Doctor of Philosophy Dissertation

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CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE AND ORGANISATIONAL PERFORMANCE: THE CASE OF LIBYA, A MIXED METHODS STUDY

A Dissertation Submitted

By

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Dedication

This dissertation is dedicated to my Mother, my Wife, my Brothers, my sisters, my Uncle, Abduslaam Bayoud and Esmael Elmsharqi, and Abdulati Shtiwi, and all my Relatives as well as my friends.

ABSTRACT

This thesis reports to examine and to extend the literature, by obtaining a deeper understanding of the link between corporate social responsibility disclosure and organizational performance in terms of financial performance, employee commitment, and corporate reputation by using a mixed methodology underpinned by stakeholder theory. This relationship between corporate social responsibility activity and disclosure with organizational performance attracts the interest of significant stakeholder groups. Numerous prior studies have sought to examine the links between corporate social responsibility disclosure and organizational performance using quantitative methods.

Two parts were undertaken in this study. The first part of this study involved a statistical examination of the relationship between corporate social responsibility disclosure and organizational performance for Libyan companies operating in four sectors (manufacturing, banking and insurance, service, and mining). It used longitudinal data drawn from annual reports for the period 2007 to 2009 and tested for linear relationships to identify the relationship between this disclosure and financial performance. It also utilized data gathered by questionnaire to examine the relationship between this disclosure and employee commitment and corporate reputation. This study expected to find a positive relationship between corporate social responsibility disclosure categories and organizational performance. On the one hand, the longitudinal data found a positive relationship between levels of corporate social responsibility disclosure categories and organizational performance in terms of financial performance measures and corporate reputation indicators. More specifically, it revealed a positive

relationship between environmental disclosure and return on assets, consumer disclosure and revenues, community involvement disclosure and return on assets, and employee disclosure and return on equity. It also found a positive relationship between consumer disclosure and employee disclosure with corporate reputation. On the other hand, the longitudinal data found no relationship between levels of corporate social responsibility disclosure and employee commitment indicators.

The second part of this study was a qualitative, interview-based inquiry about the relationship between corporate social responsibility disclosure and organizational performance in terms of financial performance, employee commitment, and corporate reputation in Libyan companies. Twenty -four financial managers and seven information managers from twenty-four companies were interviewed to obtain an understanding about this relationship and how this disclosure affects organizational performance. The findings of this study confirmed that there are a number of motivations for Libyan companies across the four sectors to disclose information about corporate social responsibility disclosure in their annual reports. The qualitative findings of this study revealed that there is a positive relationship between levels of corporate social responsibility disclosure and organizational performance. The four categories of corporate social responsibility disclosure levels have a positive effect on financial performance and corporate reputation, while only consumer disclosure and employee disclosure affects employee commitment due to stakeholders' pressures, among other reasons. In this study, the qualitative findings confirmed that levels of corporate social responsibility disclosure are the major driver behind improving organizational performance in the selected sample.

CERTIFICATION OF DISSERTATION

I certify that the ideas, 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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LIST OF ABBREVIATIONS

EMLD	Employee Disclosure
ENVD	Environmental Disclosure
COMD	Community Involvement Disclosure
COND	Consumer Disclosure
CSR	Corporate Social Responsibility
CSRD	Corporate Social Responsibility Disclosure
FP	Financial Performance
ROA	Return on Assets
ROE	Return on Equity
REVs	Revenues
CR	Corporate Reputation
EC	Employee Commitment
SPLAJ	Socialist People's Libyan Arab Jamahiriya
UN	United Nations
IBRD	The International Bank for Reconstruction and Development

CANDIATE’S LIST OF THE STUDY OUTPUTS

Refereed Journal Research Papers

Bayoud, NS, Kavanagh, M & Slaughter, G 2012, ‘Factors Influencing Levels of Corporate Social Responsibility Disclosure by Libyan Firms: A Mixed Study’, *International Journal of Economics and Finance*, vol. 4, no 4, pp. 13-29.

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Bayoud, NS & Kavanagh, M 2012, ‘Corporate Social Responsibility Disclosure: Evidence from Libyan Managers’, *Global Journal of Business Research*, vol 6, no 5, ***Forthcoming.***

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Bayoud, NS, Kavanagh, M 2012, 'The Importance and Benefit of Corporate Social Responsibility Disclosure in the Libyan Context: Evidence from Managers', paper presented to The 2nd Congress of the East Asian Association of Environmental and Resource Economics, Faculty of Economics and Business, Padjadjaran University, Bandung, Indonesia, February 2-4, 2012.

