al., 2004; Haniffa & Cooke, 2005; Macarulla & Talalweh, 2012; Roberts, 1992). However, some recent Saudi-based studies have found that profitability (ROA) of firms is negatively associated (in some regression models), but with an insignificant relationship (i.e., P > 10%; Alhazmi, 2017; Alotaibi & Hussainey, 2016; Habbash, 2016).

According to the descriptive results, PROF of Saudi firms, by the measure of mean, decreased from 7% in 2015 to 2% in 2018, with an overall average of 4%. This decrease in firms' profitability is potentially attributable to the Saudi government's (the Ministry of Human Resources and Social Development [MHRSD], previously the Ministry of Labour) requirement of Saudization (localization) in 2015. It required firms to minimize foreign workers and increase Saudi employees to maintain an acceptable range of Saudization, which encourages Saudi youth to join the private sector and reduces the unemployment rate (Alhazmi, 2017). Some companies suffered from this decision because they had to dismiss employees with low wages and hire Saudi workers, who have higher salaries set by the government, which, as a result, negatively influenced their PROF. Moreover, this drop in PROF is possibly related to the imposed tax (VAT, of 5%) on firms by the Saudi government, which, according to the Saudi General Authority of Zakat and Tax (GAZT) website (2018), commenced in January 2018. These results are similar to those of previous studies. For example, in Saudi Arabia, Albassam (2014) found PROF with an average of 7%, Abdulhaq and Muhamed (2015) 4%, Habbash (2016) 7%, and Alhazmi (2017) 6%. However, in the US, Attig et al. (2016) documented a PROF average of 12%. Rao et al. (2012) revealed a PROF average of 15% in Australian firms in 2008. In South Africa, Ntim and Soobaroyen (2013) found PROF with an average of 14%. This thesis's result suggests that the PROF average of Saudi firms, according to the previous literature's outcomes, is low compared with other countries.

Therefore, the negative results of PROF in relation to CSRD found in this thesis are potentially a result of a recession that the Saudi market has experienced in recent years. The impact of the economic downturn has gradually increased, resulting probably from the negative effects of Saudi economic reforms such as Saudization and VAT, besides other potential causes (e.g., instable oil prices). However, in the near future, companies

are expected to adapt to these economic reforms and CSRD institutional changes. This may resolve such issues, in addition to the government's respective support, which may improve firms' PROF and potentially their CSRD. Nevertheless, regarding the individual CSRD items, PROF shows a positive significant association with two items: 19 and 20. These CSRD items are related to employee programs of assistance and benefits (see Table 4.4). This suggests that firms with a higher PROF have a higher perception regarding institutional pressures related to CSRD items 19 and 20. Thus, they pay greater attention to their employees' issues (and provide positive reporting in this regard), creating a better work environment that leads to improved performance and, thus, increased CSRD.

7.6 Summary of Research Findings

In this section, the thesis's results are summarized, considering institutional changes and pressures. Table 7.1 presents the research variable responses from the perspective of institutional guidelines. Table 7.2 summarizes the findings on explanatory variables.

Table 7.1: Summary of factor responses related to the 2030 Vision and revised CGR

Factors	Positive responses		Negative responses	
	2030 Vision objectives	Revised CGR articles	2030 Vision objectives	Revised CGR articles
CSRD	MAX	ALL	NONE	NONE
INST CHGS	MAX	ALL	NONE	NONE
GOVRB	MAX	ALL	NONE	NONE
RFMB	MAX	ALL	NONE	NONE
FOB	4.2.2	83.8	MAX*	ALL*
BIND	NONE	16.3	VMCSRD, 1.3, 2.4	22, 71, 83, 84, 87, 88, 90
BSIZE	MAX	ALL, 17	NONE	NONE
BMEET	1.2, 6.2	87, 88, 90	2.1, 2.3, 6.2	32, 87, 88, 90
RMC MEET	VCCSRD	22, 87, 88, 90	2.3, 2.5, 3.3, 6.2	22, 72, 87, 88, 90
RMC SIZE	NONE	NONE	MAX	ALL
CSRC	VCCSRD	22, 87, 88, 90	NONE	NONE
FEMP	MAX	ALL	NONE	NONE
CSR AWD	MAX	ALL	NONE	NONE

PEN	NONE	90.9	MAX	ALL
INTL OPS	2.4, 2.6, 3.2, 4.4, 6.2	22, 71, 83, 84, 85, 90, 90.19	VSCSRD, 4.1, 4.4	22, 39, 87, 88, 90
IND	MAX	ALL	NONE	NONE
FSIZE	MAX	ALL	NONE	NONE
PROF	2.6, 4.4, 6.2	22, 85, 90	VECSRD 2.2, 4.4, 6.2	22, 71, 83, 84, 90

