The impact of corporate governance structure on corporate social responsibility: An applied study on Egyptian companies

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Scientific Journal for Financial and Commercial Studies and Researches (SJFCSR)

Faculty of Commerce – Damietta University

Vol.3, No.2, Part 1., July 2022

APA Citation:

Elfeky, M. I. **and Abdelaziz.** H. A. E. (2022). The impact of corporate governance structure on corporate social responsibility: An applied study on Egyptian companies, ***Scientific Journal for Financial and Commercial Studies and Research***, Faculty of Commerce, Damietta University, 3(2)1, pp. 363- 418.

Website https://cfdj.journals.ekb.eg/

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Abstract

The paper aims to examine the influence of governance structures on Corporate Social Responsibility Disclosures (CSRD) in Egypt. Specifically, it examines the extent to which ownership structures (institutional, managerial, block-holder, foreign, and governmental) and corporate board characteristics (size, independence, and CEO duality) impact CSRD of Egyptian publicly listed corporations. Using a sample of 88 firms from 2010 to 2017, the researchers find that foreign ownership, governmental ownership, and CEO duality have a positive effect on CSRD. Also, managerial ownership, the board size, and board independence have a negative influence on CSRD. Our results have important implications for policy makers and regulators to ensure improved governance structures. The results of the current study are robust to several tests and econometric analysis. Based on insights from neo-institutional theory, our findings generally support prior theoretical evidence that pressures exerted by external stakeholders and the government have a substantial effect in boosting firm-level CSR reporting as a legitimizing strategy in developing economies.

Keywords: Corporate Social Responsibility – Voluntary Disclosure – Corporate Governance – Ownership Structure - Emerging Economies – Egypt – Content Analysis.

1 Introduction

Corporate scandals, negative publicity around senior executive compensation, and multiple stock market collapses have boosted society's expectations relating to companies' ethical, environmental and social responsibilities (Money and Schepers, 2007). Further, there is a significant increase in money invested in socially responsible investments and, obviously, this increase caused firms to consider their Corporate Social Responsibility (CSR) activities seriously. The increasing significance of CSR has boosted business organizations to disclose more information relating to their CSR activities. Our review of the current literature indicates that, despite the existing studies that have investigated the determinants of CSR disclosure (CSRD) in multiple developed countries, studies investigating the same topic in developing economies are limited (Khan *et al.*, 2013). Also, the current levels of CSR reporting in these contexts are relatively low compared with developed contexts. Further to that, stakeholders in developing economies are still irresolute to accept the adoption of the CSR concept as it has not cost-free and may reduce profits (Ahmad *et al.*, 2017). According to (Khan *et al.*, 2013), this inconsistency suggests that CSR reporting is impacted by choices, motives, and values of firm-level decision-makers. Accordingly, an examination of the determinants of CSR, especially board composition and ownership structure, in the context of developing economies, is important to be conducted, given their potential effect on CSRD (Haniffa and Cooke, 2005). Moreover, investigating this area from the perspective of neo-institutional theory is limited in the literature (Amran and Haniffa, 2011; Ntim and Soobaroyen, 2013). These existing research gaps necessitate more CSRD research in developing economies, particularly those with a unique institutional environment, such as that of Egypt (Farag, 2009).

Multiple significant economic and institutional attributes make Egypt an interesting and unique context for examining the influence of corporate governance on CSRD. First, Egypt is characterized by limited transparency and CSRD because of fragile corporate regulations. However, because of global awareness of the role of corporations in developing their communities, some Egyptian companies started to report CSR activities in their annual reports, but the levels of this kind of reporting are relatively low (Rizk *et al.*, 2008). Second, Egypt has witnessed significant corporate governance (CG) reforms over the last two decades, which have significantly influenced the number of listed companies on the Egyptian Stock Exchange (EGX) (Ibrahim, 2018). Applying CG rules in Egypt participated in declining the number of companies listed on the stock exchange from 1,148 companies in 2002 to 333 in 2009, and finally to 240 in 2012 (Shehata and Dahawy, 2014). Third, Egypt has witnessed a rapid growth in its economy compared with other emerging economies. (Dahawy and Samaha, 2010) argue that Egypt has taken fundamental strides in its economic reform, enhancing investment climate, and attracting more local and foreign investments. Furthermore, Egyptian companies are prepared for the globalization era and are more likely to learn from international experience by reporting CSR activities in their annual reports (see Samaha & Stapleton, 2008 for more details). Based on that, we expect that these efforts will motivate Egyptian companies to report CSR activities to convey value-relevant information to investors. Moreover, CSR activities in Egypt are driven by religious beliefs and behavior (Abdelfattah and Aboud, 2020), making it a very special setting to study its CSR reporting practices.

To the best of our knowledge, there is a very limited number of empirical studies that examined the extent to which board composition and ownership structure can influence the extent of CSRD in the context of developing countries, particularly in Egypt. In addition to that, most of the empirical studies in the Egyptian context focused on voluntary disclosure in general, not CSRD in particular such as (Elsayed and Hoque, 2010; Samaha *et al.*, 2012). (Hussainey *et al.*, 2011) investigated the influence of firm size, profitability, liquidity, gearing, audit type, and ownership structure on CSRD. However, this study considered only one type of ownership structure, which is governmental ownership. Using the ESG index, (Abdelfattah and Aboud, 2020) provide evidence that the presence of family or foreign board members is positively associated with more CSRD. We, however, examine other types of governance structures, including institutional, managerial, and block-holders using manual context analysis of Egyptian annual reports.

Despite the numerous studies that investigated the relationship between CSRD and corporate governance, the generalizability of those studies to the current Egyptian context is very questionable because of the specific context and time in which those studies were conducted. Accordingly, we expect to make multiple contributions to the current literature. First, this study adds to the limited empirical studies that utilized neo-institutional theory to investigate some of the determinants of CSRD (Amran and Haniffa, 2011; Ntim and Soobaroyen, 2013). Second, our research results provide further evidence to the limited empirical studies on CSRD in the developing economies, in which, on average, the extent of CSRD is still low compared with developed countries. Third, and to the best of our knowledge, this is the first study to investigate how board characteristics affect CSRD in Egypt, which is considered one of the most under-researched countries in the developing economies, using manual content analysis of corporate annual reports that incorporate a comprehensive checklist of 55 items.

The rest of the paper will be organized as follows. The next sections briefly discuss our theoretical framework, followed by hypothesis development. Then we outline our research design and methodology, followed by our findings and additional analysis, whereas the final section will provide concluding remarks.

2 Theoretical Framework

According to neo-institutional theory, the institutional environment affects the understandings and procedures by which firms operate and emphasizes the mechanisms in which constitutive societal views and expectations come to be entrenched in business organizations (DiMaggio and Powell, 1983; Powell and DiMaggio, 1991). This theory focuses on the attitude of business organizations that are greatly influenced by actions of other institutions and pressures of the broader society and concentrates on how companies can obtain support and legitimacy within specific institutional contexts by complying with routine interests, norms, and rules that are generally accepted and respected by the society. Accordingly, companies can show their compliance and conformity with institutional pressures, which will, in turn, result in their "legitimacy" by adopting and maintaining specific organizational structures, policies, and practices (Patten and Crampton, 2004). Firms' actions no longer incorporate their individual values alone but instead incorporate society's values and expectations, which allow them to obtain the status of "good organizations". Accordingly, the application of certain governance practices and social responsibility represent a response to institutional pressures and represent a guarantee of survival (Ducassy and Montandrau, 2015). In line with previous studies (Amran and Haniffa, 2011; Ntim and Soobaroyen, 2013; Alshbili *et al.*, 2018), the current research adopted neo-institutional theory for two reasons. First, according to (Amran and Haniffa, 2011), this theory is a dominant theoretical perspective that clarifies how the mechanisms used by companies align perceptions of their practice with cultural and societal values. Accordingly, utilizing this theory, which has been indicated as having great prospects in interpreting CSRD in the context of developing economies (Milne and Patten, 2002), may give support for its applicability in Egypt. In such economies, the behavior of management, including legitimacy, is controlled by "institutional pressures" that establish a tendency toward isomorphism within the institutional field, not just by managers themselves. Second, the neo-institutional theory provides a clear foundation for investigating the influence of "radical changes" in the institutional environment (Ntim and Soobaroyen, 2013), which is currently the case in Egypt.

