

**UNIVERSITY OF SOUTHERN QUEENSLAND**

**DIFFERENCES IN ENVIRONMENTAL DISCLOSURE  
BETWEEN NATIONAL AND INTERNATIONAL OIL  
AND GAS CORPORATIONS OPERATING IN THE OIL  
SECTOR OF ARAB PETROLEUM EXPORTING  
COUNTRIES**

Submitted in fulfilment of the degree of  
Doctor of Philosophy

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## CERTIFICATION OF DISSERTATION

I certify that the ideas, results, analyses and conclusions reported in this dissertation are entirely my own effort, except where otherwise acknowledged. I also certify that the work is original and has not been previously submitted for any other award, except where otherwise acknowledged.

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Signature of Candidate

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Date

### ENDORSEMENT

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Signature of Supervisor/s

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Date

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Signature of Supervisor/s

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Date

# Dedication

I dedicate this study to:

My beloved **Mother**

My best sister **Mariam**

Dear wife **Wafa**

For her continuous bear, patient and love

My dear children

**Muadth and Reenad**

Hoping to be a candle that lights their future

My wonderful brothers, sisters and their families

For their love and kind support

May Allah bless and reward them.

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## **ABSTRACT**

In recent years, environmental disclosure practices have received much attention in the literature. However, a review of previous studies has revealed that the majority of studies have focused on developed countries while developing countries, especially the countries of the Arab region, have received scant attention worldwide (see Figure 2-3). As is well known, the Arab region has become the focus of attention by corporate investment due its huge oil wealth. However, although some studies addressing environmental disclosure practices have been performed in the Arab countries they have ignored the oil sector, which is a vital sector underpinning the economy of the countries in this region. Consequently, this study aims to cover the gap in the accounting literature, especially relating to the Arab region.

Therefore, this dissertation seeks to investigate the differences in environmental disclosure practices between national and international oil and gas corporations. The focus of this study is on quantity and quality of environmental disclosure contained in annual reports of petroleum companies. It is conducted based on a sample comprising 51 national corporations and 98 international corporations. The dependent variables, quantity and quality of environmental disclosure contained in annual reports, were measured by word count and environmental disclosure index score. In contrast, national factors comprising 'political and civil system, legal system, and level of economic development' were used as independent variables to explain differences in quantity and quality of environmental disclosure. Empirical data encompassing 'quantity and quality of environmental disclosure' are extracted using the content analytical methodology and environmental disclosure index. The annual reports of the firms used in this study from 2008 to 2010 amounted to a total of 444 reports. The data are analysed using three different but complementary statistical methods: (1) multiple regressions analysis, (2) Pearson's chi-square statistic and (3) independent t-test analysis.

The results of this research study indicate that there are variations in the level of environmental disclosure practices among national companies and international companies both in terms of quantity and quality of disclosure. The results of this study do not differ significantly from the results of previous studies which indicated low environmental disclosure practices in developing countries compared with developed

countries. However, the findings of this study have a number of important implications for future environmental disclosure practice in Arab region. Additionally, the study is different to previous studies as it focuses on the oil sector in the Arab world which it represents a vital role in the economies of the countries of the region. With regard to the descriptive analysis of the variables used in this study to explain differences in quantity and quality of environmental disclosure, it can be said that the results of the analysis of the independent variables used in this study indicate that the variance in environmental disclosure practices among international and national companies is due to differences in national factors such as political and civil system, legal system and level of economic development of countries that belong to the sample companies. The results of the regression analysis show both the political and civil systems, legal system and level of economic development are statistically significant in explaining the differences. Political and civil system and legal system were associated negatively with environmental disclosure practices in national companies, but positively in international companies. The level of economic development associated with environmental disclosure practices impacted positively in both national companies and international corporations. However, its effect was different in both. Furthermore, findings of independent t-test analysis show that country is one of the important determinants of environmental disclosure practices.



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## List of Abbreviations

CIVL	Civil Law
CIVISL	Civil and Islamic Law
COML	Common Law
COMISL	Common and Islamic Law
EDI	Environmental Disclosure Index
EDPs	Environmental Disclosure Practices
IOGCs	International Oil and Gas Corporations
ISL	Islamic Law
LED	Level of Economic Development
LS	Legal System
NOGCs	National Oil and Gas Corporations
MNCs	Multi-National Companies
OAPEC	Organisation of Arab Petroleum Exporting Countries
PCS	Political and Civil System
QLED	Quality of Environmental Disclosure
QTED	Quantity of Environmental Disclosure
SEA	Social and Environmental Accounting
UAE	United Arab Emirates
UK	United Kingdom
USA	United States of America
VIF	Variance Inflation Factor
WWF	World Wide Fund for Nature

## **PUBLICATIONS ARISING FROM THIS DISSERTATION**

### **Refereed Journal Research Papers**

Eljayash, K, James, K & Kong, E, 2012, 'The Quantity and Quality of Environmental Disclosure in Annual Report of National Oil and Gas Companies in Middle East and North Africa', *International Journal of Economics and Finance*, vol. 4, no 10, pp. 201-217.

Eljayash, KM, Kavanagh, M & Kong, E 2013, 'Environmental Disclosure Practices in National Oil and Gas Corporations and International Oil and Gas Corporations Operating in Organisation of Arab Petroleum Exporting Countries' *International Journal of Business, Economics and Law*, vol. 2, no 1 (June), pp.35-52.

Eljayash, KM, Kavanagh, M 2013, A Comparative Study between National and International Oil and Gas Companies to Examine the National Factors Influencing on the Differences in the Environmental Disclosure Practices, *Journal of Modern Accounting and Auditing, USA, Forthcoming*.

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Eljayash, KM, Kavanagh, M & Kong, E, 2013, 'Environmental Disclosure Practices in National Oil and Gas Corporations and International Oil and Gas Corporations Operating in Organisation of Arab Petroleum Exporting Countries', Paper presented to Kuala Lumpur International Business, Economics and Law Conference, Kuala Lumpur, Malaysia, April 8-9, 2013.

Eljayash, KM, Kavanagh, M, 2013, 'Analysis of Influential National Factors on Environmental Disclosure Practices in National and International Corporations: An Empirical Study on the Oil Sector in the Arab Countries', Paper will be presented to 8<sup>th</sup> Annual London Business Research Conference, London, UK, July 8-9, 2013.