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CHAPTER 1: INTRODUCTION

1.1 Introduction

Corporate social responsibility (CSR) and disclosure has become an important issue in the business world (Waller & Lanis 2009), because of some major corporate ethical disasters regarding the environment, human resources, and the community. In addition, there has been a growing demand for public firms to voluntarily disclose their CSR activities in the annual reports sent to stakeholders such as customers, suppliers, employees, investors, and activist organisations. The World Business Council for Sustainable Development defined CSR as

> [T]he continuing commitment by business to behave ethically and contribute to economic development while improving that quality of life of the workforce and their families as well as of the local community and society at large (2000 cited in May & Khare 2008, p. 240).

In addition, corporate social responsibility disclosure (CSRD) is an extension of the financial disclosure system, which reflects the wider anticipation of society concerning the role of the business community in the economy. Furthermore, CSRD has an impact on companies in terms of financial performance, employee commitment, and corporate reputation. As a result, many studies in Australia, the United States, and the United Kingdom have focused on defining the relationship between CSRD and organisational performance (Peccei et al. 2005; Rettab et al. 2009; Saleh et al. 2008b; Zur et al. 2008). Although they have found the relationship between CSRD and organisational performance to be positive, other studies have found negative results, or a mixed relationship. In developing countries, despite growing concern for CSRD in various industries, only a few studies have focused on the impacts of CSR on organisational performance

(Kang et al. 2009; Park & Lee 2009). For example, Rettab, Brik, and Mellahi (2009) found the relationship between CSR and organisational performance to be positive.

The research was undertaken in Libya, because Libya has an important standing in the world economy and uniqueness “a different political and economic system” (Wallace & Wilkinson 2004). Moreover, it is a particularly interesting country, as socialist and Islamic factors have impacted on the nature of CSRD. As a result, the level of CSRD has increased in Libya since 2000 due to pressures from stakeholders for information which may influence organisational performance for Libyan companies (Pratten & Mashat 2009).

This chapter is organised into nine sections. The second discusses the purpose and motivation of this study. The third section presents an overview of the background of the research problem. The fourth section explains the research objective. The fifth section clarifies the general research problem and research questions. The sixth outlines the research approach. The seventh section clarifies the contribution of this study. The eighth section states the scope of the study. The final section describes the organisation of this thesis.

1.2 Purpose and Motivation of This Study

The main purpose for this study is to address the ongoing concern regarding the relationship between CSRD and organisational performance (Margolis & Walsh 2003; McWilliams et al. 2006) in the Libyan business world. The CSR literature is currently dominated by empirical research in the industrialized countries of Western Europe, the United States, and Australia. The vast majority of comparative research on CSR has also focused on analyses and evaluations of CSR practices and their impact on organisational performance in these countries (DeMaCarty 2009; Husted & Allen 2007; May & Khare 2008; Pratten & Mashat 2009; Rettab et al. 2009).

The motivation for this research lies in lack of the research and the Islamic religion in Libya. Research on CSRD among firms in developing countries has been limited, especially in the Libyan context, despite concerns from stakeholders about the importance of CSR and CSRD, and the relationship between CSRD and organisational performance in particular in most developing countries (Pratten & Mashat 2009). In addition, some of the studies on CSRD in developing countries were undertaken in the context of newly industrialised countries, such as Malaysia, Singapore, and some African countries such as South Africa, Nigeria, and Uganda (Belal 2001). In regards to the Arab regional context, in which Libya occupies an important position, there is still a paucity of research on CSR practices (e.g. Abu-Baker & Naser 2000; Al-Khater & Naser 2003; Jahamani 2003).

Therefore, much previous research recommends that future studies examine the relationship between CSRD and organisational performance through quantitative and qualitative research,[1] especially in terms of the relationship between CSR and CSRD with regard to corporate reputation and employee commitment (Bebbington et al. 2004, 2008; Hasseldine et al. 2005; Rettab et al. 2009; Rose & Thomsen 2004).

[1] Qualitative research is conducted with interviews or case studies.