3 Prior Studies and Hypothesis Development

3.1 Institutional Ownership

By exercising influential voting power and having asymmetric information advantages over other shareholders, institutional investors are highly effective and active in organizational strategies and decisions (Schnatterly *et al.*, 2008). Furthermore, institutional shareholders are likely to be more attentive to the firm's significant decisions and meetings than non-institutional shareholders, as institutional shareholders usually own material proportions of their stock and cannot easily sell their shares. Even though some institutional shareholders have short-term profit incentives in the corporations, most institutional shareholders are primarily interested in long-term performance, which can be reinforced by good management practices such as CSR activities (Mahoney and Roberts, 2007). Another argument that clarifies why institutional owners may advocate CSR involvement is that institutional owners such as banks, securities firms, pension funds, and insurance companies provide credence services characterized by material information asymmetry between the institutional shareholders and their clients. One way for institutional owners to signal their reliability, responsibility, and credibility to their potential clients, and thereby differentiate their products and services, is investing in socially responsible businesses (Siegel and Vitaliano, 2007). This positive relationship was empirically supported by (Oh *et al.*, 2011). However, and recently, (Abu and Suwaidan, 2019) reported a negative relationship. Despite the mixed evidence, and based on the arguments above, the following hypothesis is established:

H_1: There is a statistically significant positive relationship between institutional ownership and CSRD.

3.2 Managerial Ownership

One of the effective ways to reduce agency problems is to provide stocks to managers as this mechanism may align the interests of managers with those of stockholders (Fama and Jensen, 1983). Accordingly, managers will make decisions that will maximize shareholders' value. If socially responsible investments boost a firm's net worth, stock ownership may encourage managers to take socially responsible actions. (Johnson and Greening, 1999) empirically-supported this positive relationship between managerial ownership and CSR engagement. However, a negative relationship may exist between managerial ownership and CSR engagement based on some arguments. For example, (Narayanan, 1985) argue that the firm may reap the benefits of CSR activities in the long run, not in the short run. In this case, it may be possible for a firm to engage in fewer CSR activities in the current periods and achieve higher current profits at the expense of future periods. Another argument is based on the idea that socially responsible investments may be encouraged or discouraged based on the institutional context in different countries. For example, managers have greater institutional pressures to engage in CSR activities in developed economies such as Europe and North America (Campbell, 2007). However, in developing countries such as Egypt, managers may not be under the same institutional pressures. Also, some circumstances in developing countries, such as fragile regulations and lack of transparency, may motivate managers to pursue their agenda at the expense of stakeholders (Oh *et al.*, 2011). Accordingly, higher stock ownership by managers in such circumstances may provide them with greater power to pursue their interests.

Furthermore, socially responsible investments in developing countries may not be valued as highly as in developed countries. Another approach to the effect of managerial ownership on CSR rating is based on the idea of family ownership (Al Farooque *et al.*, 2007). According to the Egyptian Centre for Economic Studies statistics, at least 50%-60% of Egyptian companies are family-owned. The prevalence of family members in the company's management and on board of directors may lead to significant decisions being first made in family meetings and then incorporated in formal board meetings. In such firms, managers will be less concerned about public accountability as outsiders' interests may be relatively slim (Villalonga and Amit, 2006).

Moreover, since the extent of public interest is relatively low in closely held companies, these companies may have a lower level of CSR engagement. Empirically, there is a negative association between managerial ownership and CSRD (Ghazali, 2007; Oh *et al.*, 2011; Khan *et al.*, 2013). Based on the above arguments, the following hypothesis is constructed:

H_2: There is a statistically significant negative relationship between managerial ownership and CSRD.

3.3 Block-holder Ownership

The nature of the relationship between block-holder (concentrated ownership) and CSRD is a source of debate between scholars. For example, (Barnea and Rubin, 2010) argue that CSR investments invoke psychological satisfaction for large shareholders and managers because CSR investments significantly positively influence prestige and reputations. In this case, large shareholders may use their power to confiscate the firm's resources to their own benefit by over investing in CSR (the over-investment hypothesis) for the sake of an image rather than true altruism, which may create conflicts between minority groups and majority shareholders.

However, (Dam and Scholtens, 2013) argue a negative relationship between concentrated ownership and CSR activities. They say that large shareholders monitor benefits for all shareholders, although not all bear the costs. Since CSR investments benefit all stakeholders, efforts and expenses taken by large shareholders are not rewarded. Accordingly, and even if the firm is socially optimum, the higher the ownership concentration, the less likely for large shareholders to favor CSR investments that do not provide a true and clear return on them. Since large shareholders can influence managers, they will be motivated to prevent the managers from investing in such activities.

A different explanation for the negative association between block-holder ownership and CSR is whether these two mechanisms serve as complements or substitutes (Lopatta *et al.*, 2017). To answer this question, we need an assessment of CSR benefits, but we also need a review of its expenditures. Generally, the demand for CSR will be lower if less costly options to mitigate agency costs exist. Since concentrated ownership can reduce agency costs, (Lopatta *et al.*, 2017) argue that in the presence of block-holder ownership, the overall demand for CSR investments will be lower because agency costs between block holders and management are already considerably lower than the cost of CSR. Therefore, CSR and block-holder ownership are considered substitutes to some extent, not complements.

Another line of argumentation is set out by (Mackenzie *et al.*, 2013), who argue that owners in closely-held corporations may actively hamper CSR investments based on the orientation that CSR investments represent an appropriation of the firm's resources to benefit society, not shareholders. Empirically, (Dam and Scholtens, 2013) reported a negative relationship between ownership concentration and social performance. This is also consistent with (Brammer and Millington, 2005), who stated that companies with concentrated ownership provide smaller donations to charities. In the US market, (Barnea and Rubin, 2010) did not find any significant results.

Overall, and by combining these previous insights, we expect to observe greater CSR in the case of dispersed ownership. Therefore, we construct the following hypothesis:

H_3: There is a statistically significant negative relationship between block-holder ownership and CSRD.

3.4 Foreign Ownership

Jeon *et al.*, (2011) argued that greater levels of foreign investments might mark higher influences of foreign practices. For example, the current rules and trends of CSR reporting and implementation in many African and Asian countries have greatly influenced European and Western-style management practices, which are assumed to have a greater extent of environmental and social engagement. This argument was empirically supported by (Chapple and Moon, 2005). They reported that companies'

CSR engagement in Asian countries was significantly enhanced by globalization. Since Egyptian companies are prepared for the globalization era and are more likely to learn from international experience by reporting CSR activities in their annual reports (Abdel Shahid, 2002), we expect that the Egyptian companies will be affected by the Western-style of CSR reporting. In Egypt, a material proportion of foreign direct investment has been carried out by countries where CSR is seen as a desirable and favourable mechanism, such as North America and Europe. According to Central Bank of Egypt statistics in 2017-2018, foreign direct investments are largely from Western countries, including the US (17.1%) and the EU (60.4%). As investors from these countries might favor active CSR, foreign shareholders are expected to show a similar attitude when they exert their control over Egyptian companies. Another argument is based on the idea that CSR investments may reduce uncertainty (Oh *et al.*, 2011). One way for companies to differentiate themselves and signal their trustworthiness is CSR investments (Siegel and Vitaliano, 2007). Because of increased information asymmetry in foreign countries, especially in Egypt, investing in them is uncertain and risky. In this case, one way to reduce risk and to show their clients that foreign investors are highly reputable is to invest in socially responsible firms.