Note: MAX indicates the maximum response to the 2030 Vision objectives (27 objectives, see Table 3.2), MAX* equals MAX but with exception to the objectives mentioned in the opposite respective side, ALL indicates all CSRD-related articles of the revised CGR (nine articles, see Table 3.3), ALL* equals ALL but with exception to the articles mentioned in the opposite side, VECSRD indicates the 2030 Vision's objectives associated with the "environmental" CSRD category (2.3, 2.4, 3.2, 3.5, and 5.4), VMCSRD indicates the 2030 Vision objectives associated with "marketplace" CSRD (1.1, 2.3, 3.1, 3.3, 3.4, 3.6, 3.7, 4.3, 5.1, 5.2, 5.4, and 6.2), VCCSRD indicates the 2030 Vision objectives associated with "community" CSRD (1.1, 1.3, 2.1, 2.2, 2.3, 2.5, 2.6, 3.3, 4.1, 4.2, 4.3, 6.1, 6.2, and 6.3), VSCSRD indicates the 2030 Vision's objectives associated with "Saudi-specific" CSRD (1.1, 1.2, 1.3, 4.2, 6.2, 6.3), and NONE indicates no response is associated.

The overlap in some cases between the positive and negative responses in relation to the 2030 Vision objectives and revised CGR articles is because of institutional guidelines' multiple associations with CSRD items (see Table 4.4). This is because some guidelines are general and/or detailed, cover multiple CSR areas and, thus, can relate to multiple CSRD items (e.g., Article 90 relates to 30 CSRD items of the research instrument).

Table 7.2: Summary of findings on variables

Factors	CSRD-related institutional pressure responses	Conclusion
INST CHGS	Positive	INST CHGS exert convergent coercive pressure and stimulate normative and mimetic pressures on firms to improve CSRD
CSRD	Positive	CSRD is influenced by institutional pressures to be improved
BSIZE GOVRB FEMP RFMB	Positive	Firms have greater internal pressure to consider the importance of a wider range of CSRD-related institutional pressures, provide positive responses to a perceived wider range of important institutional pressures, and thus improve CSRD
CSRC	Positive	Firms with CSRC have greater monitoring of CSR performance, positively respond to "community" CSRD-related pressures, and hence, increase such reporting
CSR AWD	Positive	Firms with CSR AWD maintain their leadership by obtaining such awards, positively respond to CSRD-related pressures, and hence, increase CSRD

BIND	Negative	Firms with higher BIND positively respond to the revised CGR Article 16.3. However, they negatively respond to other CSRD-related institutional pressures, resulting in decreased CSRD (see Section 7.5.2). Thus, firms with higher BIND provide mixed responses to institutional pressures in this regard
BMEET	Unclear	This is a result of the mixed findings associated with this factor (see Section 7.5.3)
RMC MEET	Unclear	This is a result of the mixed findings associated with this factor (see Section 7.5.4)
RMC SIZE	Negative	Firms with larger RMC SIZE, through a lack of knowledge and experience, negatively respond to institutional pressures related to CSRD and, thus, decrease such reporting
FOB	Negative	Firms with FOB positively respond to the 2030 Vision Objective 4.2.2 and revised CGR Article 83.8. However, they negatively respond to other CSRD-related institutional pressures (see Section 7.5.8). Thus, firms with FOB provide mixed responses to institutional pressures in this regard
PEN	Negative	Firms with PEN provide negative responses to institutional pressures (indicates continued incompliance) and, thus, discourage CSRD
INTL OPS	Unclear	This is a result of the mixed findings associated with this factor (see Section 7.5.13)
IND	Positive	Such a set of IND variables are constructed in a way that all variables must have a positive coefficient by omitting the industry with the lowest level of reporting
FSIZE	Positive	Firms with larger FSIZE positively respond to institutional pressures in improving CSRD
PROF	Unclear	This is a result of the mixed findings associated with this factor (see Section 7.6.3)

Note: Positive: indicates a positive response to institutional pressures related to CSRD, negative: indicates a negative response to institutional pressures related to CSRD, and unclear: indicates mixed responses to institutional pressures related to CSRD.

7.7 Implications and Contributions

In this section, theoretical, empirical, and practical implications and contributions of this thesis are discussed. In addition, the literature respective gaps bridged by this thesis are explained.

7.7.1 Theoretical contributions

This thesis responded to calls by researchers for more research into the impact of institutional changes on CSRD (Al-Abdin et al., 2018; Ali et al., 2017; Jamali & Karam,