In addition to that, the Islamic religion is considered one of the most important forces behind the rise in pressure for corporations to undertake responsible social activities and to disclose them. But Islamic societies are varied in terms of their notions of corporate responsibility and disclosure. Hence, Libya is a particularly interesting country to study, as Islamic and social factors could determine the nature of disclosure. According to Pratten and Mashat (2009, p. 312), "the Islamic influence adds further demands on legislation, behaviour, and industrial change.". Furthermore, Libya has a unique economic and political system and is quite different from classical or bourgeois societies. Therefore, Islam and Libya's system[2] will no doubt be the driving factors behind Libyan socially responsible business conduct.

1.3 Background of the Research Problem

The growing concern for CSRD and the importance of communication between an organisation and its stakeholders has led firms to become more committed and responsible to shareholders. The concern about how CSRD positively and negatively affects shareholders' perceptions has forced large companies to consider not only their financial performance but also their environmental and social performance. These firms have become interested in annual reports, which contain their environmental and social activities. There is some commercial justification for companies structuring their activities, to make them more attractive to investors. For example, firms craft and communicate large amounts of information concerning their activities to their stakeholders. Also, most large firms now issue annual reports about the years' activities and financial status.

[2] Libya's system is based on the Third Universal Theory and it derives its basic values from the Green Book.

Some large firms have responded to the need for more information concerning their social performance by developing corporate social reporting (Mittal et al. 2008).

Over the years, studies have emerged concerning the relationship between CSR initiatives and organisational performance (Margolis & Walsh 2003; McWilliams et al. 2006). However, most companies in Libya do not understand the importance of CSR disclosure in their annual reports and are unaware of the impacts of CSR disclosure on their businesses (Pratten & Mashat 2009). This lack of knowledge is compounded by the fact that there is no impetus to disclose CSR activities in their annual reports because the disclosure of such activities is voluntary. In the business context, Muthuri et al. (2012) note that to date few research has examined the strategic value of CSR in developing economies. Overall, a review of the CSR and CSRD literature have revealed a general consensus regarding the positive impact has led stakeholders to place greater pressure on firms to enhance CSRD and their organisational performance. This concern, related to the relationship between CSR and CSRD with organisational performance, has led to empirical studies that define the relationship between CSRD and organisational performance in terms of financial performance, employee commitment, and corporate reputation. These studies fall into several categories.

First, most previous studies have regarded CSR and CSRD as important factors in improving financial performance for firms (Branco & Rodrigues 2008b; Husted & Allen 2000; Husted & de Jesus Salazar 2006; Marom 2006; McWilliams & Siegel 2000; Moneva et al. 2007; Orlitzky et al. 2003; Wright &

Ferris 1997). These studies have examined the relationship between CSRD and financial performance. Most results have indicated a positive relationship, whilst some studies found a negative and mixed relationship between the two. Improving financial performance is not necessarily based on level of disclosure. For example, Brammer and Millington (2008) found that firms with both high and low social disclosure levels have higher financial performance. Firms with poor social disclosure do best in the short term, whereas firms with good social disclosure do best in the long term. However, some studies did not find any relationship between CSRD and financial performance (McWilliams & Siegel 2000).

Second, there are number of studies that have found a positive relationship between CSR and CSRD with employee commitment that leads to improved organisational performance (Brammer et al. 2007; Rettab et al. 2009; Brance & Rodrigues 2008). Although a growing number of studies have investigated various dimensions of CSRD, few have considered its impact on employees (Turker 2009). In addition, most studies have not examined strategic CSRD in developing countries in terms of the relationship between CSR and CSRD with employee commitment (Peccei et al. 2005; Rettab et al. 2009). Peccei et al. (2005) found a positive relationship between information disclosure and employee commitment. Despite many emerging studies from firms in Western developed economies, there have been no studies of firms in developing countries examining this relationship.

Third, most firms have become interested in CSRD as one of the most important ways to improve their business reputation. Nonetheless, there are only a few studies that have considered the relationship between CSRD and corporate reputation, and few studies examine this relationship for firms in developing countries (Bebbington et al. 2008; Hasseldine et al. 2005; Hess et al. 2002; Toms 2002). Bebbington et al. (2008) suggest that it seems plausible that CSR reporting could play a role in reputation risk management. Toms's results (2002) suggest that the implementation, monitoring, and disclosure of environmental policies and their disclosure in annual reports contribute significantly to the creation of a good environmental reputation. Hasseldine et al. (2005) examine the effects of quantity and quality of disclosures on corporate reputation. They reveal that, among executive and investor stakeholder groups, the quality of environmental disclosures has a stronger effect on the creation of a good environmental reputation than merely the quantity of such disclosures. One study examining the relationship between CSR and corporate reputation finds a positive relationship between the two (Rettab et al. 2009), but no study examines the relationship between CSRD and corporate reputation for firms in developing countries. The results of studies examining the relationship between CSR and corporate reputation are different from one country to another.