Furthermore, for foreign shareholders, CSRD may act as a legitimizing strategy to attract new potential investors and attain continued inflows of capital at the host country (Haniffa and Cooke, 2005; Amran and Haniffa, 2011). Given the discussions above, we expect that foreign ownership positively affects the extent of CSRD. Empirically, (Haniffa and Cooke, 2005; Khan *et al.*, 2013; Muttakin and Subramaniam, 2015), and recently (Alshbili *et al.*, 2018) supported the positive relationship. Accordingly, the following hypothesis is constructed:

H_4: There is a statistically significant positive relationship between foreign ownership and CSRD.

3.5 Governmental Ownership

From a new-institutional perspective, the government, as a social institution, has the coercive authority of the country through execution and enforcement of laws and regulations to control the attitude of other social actors, including those at the organizational levels (DiMaggio and Powell, 1983; Powell and DiMaggio, 1991). Since the activities of government-owned companies are more visible in the public eyes and there is a higher expectation of such firms to be conscious of their general duty, government-owned companies tend to be politically sensitive (Ghazali, 2007). Also, Since the government is trusted by the public and would desire to meet the public's expectations, it is expected that the government ownership will create pressures for companies to disclose more information, including CSR information (Muttakin and Subramaniam, 2015). However, firms in countries with weak governance systems (with high levels of corruption and fraud) may exhibit low CSR activities. For example, Dhouibi and Mamoghli (2013) report that government-owned companies in Tunisia have weak CSRD practices. This indicates that political factors in government-owned firms abuse laws through weak regulations from authorities and corrupted officials (Ntim and Soobaroyen, 2013). Empirically, (Ghazali, 2007; Said *et al.*, 2009; Haji, 2013; Khan *et al.*, 2013; Ntim and Soobaroyen, 2013; Muttakin and Subramaniam, 2015), and recently, (Alshbili *et al.*, 2018), reported that government ownership has a significant positive relationship with the extent of CSRD practices. However, (Dam and Scholtens, 2012) said that government ownership negatively affects the extent of CSR reporting. Despite the mixed evidence and since the majority of the studies support the positive association, the following hypothesis is formulated:

H_5: There is a statistically significant positive relationship between government ownership and CSRD.

3.6 Board Size

From the efficiency view of the neo-institutional theoretical framework, larger boards have greater managerial decision-making monitoring (Ntim, 2015). This is because the decision-making process is less likely to be dominated by senior executives (Ntim and Soobaroyen, 2013). Accordingly, important strategic decisions, including those relating to CSR, can be better scrutinized by larger boards (Elmagrhi *et al.*, 2016). So, as corporate governance information and CSR activities become a critical component of voluntary corporate disclosure, it is expected that organizations with larger boards will be more likely to disclose such information compared with organizations with smaller boards. Likewise, and from the legitimization view of the neo-institutional theoretical framework, organizations with larger boards are more effective in detecting and scrutinizing managers' opportunistic behaviors (Zahra and Pearce, 1989). This is because a larger board size is not just indicative of greater board capacity but also indicative of diversification of financial expertise and skills that can be brought to the board discussion (Yekini *et al.*, 2015). Moreover, larger boards are generally characterized by greater stakeholder presentation and capabilities to solve problems, enhancing the firm's image and reputation (Ntim, 2015). The diversity of stakeholders linked to larger boards can motivate corporate managers to disclose corporate governance and CSR practices voluntarily.

In contrast, larger boards could be detrimental because of extended discussions and red tape, resulting in sluggish decision-making (Yermack, 1996). Also, Ciampi (2015) support the argument that while larger boards are characterized by communication and coordination problems among their members, smaller boards can be more effective in examining and detecting managerial opportunism. In this case, as board size decreases, managerial monitoring increases. This can increase the likelihood that larger boards can be controlled and dominated by senior executives, and thus, can have a negative influence on corporate voluntary disclosure attitudes (Elmagrhi *et al.*, 2016).

Empirically, and despite this conflicting theoretical literature, most previous empirical studies found a positive relationship between board size and CSRD (Said *et al.*, 2009; Esa and Ghazali, 2012; Suyono and Farooque, 2018). However, (Alshbili *et al.*, 2018) did not find any relationship between board size and CSRD. Overall, the following hypothesis is established:

H_6: There is a statistically significant positive relationship between board size and CSRD.

3.7 Independent Directors

From the efficiency view of the neo-institutional theoretical framework, the appointment of independent outside directors is considered one of the essential governance mechanisms that can assist in effective oversight on the boards, thereby aiding in decreasing inherent agency conflicts between managers and owners (Fama and Jensen, 1983). Likewise, the legitimization view of the neo-institutional theoretical framework proposes that the separation between management and ownership may lead to a lack of trust between agents and owners, which may have unfavorable implications on managerial decision's legitimacy (Adegbite, 2015). Such legitimacy concerns can be reduced by appointing independent outside directors who represent different groups of stakeholders. So, the presence of non-executive directors can improve efficiency for shareholders by minimizing agency conflicts and enhancing legitimacy by considering the interests of different groups of stakeholders. Furthermore, the appointment of independent outside directors is more likely to provide greater diversification of knowledge, skills, and expertise to corporate boards (Ntim and Soobaroyen, 2013). These implications can put greater pressure on corporate executives to be more transparent regarding their CSRD practices.

In contrast, some scholars suggested that independent directors may negatively influence CSRD based on their individual preferences and interests. According to (Fama and Jensen, 1983), networking relations and reputations are deemed to be the main incentives of directorship for independent directors. Independent directors' concerns for reputation and career can significantly affect their decision-making process. They are more likely to prevent any risky decisions, such as socially responsible decisions with an uncertain outcome that could deteriorate their reputation and career. Additionally, they usually lack in-depth knowledge and specialized expertise about socially responsible investments (Cramer and Hirschland, 2006). Accordingly, as CSRD may increase independent directors' reputational concerns, they may act in their own interests by minimizing CSR activities (Ravina and Sapienza, 2010).

The literature shows mixed empirical results regarding the relationship between independent directors and the extent of CSRD. For example, (Said *et al.*, 2009; Michelon and Parbonetti, 2012) did not find the relationship between independent directors and CSRD. However, (Haniffa and Cooke, 2002; Esa and Ghazali, 2012) reported that independent directors have a negative effect on the extent of CSRD. Finally, several empirical studies such as (Gul and Leung, 2004; Barako *et al.*, 2006) stated that board independence promotes CSRD. Overall, and as stated above, since independent directors often do not have in-depth knowledge and specialized expertise about socially responsible investments, which is essentially the case in Egypt, the following hypothesis is constructed:

H_7: There is a statistically significant negative relationship between board independence CSRD.

3.8 Duality in Position

CEO duality happens when a single person fills the role of both board chair and CEO. It has been a subject of much debate and research and vastly studied in the corporate governance literature. CEO duality is frequent in developing economies because of the prevalence of family ownership (Ahmad *et al.*, 2017), which is the situation in Egypt.