2018; Sharma, 2019; Tilt, 2016). It is, to the best of the author's knowledge, the first research that comprehensively investigates and explains the impact of a country's vision on CSRD. This thesis also provides theoretical justifications for macro contextual factors and micro firm-level characteristics influence on CSRD; their existence in the current body of literature is limited (Frynas & Yamahaki, 2016; Gray et al., 1995a; Yang, 2014). This thesis also contributes to the use of institutional theoretical perspectives in the quantitative investigation of CSRD, which is dominated by qualitative studies in the existing literature (Yang et al., 2015; Yang & Farley, 2016). The current use of institutional theory in the literature of Saudi CSRD is general and limited (Alhazmi, 2017). To the best of the author's knowledge, this thesis is the first research that comprehensively utilizes institutional theory in analyzing institutional changes related to CSRD of Saudi firms. The application of institutional theory to Saudi CSRD is also important for three main reasons. First, according to the 2030 Vision website, Saudi Arabia has, in 2016, established a Vision of the year 2030 that seeks to gradually improve the country's social, economic, and environmental aspects, which greatly match features of CSR principles: the triple bottom line—social, environmental, and financial (Freeman & Hasnaoui, 2011). Second, this Vision of 2030 is bringing many important (study-worthy) institutional changes in this regard, including the revised CGR; rising Saudization rate; increased women's employment; and generally improved social responsibility of the government, organizations, and individuals (Saudi Vision 2030, 2016). Third, no study has investigated the impact of the 2030 Vision on CSRD in KSA. These reasons created an ideal opportunity for this research to be conducted, considering the involved institutional pressures to understand the roles of additional factors that could affect CSRD, demonstrating the links between the revised CGR, CSRD, institutional theory, and Saudi 2030 Vision. Thus, this research responds to the abovementioned researchers' calls and bridges these literature gaps. These three reasons add great importance to the thorough examination of these CSR-related institutional changes from the perspective of institutional theory, providing a great motivation to conduct this research. Hence, institutional theory, in this thesis, is extended and adjusted to integrate the Saudi country-specific context and subject this extended theoretical model to empirical testing (see Chapters 3 and 4), consistent with the work of Jamali and Neville (2011), Matten and Moon (2008), Scott (2008), and Yang (2014). Thus, this thesis contributes to the respective literature by examining and explaining the impact of major institutional changes (i.e., the 2030 Vision of Saudi Arabia and revised CGR) and

moderating factors related to CSRD, informed by institutional theory (see Sections 7.3–7.5). Further, the current thesis empirically extends the use of institutional theory to include the country of the origin of Islam religion (as a unique cultural factor of Saudi Arabia, see Section 3.4.1), validating the application of institutional theory in this context. Therefore, this comprehensive utilization of institutional theory on the Saudi CSRD changing environment contributes to policymakers' and interested researchers' understanding of factors that could influence the CSRD of developed and developing countries. In Saudi Arabia, this thesis extends the literature (Albassam & Ntim, 2017; Alhazmi, 2017; Alotaibi & Hussainey, 2016; Mahjoub, 2019) by investigating many moderating factors related to CSRD, comprehensively considering respective institutional influences.

7.7.2 Empirical contributions

There is a lack in the literature of studies investigating the CSRD of Saudi firms in relation to related influencing factors and institutional changes, assessing the impact of that change on reporting by comparing the results prior to change to the post-change results. This thesis provides a timely comparison between the CSRD of 2015 and 2018, evaluating the effectiveness of institutional guidelines on CSRD in Saudi Arabia by testing if there is a resulting increase in the quantity of reporting. The empirical outcomes offer more current (i.e., 2015 and 2018) and comprehensive evidence of the changing institutional environment and the impact of explanatory factors of Saudi firms on CSRD. Further, the findings provide evidence on CSRD of Saudi firms that have been motivated, by the 2030 Vision objectives and revised CGR articles related to CSR (although voluntary), to increase such reporting, by comparing the CSRD results of 2015 with 2018.

This thesis complements prior empirical studies of Saudi CSRD by conducting intra-year and inter-year analyses, providing a deeper understanding of changes in CSRD, and by utilizing a more current and critical study period (i.e., 2015 before the Vision of 2030 and the revised CGR being announced, and 2018 after such institutional changes were effective). It also extends the existing CSRD literature through the use of multiple CSRD mediums (i.e., firms' annual reports, standalone CSR reports, and websites). The development of this research CSRD instrument also contributes to the CSRD literature; it is comprehensively constructed based on international and local CSRD issues, includes quantitative and qualitative CSRD items, and integrates the 2030 Vision objectives and

CSRD-related articles of the revised CGR. Further, the inclusion of a wider range of industry sectors, using a panel data analysis, and the recently implemented (in 2017) GICS in the Saudi market (see Section 4.2), has complemented the limitations of prior Saudi-based studies of CSRD (see Sections 4.1 and 4.2). Moreover, the investigation of explanatory factors that are Saudi-context related, associated with institutional changes, and CSRD-related, some of which are new variables in CSRD research (i.e., new CSRD's drivers [e.g., RMC SIZE, FEMP, GOVRB, and PEN]), offers more current empirical findings to the literature (see Section 3.5).