Crane et al. (2005) note that business systems differ between countries. Therefore, this study is more positive effort to understand the institutional and managerial characteristics of economies in developing countries. The institutional environment in emerging economies such as Libya, has experienced dynamic change in a short period of time (Mateos 2005). Libya is considered one of the highest producers of high-quality and low-sulphur oil and gas and is strategically well placed to take advantage of the Mediterranean and European markets. In addition, it is a member of the Organisation for Petroleum (World

Markets Research Centre, 2002 & Terterov, 2002 as cited in Abdulhamid et al. 2005b). Therefore, Libya possesses a significant stand in the world economy. Libya also has a unique economic and political system. During the last two decades, it was punished by the Security Council, barred from international investments, and development was almost totally frozen. However, in 2000, the Libyan government opened an office in the Libyan capital of Tripoli. Knipe and Venditti (2005, p.2 as cited in Abdulhamid et al. 2005b, p. 2) explain that "The city is coming in from the cold and Libya, a country endowed with Africa's largest reserves of oil, is about to make its mark on the regional and global economy." The main factor leading and regulating the attitude and behaviour of Arab society, including that of Libya, is the Islamic religion. This is, according to Ali (1996, p. 6), due to the following fact that:

> [F]amily and other social institutions still command the respect of almost all individuals regardless of their social backgrounds. These institutions utilize Islam to sustain their endurance and influence … Islam is a comprehensive religion that regulates not only the asceticism but also the worldly tendencies. Almost all social, political, and military precepts are covered in the Quran along with the piety of the soul and moral aspects of individual behaviour.

In 1977, the political system in Libya changed to enable the people to rule directly; municipal people's congresses and basic peoples' congresses were established across the country. These congresses have their own budget with legislative and executive powers and elect a secretariat to represent their decisions at the national general people's congress. The national general people's congress also approves the budget, laws, and policy (Pratten & Mashat 2009).

Libya has a special system that is based on what is called (the third Universal Theory)[3] inside the (Green Book). This system (the third University Theory) tackles economic problems such as wages for production. Such developments in Libya have led to unequal welfare distribution and unlimited market opportunities that formed high incentives for opportunistic behaviour. In 2000, Libya established a public organisation to manage environmental concerns. In addition, the United Nations Development Programme (UNDP) and International Monetary Fund (IMF) have characterised Libya as one of the developing countries that is attempting to rapidly move towards economic growth (UNDP 2007).

Business media shows unscrupulous firms resorting to socially irresponsible practices to gain high profits at the expense of employee welfare, customer safety, and the environment (Rettab et al. 2009). Although most governments in developing countries such as Malaysia and some Arabic countries have enacted laws regulating the conduct of firms, some of these laws place companies in charge of monitoring themselves and of enforcement of the regulations that pertain to their own businesses (Mellahi 2007). Despite the desire of political actors in most emerging and rapidly growing economies such as China, India, and United Arab Emirate (UAE) to disclose CSR activities regarding pollution, customer protection, and labour practices, CSR remains at a low level of disclosure in these countries compared with Western developed countries (Rettab et al. 2009). Likewise, CSRD is also at a low level among developing countries, including Libya, compared with Western developed countries (Al-Khater & Naser 2003). The amount of CSRD in Libya has increased since 2000 compared

[3] This theory has been worked from September, 1969 to February, 2011.

with previous years (Pratten & Mashat 2009) due to pressure from stakeholders, which may influence organisational performance for Libyan companies. This study, therefore, examines the relationship between CSRD and organisational performance among Libyan firms in terms of financial performance, employee commitment, and corporate reputation.

This study defines CSR value as the extent to which sample Libyan firms are estimating their CSR activities, identifying important CSR activities, and successfully managing these issues. Few research on CSRD and organisational performance has been explored in developing countries, and cross sectors (i.e., manufacturing companies, banks and insurance companies, services companies, mining companies), despite concerns from stakeholders about the impact of CSR activities and CSRD on organisational performance. In addition, this study uses stakeholder theory to investigate how CSRD affects firm's organisational performance in terms of financial performance, employee commitment, and corporate reputation.