While CEO duality may decrease communication barriers and may reduce the overall time needed for transferring critical information between CEO and chairman (Dahya and Travlos, 2000), CEO duality can be detrimental for the company as a whole. For example, it condenses managerial power, making it possible for the CEO to adopt opportunistic behavior through using CSR to boost his public reputation and image. In essence, (Barnea and Rubin, 2010) found that overpowered CEOs are more likely to overinvest in CSR activities to raise their reputation as good global citizens than underpowered CEOs. Furthermore, (Forker, 1992) stated that a dominant personality running a firm might be harmful to shareholders' interests, which may result in neglecting CSR activities. Additionally, non-duality can improve shareholder representation among and board and may bring more ideas and expertise to the table of discussion. In the Australian context, (Sharma, 2004) reported that CEO duality weakens the board's monitoring role and increases the likelihood of committing fraudulent actions. In sum, these studies recommend the separation of such roles.

Empirically, the literature has mixed results. The first group of studies, such as (Said *et al.*, 2009; Michelon and Parbonetti, 2012; Khan *et al.*, 2013) failed to find any association between CEO duality and the level of CSRD. The second group of studies showed that CEO duality is negatively associated with accounting disclosures (Gul and Leung, 2004; Giannarakis *et al.*, 2014). They make the argument that CEOs may restrict voluntary disclosure, including CSRD, minimize control from outside financial analysts and investors. Lastly, some studies such as (Donnelly and Mulcahy, 2008; Bear *et al.*, 2010; Jizi *et al.*, 2014) suggest that CEO duality positively affect voluntary disclosures. This positive relationship can be explained by the argument that CEO selfish incentives, such as work prospects and excessive reputation, and fragile corporate governance mechanisms, which are the case in Egypt, may motivate CEOs to overinvest in CSR. Accordingly, the following hypothesis is established:

H_8: There is a statistically significant positive relationship between CEO duality and CSRD.

4 Research design and methodology

4.1 Sample and data collection

The Sample of our study encompasses the 100 most active firms in the Egyptian Stock Exchange (EGX) over the period 2010 – 2017. The top 100 firms constitute the main driver for the Egyptian Exchange, representing 94% of trading value, 97% of trading volume and 89% of a number of trades in the main market during 2017. The EGX launched the first sustainability index in the MENA region (S&P/EGX ESG) in March 2010. The S&P/EGX ESG evaluates the environmental, social and governance aspects in the EGX100 firms to rank the top 30 firms.

We started with an initial Sample of 100 firms for eight years (800 observations). We exclude financial firms because of their unique financial requirements and nature. Firms selected in the final Sample have to be listed in EGX for the whole period of study from 2010 till 2017, a period that witnessed a reasonable increased awareness of CSR initiatives among policy-makers; hence, it could be more likely to gather rich content of CSR data. After excluding firms with missing data, our final Sample ended with 88 firms and 704 firm-year observations. Table 1 presents the distribution of our Sample by sector. The data stream has been used to collect financial data, while ownership structure and corporate social responsibility variables have been collected from the annual reports available on the EGX website.

4.2 Definition of Variables

CSR disclosure is measured as a checklist that consists of 55 items. The checklist consists of 6 groups of topics, namely: 1) employee information items; 2) products and services items; 3) customer items; 4) human rights items; 5) community involvement/participation items, and 6) environmental issues. Content analysis is employed to explore the level of CSR disclosure in Egyptian listed firms. Content analysis has been used widely in voluntary disclosure studies (Yekini *et al.*, 2015; Zaini *et al.*, 2020). Content analysis is a research method for collecting data that consists of codifying qualitative information in anecdotal and literary form into categories in order to derive quantitative scales of varying levels of complexity. The measurement and construction of the CSR disclosure index are reported in **Table 8** in the appendix. This study uses a CSR index based on an unweighted approach and additionally applies a dichotomy approach in which each company that disclosed an item of information included in the index is scored as follows: If an item included in the checklist is disclosed, this gives a score of 1, 0 otherwise. Accordingly, the CSR disclosure is measured for each firm as a ratio of the actual scores awarded for the firm to the maximum disclosure items. Next, each item is summed to obtain the overall value to calculate the CSR disclosure score according to the following formula:

$$\text{CSRDj} = \frac{\sum_{t=1}^{nj} Xij}{nj}$$

Where:

CSRD$_j$ = Corporate Social Responsibility Disclosure Index for company j

n_j = Total item for company j, $n_j \leq 55$

X_{ij} = Content analysis; 1=if item *ith* is disclosed; 0=if item *ith* is not disclosed.

So that, $0 \leq \text{CSRD} \leq 1$.

Based on a careful review of prior studies, CSR disclosure practices can be influenced by a variety of firm's characteristics which play a vital role in determining the extent of CSR disclosure (Khan *et al.*, 2013). In this regard, we control for six firm-level characteristics – firm size, firm profitability, firm leverage, auditor type, industry and year dummies – which are widely applied in previous studies related to CSR disclosures (Yekini *et al.*, 2015; Elfeky, 2017a).

The researchers control for firm size **(FSIZE)**, which is measured by the natural logarithm of its total assets. It is axiomatic that the larger the firm size, the more likely CSR disclosures to respond to stakeholder claims and legitimize their activities as stated in legitimacy theory (Haniffa and Cooke, 2005). We also control for profitability **(ROA)**. Previous studies on CSR recommend that firms whose profitability is weak are less likely to involve in CSR than firms with stronger profitability (Campbell, 2007). Furthermore, we control for firm leverage **(LEV)** as Jensen and Meckling (1976) argued that firms that have higher leverage disclose information voluntarily to minimize their agency costs and, as a result, their cost of capital. Following (Barako *et al.*, 2006), We include auditor type **(Big4) as** large audit firms are more independent, more rigorous for customers, and more sensitive to their reputation than small audit firms. We introduce a type of industry **(IND)** as a control variable, as a firm's voluntary disclosure of CSR information may be influenced by the types of industry to which the firm belongs. In other words, the impact of industry type on CSR disclosure depends on how critical the effects of a firm's activities impact society (Haniffa and Cooke, 2005). We include the year **(YDU)** as a control variable as theoretical evidence shows that as time passes, CSR disclosure, ownership structure and corporate governance practices will vary (Barako *et al.*, 2006; Elfeky, 2017b).

4.3 Research Model

In order to examine the impact of ownership structure and board characteristics on CSR disclosure, we used Ordinary Least Squares (OLS) in our longitudinal study over a period of eight years. The regression model is based on the main variables described in the hypothesis's development section along with control variables. Consequently, we developed the following model:

$$CSRD_{jt} = \beta_0 + \beta_1 INSown_{jt} + \beta_2 MINown_{jt} + \beta_3 BLKown_{jt} + \beta_4 FRGown_{jt} + B_5 GOVown_{jt} + B_6 BOSIZE_{jt} + \beta_7 BOIND_{jt} + \beta_8 DUALT_{jt} + B_9 FSIZE_{jt} + \beta_{10} ROA_{jt} + \beta_{11} LEV_{jt} + \beta_{12} Big4_{jt} + \beta_{13} IND_{jt} + \beta_{14} YDU_{jt} + \varepsilon$$

Variable definitions and measurements are reported in Table 2.