Previous Saudi-based CSRD studies lack linking CSRD items to related institutions (e.g., Saudi 2030 Vision and revised CGR) and are limited in both diversifying CSRD items (e.g., "environmental," "marketplace," "workplace," and "community" CSRD) and incorporating items specifically related to the Saudi context (i.e., "Saudi-specific" CSRD; see Sections 2.4 and 2.5). This thesis develops the most comprehensive CSRD instrument (see Section 4.4.2) compared with prior studies conducted in Saudi Arabia to thoroughly assess Saudi CSRD before and after the CGR 2017, and in light of the 2030 Vision. The research findings indicate the research instrument has enabled a more sophisticated analysis of CSRD in the Saudi context. Therefore, this instrument can be used by future interested researchers to analyze firms' CSRD in KSA in later years to further assess the impact of the 2030 Vision on CSRD. In addition, this CSRD instrument is useful for studies in developing countries to comprehensively assess CSRD by companies because it considers international and local CSR issues, includes quantitative and qualitative CSRD items, and integrates related institutional guidelines (see Table 4.4).

At an analytical level, this thesis utilizes GLM regression in the multivariate analysis, which recognizes characteristics of the collected data, providing more accurate results (Dobson & Barnett, 2018; Liang & Zeger, 1986). This analytic method has addressed the limitations of POLS (see, for example, Alotaibi and Hussainey, 2016, and Haniffa and Cooke, 2005) when analyzing balanced panel data, which is consistent with the conclusions of prior studies (Alhazmi, 2017; Baltagi, 2008; Mangena et al., 2012). Hence, the use of GLM contributes to the literature because this thesis emphasizes the importance of utilizing appropriate and more sophisticated empirical techniques in analyzing data to produce more reliable results.

Further, this is the first research to analyze the Saudi CSRD not only through annual reports but also through CSR-related reports and websites, responding to calls for comprehensive CSRD analysis (i.e., consideration of more sources of CSRD information) by respective prior literature (Alhazmi, 2017; Ali et al., 2017; Sharma, 2019). The consideration of different sources produces more reliable data and a deeper understanding of reporting practice, resulting in a more complete conclusion in relation to CSRD (Cowen et al., 1987; Gray et al., 1995a; Guthrie & Farneti, 2008; Parker, 1982; Yang, 2014; Zeghal & Ahmed, 1990). The findings of the current thesis indicate the use of only one source of CSRD-related information (e.g., annual reports) results in incomplete conclusions (see Section 4.3). Thus, this thesis highlights the importance of utilizing different sources to reach more truthful findings.

In addition, this thesis comprehensively investigates the CSRD of Saudi firms from different perspectives, including "overall" CSRD, CSRD categories (i.e., "environmental," "marketplace," "workplace," "community," and "Saudi-specific"), "internal" and "external" CSRD, individual CSRD items (see Section 7.3.3), CSRD via institutional changes (see Sections 7.2.2 and 7.2.5), CSRD by medium (see Section 7.2.4), CSRD by IND (see Section 5.6), and CSRD by FSIZE (see Section 5.7). This is conducted by examining five descriptive analyses (see Chapter 5) and 39 regression models (see Chapter 6) related to CSRD in KSA. To the best of the author's knowledge, this is the first research to comprehensively examine the CSRD of Saudi Arabia. This contributes to the literature of CSRD by responding to recent calls (Alhazmi, 2017; Ali et al., 2017; Issa, 2017; Jamali & Karam, 2018; Sharma, 2019) for comprehensive CSRD analysis. This thesis, therefore, concentrates on analyzing CSRD from multiple angles to provide a better understanding of CSRD in KSA and more insightful conclusions.

Further, this thesis is the first to examine CSRD by Saudi firms after the implementation of the GICS by CMA in Saudi Arabia in 2017. Therefore, previous studies conducted in Saudi Arabia considering industry sectors in relation to CSRD (i.e., which are based on the old industry classification) may be no longer of appropriate comparability for later studies in terms of industry sector CSRD performance. This is because of the many differences between the old categorization and the GICS, including the type (at operational level) and number of firms associated with each sector. Hence, this thesis provides more current insights into the CSRD by Saudi industry sectors, enabling future

studies to appropriately compare CSRD results in this regard. The implementation of GICS in the Saudi market and the use of GICS in this thesis means the comparison can be done locally by examining the change in CSRD over time, and internationally between countries' CSRD.

Regarding factors associated with institutional influences related to CSRD, in this thesis, several of these factors are examined, which contributes to the CSRD literature. To the best of the author's knowledge, no study has examined the impact of FEMP (employing females in general) by firms on CSRD. This is potentially because it is a normal practise for Western firms to do so. However, in KSA, only recently, firms have been motivated to employ women by the government (Vision Objective 4.2.2); females had work restrictions prior to the announcement of the Saudi 2030 Vision (see Section 7.4.9). The findings of this thesis provide new evidence in relation to FEMP, which has a positive significant influence on CSRD by Saudi firms, in which it greatly contributes to the respective literature in terms of understanding the impact of FEMP on CSRD.

Further, RFMB is rarely examined in the respective literature (Alazzani et al., 2019). In this thesis, RFMB is found to have a positive significant influence on the CSRD of Saudi firms (see Section 6.5.6). This contributes to the literature by providing a deeper understanding of the RFMB role (as powerful leaders) in advancing firms' CSRD and assisting in achieving government objectives (see Section 7.4.10).