1.4 Research Objective

Applying the stakeholder theory, this study project explores whether the level of CSRD among Libyan firms affects their organisational performance in terms of financial performance, employee commitment, and corporate reputation. The results of this study could provide firms with incentives to use their CSR activities and ensure CSRD to enhance their performance (Peccei et al. 2005).

1.5 General Research Problem and Research Questions

This study specifically focuses on the strength of the link between CSRD and organisational performance in the mentioned four sectors. The researcher has chosen these four sectors for the following reasons. These sectors are the most important sectors which have annual reports published. They are interested in CSR activities and disclosing CSR in their annual reports. Also, they were tested by some Libyan researchers (Pratten & Mashat 2009; Ahmed 2004;) as these sectors engage in CSR activities. The most reason is that the amount of CSRD of these sectors in Libya has increased since 2000 compared with previous years (Pratten & Mashat 2009) due to pressure from stakeholders, which may influence organisational performance for Libyan companies. Therefore, the general research question to be examined and explained is as follows:

What is the strength of the association between levels of corporate social responsibility disclosure (CSRD) and organisational performance among Libyan companies within the manufacturing, banking and insurance, services, and mining sectors?

The following research questions have been formulated in order to answer the general research problem:

1. Is there a positive association between higher levels of corporate social responsibility disclosure (CSRD) and higher financial performance?
2. Is there a positive association between higher levels of corporate social responsibility disclosure (CSRD) and higher employee commitment?
3. Is there a positive association between higher levels of corporate social responsibility disclosure (CSRD) and higher corporate reputation?

1.6 Research Approach

This study employs quantitative and qualitative approaches to collect and analyse data using triangulation data (secondary data, survey questionnaire and semi-structured interview) for credibility, thus avoiding social bias, and allowing strong results (Gorard & Taylor 2004; Johnson & Onwuegbuzie 2004; Kreuger & Neuman 2006). Although using mixed methods is a different approach, it can be productive in not only analysing various sources of data and interpretating the data using both methods (Johnson & Onwuegbuzie 2004; Somekh & Lewin 2005). Somekh and Lewin (2005) suggest that although data collection and analysis differ between quantitative and qualitative methods, using both methods can be productive in analysing various sources of data and can result in more reliable and trustworthy data. Johnson and Onwuegbuzie (2004) also claim that mixed methods enable the application of quantitative results to support the interpretation of qualitative results. Moreover, Leedy and Ormrod state that

> To answer some research questions, we cannot skim across the surface. We must dig deep to get a complete understanding of the phenomenon we are studying. In qualitative research we do indeed dig deep. (2005, p. 9)

More information regarding the qualitative approach is provided in the data collection and data analysis sections. Thus, mixed methods were used for this study.

As an exploratory study, this research uses a quantitative survey to identify the relationship between CSRD and organisational performance.

The results of the survey are then compared with a qualitative analysis of social disclosure among Libyan companies. In employing a qualitative approach, this study investigates and evaluates levels of CSRD and organisational performance among Libyan companies from different industry sectors: manufacturing, banks and insurance, mining and services. Using multiple case studies is considered an appropriate approach for this study to allow a deeper understanding of existing business activities without prior expectations and/or predictions (Patton 1990). This study uses inductive analysis as a paradigm of choice (Patton 1990) to analyse employee commitment and corporate reputation. In addition, secondary data, such as annual reports, are examined to identify levels of social disclosure during the past four years. The content analysis aims to reveal the emphasis Libyan businesses place on social and environmental disclosures. Secondary data are useful for this study because they save time and are a cost-effective way to collect data to support the quantitative and qualitative research methods used (Davis & Cosenza 2000).

1.7 Contribution of This Study

This study contributes to the research on CSR and CSRD in the following five ways. First, this study contributes to the literature regarding developing countries as well as the relationship between CSR and CSRD with organisational performance in developing countries, a focus that has received little attention. For example, there are few studies regarding the Arab region that focuses on the relationship between CSR and organisational performance (Rettab et al. 2009). The contribution of this study is not restricted to the Libyan context, however. It also extends to the wider field of CSRD research. It is especially relevant for

Western countries, including the United States, and developing countries. Second, this study develops comprehensive definitions and measures for CSRD and organisational performance. Third, by investigating the association between CSRD and organisational performance, it extends prior research that links CSRD with financial performance, employee commitment, and corporate reputation. Fourth, this study is the first known study in Libya to investigate the relationship between CSRD and organisational performance. It also provides insights on whether the relationship in the Libyan context can be characterized as a positive or negative one, or a mixture of both. Thus, this study adds a significant contribution to the growing body of literature in the area of developing countries in this area. Finally, this study is expected to help researchers, regulators, and stakeholders in Libya comprehend the affect of CSRD on the stock market and its impacts on company performance.