5 Results and discussion

5.1 Descriptive statistics

According to the descriptive statistics presented in Table 3, CSR disclosure level varies greatly among Egyptian companies as the minimum, and the maximum values are (26%) and (81%) respectively. This huge difference means that some companies in our Sample are reluctant to disclose their social and environmental information. In addition, the mean disclosure of sample firms is 50, i.e., on average, firms are disclosing 27 items out of 55 items in their annual reports. The mean value of institutional ownership (**INSown**) variable is 47%, indicating that, on average, most of the ownership structure is institutional ownership in our Sample. The average level of managerial ownership (**MANown**) is 16%. The maximum and minimum are 87% and 0%, respectively. Furthermore, the average block–holder ownership (**BLKown**) is 13%, denoting that, on average, 13% of the sample ownership are block-holder who own more than 5% of issued shares. The mean value of the foreign ownership (**FRGown**) variable is 1%. The minimum foreign ownership was 0% ownership, whereas the maximum was 91% ownership. This reveals that the notion of foreign ownership is quite low among Egyptian listed companies. The mean value of the governmental ownership (**GOVown**) variable is 14%. They were indicating that a considerable presence of ownership structure in our Sample. Regarding board of director characteristics, the board size among the sampled firms has an average of 8 members and ranges from 3 members to 19 members. The independent directors among Egyptian corporate boards range from 0 to 100%, with a mean of 74%. Regarding CEO duality, which is a dummy variable, the average is about 65%, indicating that most board chairmen's in Egypt are also CEOs.

5.2 Correlation matrix

Table 4 shows the results of the Pearson correlation matrix between the study variables. For ownership structure and CSR, CSR disclosure score is positively associated with institutional ownership **INSown** (r=0.058), managerial ownership **MANown** (r=0.042), foreign ownership **FRGown** (r=0.120) and governmental ownership **GOVown** (r=0.047). However, CSR reporting score is negatively correlated with block-holder ownership **BLKown** (r=0.078). For a board of director characteristics and CSR, CSR disclosure score is positively associated with independent directors **BOIND** (r=0.195) and duality in position **DUALT** (r=0.055). However, CSR reporting score is negatively correlated with board size **BOSIZE** (r=0.076). The highest explanatory variables' correlation is 0.611 between managerial ownership and block-holder ownership, followed by 0.478 between institutional ownership and managerial ownership. CSR disclosure score is also associated with the control variables such as firm size **FSIZE**, profitability **ROA**, leverage **LEV** and auditor type **Big4,** which are positively and significantly correlated with CSR disclosure score. These results support the validity of our disclosure index. All correlation coefficients are below 0.80, which indicates that there is no serious multicollinearity (Gujarati, 2003). The results of the variance inflation factor (VIF), which are reported in Table 5, show the maximum VIF is 1.95 and the mean VIF is 1.46. Therefore, there is no concern about multicollinearity among our variables.

5.3 Multiple regression results

Table 6 presents the OLS regression results of our model. Following, we estimated our model using robust standard errors to consider potential heteroskedasticity. The researchers winsorized all continuous variables at the 1^{st} and 99^{th} percentile to alleviate the effect of outliers. In panel 1 of Table 6, Surprisingly, the results indicate a negative and insignificant coefficient of institutional ownership (**INSown**), rejecting H1. This implies that institutional owners do not play a significant role in enhancing CSR reporting quality in the Egyptian context. While insignificant, it is directionally consistent with (Abu and Suwaidan, 2019; Abdelfattah and Aboud, 2020), who reported a negative association between institutional ownership and CSR disclosures in developing economies. Our results are inconsistent with (Oh *et al.*, 2011), who reported a positive relationship. Furthermore, our results are inconsistent with the findings of (Mahoney and Roberts, 2007), who stated that institutional investors consider CSR a source of important information when considering the decision to retain or release their shares in a given company.

In Model 2 of Table 6, and consistent with our prediction, the findings show that managerial ownership has a significant negative influence on the level of CSR reporting, supporting H2. This is empirically consistent with the findings of (Ghazali, 2007; Oh *et al.*, 2011; Khan *et al.*, 2013; Elmagrhi *et al.*, 2016), who reported the same relationship. This result is consistent with the predictions of efficiency view of neo-institutional theory, which assumes that firms with increased managerial ownership tend to be associated with less information asymmetry, which in turn can have a significant influence on voluntary disclosure practices (Bozec and Bozec, 2012; Elmagrhi *et al.*, 2016). We rationale this relationship based on the argument that the institutional context in Egypt is weaker than its counterpart in the developed counties. Based on that, managers may not be motivated to be transparent regarding their CSR reporting. Also, we argue that this weak institutional setting in the Egyptian economy may encourage managers to be more short-term oriented. Accordingly, they may not conduct socially responsible investments because they will not take their return on these investments in the short run. Moreover, this negative relationship can be justified through the lens of family ownership (Al Farooque *et al.*, 2007; Zaini *et al.*, 2020). Since at least 50%-60% of Egyptian firms are family-owned, CSR disclosure practices are more likely to be shaped by family meetings that are symbolic in nature. This situation may limit CSR reporting as they are not significantly valued by the public in a weaker institutional setting.

In model 3 of Table 6, the results reveal an insignificant positive relationship between block-holder ownership and CSR disclosure, rejecting H3. This finding is still consistent with prior research (Eng and Mak, 2003), which reported the insignificant influence of block-holder ownership and the level of voluntary disclosure. This is inconsistent with (Schadewitz and Blevins, 1998), who provide evidence of a significant negative relationship between the two variables.

Moving to Model 4 of Table 6 and consistent with our predictions, we find a positive and significant positive effect of foreign ownership (**FRGown**) on CSR disclosures. Thus, our results support H4. Foreign investors play an important role in this process through shareholder activism and board participation. In addition, as we argued earlier, foreign investors may use CSR ratings as a guide to making investments due to significant information asymmetries between foreign investors and Egyptian companies. Having made the investment based on the CSR ratings, foreign investors may start to pressure Egyptian managers to improve their companies' social performance further. Based on this finding, we argue that the need for public accountability and legitimacy, which can be obtained from CSR reporting, is more of an issue in firms with foreign ownership because of the powerful outsider interest of foreign shareholders in supporting and monitoring CSR practices (Alshbili *et al.*, 2018). In this case, foreign-owned firms recognize the increased pressures for firms to be socially responsible in the global community, conceding to mimetic presumes through the increased CSR reporting. This finding is empirically in line with previous studies (Haniffa and Cooke, 2005; Khan *et al.*, 2013; Muttakin and Subramaniam, 2015; Alshbili *et al.*, 2018) who provide evidence of this positive relationship. There is an increasing number of foreign investors in Egyptian corporations. Those foreign investors trends may be influenced by the Western style of CSR reporting, which may justify the positive relationship between foreign ownership and CSR disclosures.

In model 5 of Table 6, and consistent with our predictions, we reported a positive association between governmental ownership and CSR disclosures, supporting H5. Moreover, this finding is supported by the assumption of the neo-institutional theory that government-owned firms can be institutionalized by government initiatives and objectives regarding CSR activities. In theory, this result implies that the government-owned firms are influenced by the coercive pressure of the government to conduct and report CSR activities. Since the government-owned firms are more sensitive and political visible to the public, the government tends to be more motivated to execute socially responsible investments to legitimize their presence. Also, we rationale this positive association to the fact that the Egyptian government is trying to enhance CSR reporting as a means of attracting more foreign direct investment to the country, which can strengthen the Egyptian economy. We argue that the political leadership in Egypt promotes and even may reward firms with a sustained record of solid CSR reporting.

While such a positive relationship is inconsistent with (Dam and Scholtens, 2012), who reported a negative relationship, it is empirically consistent with numerous studies that reported positive relationship (Ghazali, 2007; Said *et al.*, 2009; Haji, 2013; Khan *et al.*, 2013; Ntim and Soobaroyen, 2013; Muttakin and Subramaniam, 2015; Alshbili *et al.*, 2018).