In addition, FOB is strongly emphasized in the Saudi 2030 Vision; however, there is a paucity of research investigating its impact on Saudi CSRD in the respective literature (Issa & Fang, 2019). This limitation in the Saudi CSRD literature about FOB's influence is mainly because of the recency of the 2030 Vision announcement (in 2016; see Section 3.5.9). FOB, in this thesis, is found to have a negative significant impact on CSRD of Saudi companies (see Section 6.5.5). This finding contributes to the literature in understanding factors that differ in terms of impact on CSRD from country to another, depending on country-specific contexts that cause such differences (see Section 7.4.8).

Moreover, no previous studies have investigated the influence of CSRC, RMC SIZE, RMC MEET, CSR AWD, GOVRB, PEN, and INTL OPS in relation to the CSRD of Saudi firms (see Section 7.4). The examination of these factors' influences in relation to CSRD provides a better understanding of factors that drive and motivate (or restrict) firms

to report more CSRD. This contributes to the CSRD literature by responding to recent calls by Al-Abdin et al. (2018), Alhazmi (2017), Ali et al. (2017), Issa (2017), and Jamali and Karam (2018) for an investigation of more factors that relate to CSRD.

This thesis contributes to the accounting literature by quantitatively and qualitatively examining CSRD (i.e., mixed approach) using a model informed by institutional theory. This is because accounting studies informed by institutional theory are dominated by qualitative approaches (Yang, 2014). The use of a quantitative methodology broadens the understanding of how institutional influences affect a large number of firms through many associated factors. The findings of this thesis suggest that institutional influences (i.e., coercive/regulative, normative, and mimetic/cultural-cognitive) are integrated in terms of their impact on CSRD and eventually contribute to improving Saudi CSRD. In addition, this thesis qualitatively develops the research instrument through the adoption of content analysis (see Section 4.4). Thus, this thesis employs a mixed methodology in examining CSRD; the use of such approach is limited in the existing literature (Frynas & Yamahaki, 2016; Gray et al., 1995a; see Sections 2.4 and 2.5).

The impact of political influences (e.g., a country's vision) on CSRD is a limited area in the extant CSRD literature (Amran & Devi, 2008). This thesis comprehensively evaluates the impact of the Saudi 2030 Vision, of which little is known about in CSRD literature, on CSRD by examining INST CHGS and firm-specific factors (e.g., FEMP, FOB, INTL OPS, and CSRC) associated with the Vision's aims, on CSRD. The findings of this thesis reveal that the 2030 Vision is strongly related to CSRD (see Section 3.4.2.1) and motivates firms to improve their CSRD (see Section 7.2.2). Further, the results also show that some firm characteristics are influenced by the Vision's objectives (see Section 3.5), affecting Saudi CSRD (see Sections 7.4 and 7.5). This contributes to the accounting literature by providing empirical testing about how a vision of a country relates to CSRD through understanding the Vision's aims and relating them to CSRD items and company-specific characteristics. This also provides a better understanding of the impact of political influences on CSRD, for which some researchers have called for greater investigation (Al-Abdin et al., 2018; Ali et al., 2017; Jamali & Karam, 2018; Sharma, 2019; Tilt, 2016).

7.7.3 Practical implications

This thesis has important implications for policymakers (to improve regulations) and companies (to enhance performance) for greater transparency, accountability, and diversity in CSRD by Saudi firms. The findings of this thesis support that regulations related to CSR (although voluntary), made by the government, effectively motivate firms to report more CSRD, consistent with the findings of previous studies (Amran & Devi, 2008; Chauvey et al., 2015; Frost, 2007; Haji, 2013; Sadou et al., 2017; Yang & Farley, 2016). Therefore, improving regulations by powerful stakeholders such as government, suppliers, and customers, adds institutional pressures on firms, which stimulates them to improve reporting, consistent with the conclusion of Scott (2008).

Further, the findings indicate that the regulative influence of institutional guidelines stimulates normative and cultural-cognitive pressures on Saudi firms to report more CSRD. For example, the 2030 Vision's objectives and revised CGR articles that related to CSRD, even though guiding, introduced by the government, exert convergent institutional pressures (see Section 7.2.5) on firms to report CSRD accordingly. This, as found in this thesis (see Sections 7.2.1–7.2.4), contributes to the significant increase of CSRD (i.e., by 30%, comparing the 2015 CSRD with 2018 CSRD). This suggests that the Saudi government should provide comprehensive guidance for CSR, aligned with the Western CSR concepts (e.g., GRI and ISO 26000) and on the basis of Islamic teachings, which will perhaps encourage firms to improve their social and environmental positive impacts. This also may reduce the gap related to CSRD performance by firms between developed countries and Saudi Arabia.

With regard to environmental CSRD, which is not directly addressed in the 2017 CGR, Saudi firms are found to respond strategically (i.e., based on firms' strategy to have environment-friendly operations) to their disclosure. The findings of this thesis strongly support the importance of introducing specific government environmental regulations for firms addressing each industry sector's environmental associated risks. This will significantly contribute to improving environmental protection and increasing its disclosure in Saudi Arabia.

By analyzing the level, content, and medium of CSRD, this thesis strongly supports the differences among firms' roles and capabilities in this regard. Larger firms are found to

report more CSRD (see Section 7.5.2); thus, small and medium firms should be encouraged by the government to take large companies in their sectors as role models in relation to CSRD (see Section 7.5.2). This may generally improve sustainability reporting by small and medium firms, which is limited and dominated by large firms (see Sections 5.7 and 7.5.2). In addition, this action by the government could help increase positive social and environmental engagements by all firms, leading to better CSRD. In general, this will assist in the Saudi 2030 Vision's realization, resulting from the increase of such organizational contributions (e.g., environmental and social activities related to the Vision's aims).

The research is the first, to the best of the author's knowledge, to find that Saudi institutional changes have a positive impact on CSRD over time. This supports the political role in firms' reporting, consistent with the conclusions of Amran and Devi (2008), and Yang and Farley (2016). Thus, increased and diverse CSRD will help Saudi firms maintain and improve their reputation, performance, stakeholders' relationship, and legitimacy. This, in turn, helps the Saudi economy, society, and environment, which also significantly contributes to the realization of the 2030 Vision of Saudi Arabia.

This thesis has implications for future research collaboration regarding Western and Arabic CSRD literature among interested researchers. In this thesis, both English and Arabic (although limited) CSRD studies based in KSA are considered in reviewing the relevant literature (see Section 2.4). Thus, this thesis has benefited from insights from Arabic and English theories and empirical findings, reducing the literature gap in this regard. However, there is a need for more research further reducing the gap between Arabic and English CSRD literature (see Section 7.8). This will help in sharing and, thus, enriching respective knowledge by eliminating language barriers when conducting multi-language literature analysis. This thesis, therefore, highlights the importance of identifying contextual differences when adapting Western theories into developing countries' contexts to gain a deeper understanding of CSRD in those countries. Hence, the findings of this thesis have practical implications for regulators, investors, accounting professionals, and practitioners in relation to CSRD and its influencing factors.

7.8 Limitations and Directions for Future Research

This thesis is subject to some limitations that can be addressed in future studies. These limitations are beyond the scope of this research (see Section 1.7). The sample of this thesis did not include financial sectors of Saudi market. Future studies can consider related institutional changes by examining CSRD in Saudi financial sectors. Further, the literature of CSRD is focused on nonfinancial firms (Alhazmi, 2017; Alotaibi & Hussainey, 2016; Habbash, 2016; Haniffa & Cooke, 2005; Sadou et al., 2017). Future studies can address this limitation by using literature related to Saudi financial firms.

The study period of this research covered 2015 and 2018 to measure CSRD before and after the institutional changes, consistent with data availability related to the Saudi 2030 Vision and revised CGR. Future research can cover a longer study period to examine the long-term impact of institutional changes on CSRD. This will provide a richer understanding of how companies respond to institutional changes over time.

This research is limited to Saudi Arabia as per the related institutional changes. Future studies can conduct cross-cultural CSRD research within developing countries (e.g., Muslim countries, Arabic countries, and Islamic countries versus non-Islamic countries). This will provide a better understanding of differences and similarities in terms of CSRD-related issues in emerging countries.

In this thesis, Arabic and English literature related to Saudi CSRD are considered. Future research can include Arabic literature of CSRD based in other Arab countries to bridge the gap between Arabic and Western literature of CSRD. This will contribute to sharing CSRD-related experiences and insights from different cultures, which will ultimately enrich respective knowledge.

This thesis examines different sources of CSRD information, including annual reports, standalone CSR reports (e.g., environmental reports and sustainability reports), and firm websites. Future studies can include firms' CSRD reported in social media, such as on Twitter, Facebook, and YouTube. Although the data availability of these new information's sources is currently low, these networks have recently become an interesting source of firms' disclosures. This will provide a broader understanding of firms' reporting behavior in relation to CSRD.

This research adopts a mixed-method approach to examine CSRD in the context of changing institutions, by using CSRD content analysis as a qualitative technique and regression analysis as a quantitative approach. Future studies can conduct interviews and case studies to explore the reasons for the results of this thesis.

This thesis uses positions on boards of Saudi firms (i.e., GOVRB and RFMB) as country-specific ownership structures. Future research may consider comparing the explanatory power of the conventional way of identifying ownership structures (e.g., government and private ownership) and the Saudi context of ownership characteristics used in this thesis for CSRD.

7.9 Concluding Remarks

Returning to where this thesis began, the first research objective (RO1) was to develop a conceptual framework that will enrich understanding of CSRD in the Saudi-specific context. The review of the CSRD literature identifies that there is a strong need for research informed by institutional theory because of its limited usage in CSRD studies based in Saudi Arabia. Thus, the current thesis develops the conceptual framework (i.e., the extended model) on the basis of institutional theory and in accordance with prior relevant literature (Jamali & Neville, 2011; Matten & Moon, 2008; Scott, 2008; Yang, 2014; see Section 3.3). The extended model considers external environments (macro contexts: societal and organizational field levels) and internal environment (micro aspects: company-specific factors) in examining CSRD by Saudi firms.