In model 6 of Table 6, and surprisingly, we provide evidence that board size has a negative influence on CSR disclosures, which contradicts our predictions of H6. This negative relationship between board size and CSR support prior studies (Cerbioni and Parbonetti, 2007; Samaha *et al.*, 2012) and contradicts numerous studies that reported a positive relationship. (Said *et al.*, 2009; Esa and Ghazali, 2012; Suyono and Farooque, 2018). Our results imply that smaller boards are associated with higher CSR disclosures. More specifically, this implies that the existence of various stakeholders on larger boards is associated with less managerial oversight, resulting in lower demand for CSR reporting. We support the argument that larger boards may cause more coordination and communication problems across the board, especially in weaker governance systems, which is the case in Egypt. Such issues may result in less board monitoring over CSR activities. We also attribute this negative relationship based on the insight that the composition of larger boards is essentially made to meet some regulatory requirements or affirmative action provisions such as focusing on providing direction and control over employees targets and firm's sales, rather contribute and oversee firm's social and environmental performance.

In model 7 of Table 6, and consistent with our predictions, we report a negative association between independent directors and CSR reporting, which is consistent with prior studies (Haniffa and Cooke, 2002; Barako *et al.*, 2006; Esa and Ghazali, 2012; Abdelfattah and Aboud, 2020) who reported a negative relationship. We provide two explanations for this negative association. First, independent directors' concerns for their career and reputation play a vital role in their decision-making process. They will try to avoid any investment that can cause considerable risk to them. While CSR disclosure may require relief shareholders, it may cause potential reputational risk and career concerns (Kravet and Muslu, 2013). Accordingly, they may want to avoid CSR disclosures to avoid any threat to their employment. Second, independent directors usually lack the necessary in-depth expertise to enable them to execute CSR activities properly (Cramer and Hirschland, 2006). Based on that, independent directors may avoid socially responsible investments.

Finally, in model 8 of Table 6, and consistent with our predictions, we found a positive association between CEO duality and CSR disclosures, which is consistent with many studies that provide the same relationship (Donnelly and Mulcahy, 2008; Bear *et al.*, 2010; Jizi *et al.*, 2014). We argue that CEO self-interests, including work prospects and reputational image, may motivate CEOs to overinvest in CSR activities. This is also reinforced by the current business climate in Egypt that rewards firms with CSR activities and reporting.

Finally, and with regard to control variables, we found that FSIZE and Big4 are statistically significant and positively associated with CSR disclosures, suggesting that larger firms make more CSR disclosures, which is in line with the findings of (Ho and Wong, 2001; Campbell *et al.*, 2006; Yekini *et al.*, 2017) who reported that larger companies are more likely to have social pressure, public visibility and scrutiny. This motivates them to conduct more socially responsible investments and CSR disclosures. We did not find a statistical relationship between ROA and CSR disclosures, which is in line with findings of prior studies (Ho and Wong, 2001; Hasseldine *et al.*, 2005; Yekini and Jallow, 2012). Accordingly, firm performance does not play a fundamental role in influencing CSR practices in the Egyptian context. Moreover, we did not find a statistical relationship between LEV and CSR, which support the findings of (Yekini *et al.*, 2015). These findings are indicative of the ambiguity of the association between firm-specific characteristics and disclosure measures.

6 Additional Analysis

In order to check the reliability of our results, we carried out some additional analysis. First, and to consider endogeneity concern from omitted variable bias in our regression model, we re-run the regression model with all our explanatory variables in the model. The results in Model 8 of Table 6 are consistent with our initial findings.

Second, and following prior studies (Larcker and Rusticus, 2010; Ntim *et al.*, 2013; Elmagrhi *et al.*, 2016), the main model is re-estimated with the one-year lag between the dependent variable and independent variables to address potential endogeneity problems. Accordingly, we re-regressed equation 1, where everything stays the same except that we incorporated a one-year lag between CSR and all independent variables in which the current year's CSR depends on prior-year ownership structure and board variables. The results are reported in panel 1 of Table 7. These results are generally similar to our initial findings, implying that our results are robust to estimating a lagged model.

Third, and following prior studies (Ntim *et al.*, 2013; Elmagrhi *et al.*, 2019) that suggest that some corporate governance variables have a non-linear relationship with voluntary disclosures, we re-run our regression model by including squared transformations of ownership structure variables and board variables to identify the existence of the non-linear relationship. The results are reported in panel 2 of Table 7, which are quantitively similar to our main regression model. Accordingly, we document a non-linear relationship between the five ownership structure variables and the three corporate board variables with CSR disclosures.

Fourth, following recent research (Abdelfattah and Aboud, 2020), we consider the effect of the Egyptian revolution, which took place in January 2011, on the level of CSR reporting. It has been argued that political strikes and the uprising in Egypt have a substantial effect on market valuations, and especially on politically connected firms (Acemoglu *et al.*, 2017). In a similar vein, (Rizk *et al.*, 2008) argue that political uprising and uncertainty may impact the determinants and consequences of CSR reporting. Based on that, we re-run our regression model with the revolution-year dummy variable, which takes a value of 1 in 2011, 0 otherwise. The results are reported in panel 3 of Table 7, which are, to a great extent, similar to our initial findings except for Board size and CEO duality. Although board size and CEO duality lost their significance, they are directionally consistent with our initial findings. Such results seem to confirm the argument that political changes may play an important role in shaping CSR practices.

Finally, and following prior studies on corporate governance literature (Wintoki *et al.*, 2012; Elamer *et al.*, 2019; Elmagrhi *et al.*, 2019), we execute a dynamic system generalized method of moments (GMM) model. The results, which are reported in panel 4 of Table 7, still remain generally the same as those in our initial findings, implying that our findings are considerably robust to possible problems caused by simultaneity, firm-specific heterogeneity, and dynamic endogeneity. The statistical tests (Sargan/Hanse, AR1, and AR2) assure the validity of our model and confirm instruments' validity and the absence of second-order serial correlation.

In sum, our additional tests fairly confirm that our results do not seem to be driven by possible endogeneity problems.

7 Conclusions

Egypt has been transforming into a market-oriented economy and has acknowledged the necessity for legislative reforms to reinforce its economic reform (Abdelfattah and Aboud, 2020). Accordingly, and to reinforce market confidence, Egyptian authorities have cooperated with related international affiliations by adopting international standards and best practices that enhance sustainable markets. International organizations have implemented several initiatives in Egypt to support CSR reporting and have made outstanding progress. Based on this background, and since there is a dearth of evidence on CSR reporting in the MENA region in general and Egypt in particular, we fill this research gap by investigating how governance structures (ownership structures and board structure) influence the level of CSR reporting in Egypt using a sample of 88 firms from 2010 to 2017.

The researchers break down ownership categories into institutional, managerial, block-holder, foreign and government ownership. The researchers provide evidence that different owners have distinct and even divergent effects on CSR reporting. Specifically, and consistent with our predictions from neo-institutional theory, the researchers provide evidence that governmental and foreign ownership has a positive influence on CSR disclosures, implying that despite the absence of legal requirements regarding CSR in Egypt, government-owned firms in Egypt still made CSR information in their reports. This also implies that foreign-owned firms in Egypt tend to be influenced by Western-style CSR activities and are more likely to adopt CSR reporting despite the developed yet relatively fragile governance system in Egypt. We also provide evidence that managerial ownership negatively affects CSR reporting, implying that managers with relatively large stock holdings may reduce CSR reporting to avoid public attention and to reduce their career concerns. We did not find evidence to suggest that institutional ownership and block-holder ownership significantly influence CSR reporting. Furthermore, we provide evidence that board size and board independence significantly reduce CSR reporting, suggesting that increased board size in Egyptian firms may be made to meet formal or legal regulatory requirements, which in turn may not enhance CSR reporting.