Then, to enable examination of Saudi firms' CSRD in a changing institutional environment, the second research objective (RO2) is formulated: to develop a CSRD instrument that (i) incorporates international and Saudi-specific issues of CSRD, (ii) captures both qualitative and quantitative CSRD items, (iii) and considers the Saudi 2030 Vision objectives and 2017 CGR articles related to CSRD. The results of the current research literature review demonstrate that a comprehensive investigation into Saudi CSRD (considering CSR aspects of environmental and social as well as country-specific) is limited, and is therefore needed. Hence, a customized CSRD instrument of 33 items covering multiple CSR aspects (i.e., quantity, quality, environmental, social, and Saudi-specific CSRD), using previous international and local CSRD literature, and linked to relevant institutional guidelines, is developed by the present thesis (see Section 4.4). This

is to establish a conceptual framework that improves understanding of the specific context in which CSRD is situated in Saudi Arabia.

This leads to the third research objective (RO3) of this thesis: to investigate whether the pattern of CSRD by Saudi firms has changed over time as a result of the changing Saudi institutional environment. The findings reveal that CSRD by Saudi companies is improving and firms are motivated by institutional changes to increase and diversify CSRD (see Chapter 5 and Section 7.2).

Further, there are factors that contribute to these CSRD improvements in the context of the changing institutional environment (see Section 3.5); this concerns the fourth objective of this research (RO4): to advance the empirical analysis of the relationship between institutional changes, firm-specific characteristics, and CSRD in Saudi Arabia. The results show that INST CHGS, RFMB, GOVRB, BSIZE, FEMP, CSR AWD, and FSIZE have a positive strong impact on CSRD, while FOB, RMC SIZE, and PEN have a negative strong effect on CSRD. The outcomes show that IND is significantly related to CSRD. The findings also reveal that BIND, BMEET, RMC MEET, CSRC, INTL OPS, and PROF have a weak influence on CSRD (see Chapter 6 and Sections 7.3 and 7.4). Moreover, this thesis, informed by institutional theory, analyzes how these factors can contribute to achieving this objective (see Sections 7.3–7.6). The outcomes demonstrate that INST CHGS exert convergent coercive pressure and stimulate normative and mimetic pressures on firms to improve CSRD in accordance with recent institutional changes (see Section 7.3). The findings also show that firms with larger BSIZE, CSRC, FEMP, or CSR AWD, or higher proportions of RFMB or GOVRB have greater internal pressure to consider the importance of a wider range of CSRD-related institutional pressures. This has led such firms (which have any of the abovementioned factors) to positively respond to a perceived wider range of important institutional pressures, resulting in improved CSRD. Therefore, such companies maintain effective relationships with stakeholders, improve their legitimacy, attract more resources, increase stability, and thus display more survival capabilities, consistent with the conclusions of Scott (1995), Suchman (1995), and Westphal and Zajac (1995). However, the results also present that companies with a higher proportion of BIND, larger RMC SIZE, FOB, or PEN have a negative response to CSRD-related institutional pressures and, thus, discourage CSRD (see Sections 7.4.2, 7.4.5, 7.4.8, and 7.4.11). Further, firms with more BMEET or RMC

MEET, or a higher percentage of INTL OPS, perceive CSRD-related institutional pressures in a way that leads to mixed responses which, in turn, cause the associated mixed CSRD findings (see Sections 7.4.3, 7.4.4, and 7.4.13).

Hence, CSRD in Saudi Arabia is influenced by government-sourced institutional pressures; thus, this thesis emphasizes that the highly recognized and complex forms of CSRD are contextualized and formed by country-specific multilevel aspects (including institutional, political, social, and economic factors; see Sections 7.2–7.6). This provides a richer understanding of factors related to CSRD that affect Saudi companies' willingness to report CSRD, promoting respective transparency and accountability. This is related to the final research objective (RO5): to promote transparency, accountability, and diversity in CSRD by Saudi firms. Therefore, based on these findings and informed by institutional theoretical perspective, recommendations for policymakers and firms for better CSRD respective contributions are provided (see Section 7.7.3). In terms of future research, this thesis makes positive contributions to future discussions on issues related to institutional theory, the Saudi 2030 Vision, the revised CGR, companies' characteristics, and CSRD (see Sections 7.7 and 7.8). Moreover, future studies can further narrow the gap of Arabic and English CSRD by including integrated insights from both languages.