Our findings have important implications for standards-setters and regulators to improve CSR reporting in the Egyptian context. First, firms must execute their stock-based compensation carefully. Since our results indicate that managerial ownership has a negative impact on CSR reporting, stock-based compensation may not be a suitable mechanism for managers to become more transparent in terms of CSR reporting. Second, since we reported that different owners have different and even divergent views regarding a firm's CSR strategy, such competing strategic views may be problematic and may result in inefficient procedures in terms of socially responsible investments. So, companies should work in developing specialized CSR committees, which are relatively not well established in Egyptian firms, to resolve such conflicts. Third, there is a significant variation in the levels of CSR reporting in Egypt, implying that laws enforcement may need to be more stringent to ensure better CSR practices. Our study extends the very few studies on the relationship between governance structures and CSR reporting in emerging economies. Finally, this study presents an evaluation of the 2007 Egyptian Corporate Governance Code from the CSR disclosures context.

Although our results are generally robust to several tests, our study has some limitations, which are considered avenues for future researchers. First, we employed manual content analysis to construct our CSR measure. Future studies can use ESG score ratings developed by Bloomberg or Standard and Poor's (S&P). Also, future studies can investigate the role of female directors' characteristics (age, diversity, education, tenure) in shaping CSR practices.

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Appendixes

Table 1 Distribution of the final Sample by industry

Sector	No. of observations	% of Sample
Real estate	144	20.45
Basic resources	40	5.68
Chemicals	32	4.55
Construction and Materials	112	15.91
Food and beverage	128	18.18
Healthcare and Pharmaceuticals	40	5.68
Industrial Goods, Services and Automobiles	88	12.50
Personal and Household Products	56	7.95
Travel and Leisure	64	9.09

Table 2 Definition and measurement of variables

Variables	Full name	Variable Description
Dependent Variable		
CSRD	Corporate Social Responsibility Disclosure	CSRD is measured as the ratio of the total number of actual items disclosed for each annual report over the maximum number of checklist items.
Independent Variables *(Ownership Structure)*		
$INSown_{jt}$	Institutional ownership	INSown is the percentage of shares owned by institutions.
$MINown_{jt}$	Managerial ownership	MINown is the percentage of shares owned by directors.
$BLKown_{jt}$	Block-holder ownership	BLKown is the percentage of shares owned by substantial shareholders (owned ≥ 5% issued shares).
$FRGown_{jt}$	Foreign ownership	FRGown is the percentage of ownership by foreign investors.
$GOVown_{jt}$	Governmental ownership	GOVown is the percentage of ownership by the government.
Board of director characteristics		
$BOSIZE_{jt}$	Board size	BOSIZE is the number of the board of director members.
$BOIND_{jt}$	Independent directors	BOIND is the ratio of independent (non-executive) directors to total board size.
$DUALT_{jt}$	Duality in position	DUALT is a dummy variable; 1 if the company's CEO serves as a board chairman, 0 otherwise.
Control Variables *(Firm Characteristics)*		
$FSIZE_{jt}$	Firm size	FSIZE is measured as the natural logarithm of the book value of total assets for the firm j and period t.
ROA_{jt}	Firm profitability.	ROA refers to return on assets, measured as the ratio of net income to total assets for the firm j and period t.
LEV_{jt}	Firm leverage	LEV is measured as long-term debts divided by capital equity.
$Big4_{jt}$	Auditor type	Big4 is a dummy variable, 1 if the auditor is one of the Big4, 0 otherwise.
$INDU_{jt}$	Industry dummies	The industry is a dummy variable, 1 for manufacturing firms, 0 otherwise.
YDU_{jt}	Year dummies	Year dummies.

Table 3 Descriptive Statistics

Variable	N.	Mean	Median	S.D.	Min	Max
CSRD	704	0.50	0.48	0.09	0.26	0.81
INSown	704	0.47	0.51	0.32	0.00	0.99
MANown	704	0.16	0.03	0.23	0.00	0.87
BLKown	704	0.13	0.00	0.23	0.00	0.96
FRGown	704	0.10	0.00	0.21	0.00	0.91
GOVown	704	0.14	0.00	0.24	0.00	0.88
BOSIZE	703	8.00	0.00	2.75	3.00	19.00
BOIND	703	0.74	0.00	0.18	0.00	1.00
DUALT	703	0.65	1.00	0.48	0.00	1.00
FSIZE	704	11.27	11.10	1.69	7.51	16.06
ROA	704	0.04	0.04	0.11	-0.84	0.52
LEV	704	0.46	0.42	0.32	0.00	4.69
Big4	704	0.36	0.00	0.48	0.00	1.00
IND	704	0.57	1.00	0.50	0.00	1.00
Year	704	4.50	4.50	2.29	1.00	8.00

Table 4 Correlation Matrix

	CSR	INSown	MANown	BLKown	FRGown	GOVown	BOSIZE	BOIND	DUALT	FSIZE	ROA	LEV	Big4
CSR	1												
INSown	0.058***	1											
MANown	0.042**	–0.478***	1										
BLKown	–0.078***	–0.466***	0.611***	1									
FRGown	0.120***	0.044*	0.054**	0.010*	1								
GOVown	0.047	0.224***	–0.200***	–0.156***	–0.045**	1							
BOSIZE	–0.076***	–0.069**	0.091**	–0.006*	0.083**	–0.128***	1						
BOIND	0.195***	0.078**	–0.035*	–0.147***	0.133***	–0.065**	0.366***	1					
DUALT	0.055**	–0.011*	–0.110***	–0.006*	–0.197***	0.113***	–0.015*	–0.200***	1				
FSIZE	0.101***	–0.071**	–0.137***	–0.097**	0.261***	0.104***	0.379***	–0.008*	–0.030*	1			
ROA	0.001*	0.070**	–0.013*	0.014*	–0.021*	0.119***	0.140***	0.075**	0.019*	0.165***	1		
LEV	0.061**	0.092**	–0.138***	–0.034*	0.119***	0.011*	–0.076**	–0.195***	0.054**	0.123***	–0.380***	1	
Big4	0.165***	–0.001*	–0.111***	–0.029*	0.297***	–0.119***	0.215***	0.062**	–0.125***	0.420***	0.092**	0.113***	1

Notes: P-values are in brackets. ***, ** and * denote significance at 1%, 5% and 10% levels.

Table 5 Variance Inflation Factors

Variable	VIF	1/VIF
INSown	1.54	0.648
MANown	1.95	0.513
BLKown	1.81	0.552
FRGown	1.24	0.808
GOVown	1.17	0.851
BOSIZE	1.53	0.652
BOIND	1.37	0.729
DUALT	1.13	0.886
FSIZE	1.72	0.581
ROA	1.29	0.773
LEV	1.38	0.725
Big4	1.37	0.732
Mean VIF	1.46	

Table 6 Main regression results

Variable	1	2	3	4	5	6	7	**8**	**9**
INSown	-0.004								**-0.01**
	-0.01								**-0.01**
MANown		-0.023**							**-0.043*** **
		-0.012							**-0.017**
BLKown			0.014						**0.025**
			-0.017						**-0.017**
FRGown				0.038**					**0.061*** **
				-0.015					**-0.015**
GOVown					0.038***				**0.025***
					-0.014				**-0.015**
BOSIZE						-0.007***			**-0.004*** **
						-0.002			**-0.001**
BOIND							-0.108***		**-0.087*** **
							-0.021		**-0.02**
DUALT								**0.016*** **	**0.012***
								-0.006	**-0.006**
FSIZE	0.004*	0.004	0.005*	0.003	0.003	0.009***	0.004*	**0.004***	**0.004***
	-0.002	-0.003	-0.003	-0.003	-0.003	-0.003	-0.002	**-0.002**	**-0.002**
ROA	0.022	0.018	0.019	0.0234	0.008	0.025	0.019	**0.014**	**0.014**
	-0.037	-0.037	-0.038	-0.038	-0.038	-0.039	-0.04	**-0.038**	**-0.043**
LEV	0.006	0.003	0.005	0.003	0.003	-0.007	-0.011	**0.002**	**-0.025** **
	-0.013	-0.013	-0.013	-0.013	-0.012	-0.013	-0.013	**-0.013**	**-0.013**
Big4	0.030***	0.030***	0.030***	0.027***	0.035***	0.034***	0.034***	**0.033*** **	**0.033*** **
	-0.007	-0.007	-0.008	-0.007	-0.008	-0.007	-0.008	**-0.007**	**-0.007**
Constant	0.364***	0.369***	0.358***	0.368***	0.366***	0.370***	0.450***	**0.352*** **	**0.457*** **
	-0.023	-0.024	-0.026	-0.024	-0.024	-0.023	-0.025	**-0.025**	**-0.029**
Obs	704	704	704	704	704	703	703	**703**	**703**
R-squared	0.27	0.273	0.271	0.277	0.279	0.304	0.31	**0.276**	**0.352**
Industry Dummy	Included	Included	Included	Included	Included	Included	Included	**Included**	**Included**
Year Dummy	Included	Included	Included	Included	Included	Included	Included	**Included**	**Included**

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 7 Robustness tests

	(1) Lagged	(2) Non-linear	(3) Revolution	(4) GMM
L.CSR				0.880***
				-0.017
INSown	-0.013	-0.004	-0.015	-0.017***
	-0.011	-0.009	-0.011	-0.004
MANown	-0.045***	-0.075***	-0.051***	-0.018**
	-0.017	-0.022	-0.018	-0.008
BLKown	0.023	0.058**	0.028	-0.014*
	-0.018	-0.023	-0.019	-0.008
FRGown	0.068***	0.085***	0.057***	0.018**
	-0.016	-0.022	-0.016	-0.007
GOVown	0.027*	0.038*	0.034**	0.022***
	-0.016	-0.02	-0.015	-0.005
BOSIZE	-0.004***	-0.001***	-0.002	0.003***
	-0.001	-0.001	-0.002	-0.001
BOIND	-0.084***	-0.067***	-0.092***	-0.062***
	-0.021	-0.013	-0.023	-0.021
DUALT	0.011	0.011*	0.009	0.011*
	-0.007	-0.006	-0.007	-0.006
FSIZE	0.004	0.005**	-0.001	-0.015***
	-0.003	-0.003	-0.003	-0.004
ROA	0.015	0.012	0.005	-0.015
	-0.046	-0.042	-0.043	-0.017
LEV	-0.031**	-0.024**	-0.008	-0.013**
	-0.014	-0.013	-0.014	-0.006
Big4	0.033***	0.03***	0.038***	0.043***
	-0.008	-0.007	-0.008	-0.005
Constant	0.471***	0.400***	0.558***	0.253***
	-0.03	-0.027	-0.031	-0.027
Obs	615	704	703	616
R-squared	0.338	0.359	0.189	
Industry Dummy	Included	Included	Included	Included
Year Dummy	Included	Included		Included
AR (1)				-6.75***
AR (2)				0.88

Table 8 Corporate social responsibility disclosure index

CSR index		CSR Item	Range of Scores	Total score per item
Category A: - Employee information		Number of employees	0 – 1	11
		Employee relations	0 – 1	
		Employee benefits	0 – 1	
		Employee remuneration	0 – 1	
		Employee equal opportunities	0 – 1	
		Employee training and development	0 – 1	
		Profit-sharing/bonus scheme policy	0 – 1	
		Employee share ownership	0 – 1	
		Health & safety of employees.	0 – 1	
		Accident in the workplace	0 – 1	
		Retirement benefits	0 – 1	
Category B: - Products and services		Products/ Services quality	0 – 1	5
		Products safety	0 – 1	
		Product development and research	0 – 1	
		Discussion of marketing network	0 – 1	
		ISO or other awards received by a company	0 – 1	
Category C: - Customer		Customer information	0 – 1	4
		customer feedback	0 – 1	
		Customer compliant	0 – 1	
		Customer satisfaction	0 – 1	
Category D: -		Safety and health	0 – 1	13

Human Rights		Security practices	0 – 1	
		Human rights grievance mechanisms	0 – 1	
		Indigenous rights	0 – 1	
		Incentives level.	0 – 1	
		Supplier human rights assessment	0 – 1	
		Employment of disabled.	0 – 1	
		Assessment of operations that included human rights review	0 – 1	
		The budget allocated for training.	0 – 1	
		Scholarships.	0 – 1	
		Offering internship program.	0 – 1	
		Women empowerment.	0 – 1	
		Human capital.	0 – 1	
Category E: - Community Involvement / participation		Community education.	0 – 1	10
		Community health.	0 – 1	
		Participation in government social campaigns.	0 – 1	
		Awards related to community achievement	0 – 1	
		Significant events calendar	0 – 1	
		Information on customer services	0 – 1	
		Charity and donations to the community.	0 – 1	
		Contribution to the national economy.	0 – 1	
		Work to reduce the unemployment problem.	0 – 1	
		Government Support Projects.	0 – 1	
Category F: - Environmental		Energy policy statement	0 – 1	12
		Waste management	0 – 1	

Issues		Water usage	0 – 1	
		Environmental policy statement	0 – 1	
		Materials used	0 – 1	
		Packaging	0 – 1	
		Repairs/Protection to environmental damage	0 – 1	
		Environment expenditure.	0 – 1	
		Pollution abatement.	0 – 1	
		Environment preservation	0 – 1	
		Recycling programs.	0 – 1	
		Obtaining ISO Certificate	0 – 1	
Total		CSR-index		55

تأثير هيكل حوكمة الشركات على المسؤولية الاجتماعية للشركات
دراسة تطبيقية على الشركات المصرية

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الملخص

هدفت الدراسة إلى التعرف على مدى تطبيق حوكمة الشركات على الإفصاح عن المسؤولية الإجتماعية لدى عينة مكونة من ٨٠٠ مشاهدة من الشركات المدرجة بسوق تداول الأوراق المالية المصرية للفترة من ٢٠١٠ – ٢٠١٧. كما هدفت إلى دراسة العلاقة بين مستوى الإفصاح وبعض خصائص الشركات، وآليات الحوكمة. ولتحقيق أهداف الدراسة تم بناء مؤشر للمسؤولية الإجتماعية؛ لقياس مستوى الإفصاح في التقارير السنوية للشركات محل الدراسة. ولإختبار فرضيات الدراسة تم استخدام معامل ارتباط بيرسون، وكذلك أسلوب تحليل التباين الأحادي. وتوصلت الدراسة إلى وجود علاقة إرتباط طردي قوي بين آلية هيكل الملكية – كلاً على حده –وازدواجية الرئيس التنفيذي على المسؤولية الإجتماعية للشركات. كما أن هناك علاقة عكسية بين بعض آليات الملكية وحجم مجلس الإدارة واستقلالية مجلس الإدارة مع المسؤولية الإجتماعية للشركات.

الكلمات الرئيسية:

المسئولية الإجتماعية للشركات؛ الإفصاح الإختياري؛ حوكمة الشركات؛ هيكل الملكية؛ مجلس الإدارة.