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Appendices

Appendix 1: The third level of the 2030 Vision's objectives related to the CSRD items

Table A1: The third level of 2030 Vision objectives

2030 Vision theme	CSRD associated objectives—Level 3	Associated CSRD items
Vibrant society	1.1.1 Foster values of moderation and tolerance	16,30,31,32
	1.1.2 Foster values of excellence and discipline	13,15,18,23
	1.1.3 Foster values of equity and transparency	17
	1.1.4 Foster values of determination and perseverance	23
	1.2.1 Facilitate hosting more Umrah visitors and provide an easier access to the holy mosques	29
	1.2.2 Improve quality of services provided to Hajj and Umrah visitors	29
	1.2.3 Enrich the spiritual and cultural experience of Hajj and Umrah visitors	29
	1.3.1 Instill national values and strengthen the sense of national belonging	33
	1.3.2 Conserve and promote Islamic, Arab, and national heritage of the Kingdom	22,26,30,31,32
	1.3.3 Uphold the Arabic language	23
	2.1.1 Ease access to healthcare services	27
	2.1.2 Improve value of healthcare services	27
	2.1.3 Strengthen prevention against health threats	27
	2.2.1 Increase public participation in sports and athletic activities	21,26
	2.2.2. Reach regional and global excellence in selected professional sports	21,26
	2.3.1 Improve quality of services provided in Saudi cities	12,15,22,26,28
	2.3.2 Improve the urban landscape in Saudi cities	6,26,28
	2.3.3 Enhance the nation's immunity to drug abuse	27
	2.3.4 Enhance traffic safety	28
	2.4.1 Reduce all types of pollution (e.g., air, sound, water, and soil)	8,5
	2.4.2 Safeguard the environment from natural threats	1–10

	2.4.3 Protect and rehabilitate natural landscapes	8,10
	2.5.1 Develop and diversify entertainment opportunities to meet population's needs	22,26,28
	2.5.2 Grow Saudi contribution to arts and culture	22,26,28
	2.6.1 Enhance family involvement in preparing for their children's future	19
	2.6.2 Enable suitable home ownership among Saudi families	19
	2.6.3 Develop positive attitude, resilience, and hard-working culture among our children	26
	2.6.4 Empower citizens through the welfare system	19,20
	2.6.5 Improve effectiveness and efficiency of welfare system	19,20
Thriving economy	3.1.1 Enhance ease of doing business	11,14
	3.1.2 Unlock state-owned assets for the private sector	14
	3.1.3 Privatize selected government services	14
	3.1.4 Ensure the formation of an advanced capital market	14
	3.1.5 Enable financial institutions to support private sector growth	14
	3.1.6 Attract foreign direct investment	11
	3.1.7 Create special zones and rehabilitate economic cities	14
	3.2.4 Grow contribution of renewables to national energy mix	3
	3.2.5 Enhance competitiveness of the energy market	2
	3.3.2 Develop the digital economy	11,14,15
	3.3.6 Enable the development of the tourism sector	22,28
	3.4.2 Unlock new sectors through the Public Investment Fund	3,11,14
	3.4.3 Localize edge technology and knowledge through the Public Investment Fund	3,11,14
	3.4.4 Build strategic economic partnerships through the Public Investment Fund	3,11,14
	3.5.1 Create and improve performance of logistic hubs	7
	3.5.2 Improve local, regional and int'l connectivity of trade and transport networks	7
	3.6.2 Develop economic ties with the region beyond GCC	11,14
	3.6.3 Develop economic ties with global partners	11,14

	3.7.1 Support national champions consolidate their leadership globally	11,14
	3.7.2 Develop promising local companies into regional and global leaders	11,14
	4.1.3 Improve fundamental learning outcomes	18,23,24
	4.1.6 Ensure alignment of educational outputs with labor market needs	18,23,24
	4.1.7 Expand vocational training to provide for labor market needs	18,24
	4.2.1 Improve readiness of youth to enter the labor market	18,23,24
	4.2.2 Increase women's participation in the labor market	17,33
	4.2.3 Enable integration of people with disabilities into the labor market	17
	4.3.1 Nurture and support the innovation and entrepreneurship culture	11
	4.3.2 Grow SMEs' contribution to the economy	22
	4.3.3 Grow productive families' contributions to the economy	22
	4.4.1 Improve living conditions for expatriates	17,19,20
	4.4.2 Improve working conditions for expatriates	16,17,18,19,20, 21
	4.4.3 Source relevant foreign talent effectively	17
Ambitious nation	5.1.2 Maximize revenues from state-owned assets	14
	5.2.3 Improve productivity of government employees	16
	5.2.5 Improve quality of services provided to citizens	12
	5.3.2 Strengthen communication channels with citizens and business community	16
	5.4.1 Ensure development and food security	11,4
	5.4.2 Ensure sustainable use of water resources	4
	6.1.2 Encourage volunteering	26
	6.2.1 Enhance businesses' focus on social responsibilities	11–33
	6.2.2 Enhance businesses' focus on the sustainability of the economy	14
	6.3.1 Support growth of non-profit sector	22,25,30,31
	6.3.2 Empower non-profit organizations to create a deeper impact	22,25,30,31
Total	72 Objectives	33 Items

Sourced from the website of Saudi Vision 2030 (2016): (https://www.vision2030.gov.sa/v2030/overview/).