1.8 Scope of This Study

This study focuses mainly on CSRD that impacts organisational performance in terms of financial performance, employee commitment, and corporate reputation. Identifying the levels of CSRD that are used by companies frames the boundary of this study. In addition, this study examines 135 Libyan companies in the manufacturing, banking and insurance, mining and services sectors. To support the purpose of this study, relevant literature has been reviewed that seeks to identify gaps that need to be addressed in the literature.

1.9 Outline of Thesis

The material developed for this study is structured into seven chapters as follows:

Chapter 1: Introduction

This chapter introduces the research problems and background of this study and explains its purpose, objectives, and general research problem and research questions raised. A summary of the research approach used is provided. The significance of the study in terms of its contribution to the literature is stressed. Finally, the outline of thesis is reviewed.

Chapter 2: The Libyan Context

This chapter discusses CSRD in the Libyan context in order to provide a framework for this thesis. The influence of CSRD on organisational performance in Libya is also considered. Libyan social, political, economic, and legal systems, and the state of the accounting profession and education are also highlighted.

Chapter 3: Literature Review

This chapter reviews the previous studies relevant to CSRD in order to understand what other researchers have found, and then determine if there are any gaps in the current literature. The concept of the relationship between CSRD and organisational performance in terms of financial performance, employee commitment, and corporate reputation is reviewed. Numerous prior studies regarding CSR, CSRD, and the descriptive theories of CSRD practice and organisational performance are also reviewed.

Chapter 4: Research Methodology

The methodology used in this study, namely, content analysis, historiography, and questionnaire, are described in this chapter. The use of qualitative research is also discussed.

Chapters 5 and 6: Study Results

The results of this study's data gathering and analysis are briefly summarized in chapters 5 and 6. Chapter 5 reports the quantitative results, while the qualitative results are reported in chapter 6.

Chapter 7: Summary and Conclusions

This chapter discusses in detail the findings that were summarized in chapters 5 and 6. Possible explanations and implications for various CSR practices among Libyan organisations and their impacts on these organisations' performance are considered. The contributions and limitations of this research are discussed. Suggestions for future research regarding CSRD and organisational performance in the Libyan context are also offered.

1.10 Summary

This chapter provide a brief overview of the thesis: the background of the research problem, its purpose, objective, general research problem and research questions; the research approach used; and the contribution this study makes to the current literature.

CHAPTER 2: THE LIBYAN CONTEXT

2.1 Introduction

This chapter provides an overview of the Libyan context for this study —social, cultural, political, economic, legal, and accounting education. All of these factors influence corporate disclosure and CSR disclosure in particular (Mathews 1993; Tsang 1998) and are therefore relevant to this study. Specifically, this chapter considers the Libyan sociocultural context and its impact on accounting in general and corporate disclosure. It also shows the Libyan political context and its impact on accounting and corporate disclosures. In addition, this chapter provide some details about the Libyan economic context and its impact on accounting and corporate disclosures. Furthermore, it presents the Libyan regulatory context and its impact on accounting and corporate disclosures and accounting education in Libya. Finally, this chapter reports some of the concerns about CSR activities and disclosures in Libyan businesses.

2.2 The Libyan Context

A number of environmental factors influence the level and quality of business disclosures and of CSRDs in particular (Mathews 1993; Tsang 1998). The factors include social, cultural, political, economic, and legal factors, the last of which plays an important role in identifying levels of corporate disclosure (Lewis 2001).

2.2.1 Sociocultural Context

Culture encompasses social, political, and other factors such as religion that can affect individuals' behaviours (Hamid et al. 1993). Aghila (2000) explains that language and religion are considered vital cultural factors in Arabic countries, in particular Libya, which means these factors have a significant impact on the attitudes and behaviour of people.

2.2.1.1 Language

The official language in Libya is Arabic, although English is in common use, particularly among educated classes, in tourist areas, and in international business centres. Italian is the third most commonly used language due to the Italian colonization. Libya's private education system has ensured the ongoing use of English. In addition, some Libyan company (public and private) websites use English and Arabic. However, all Libyan companies prepare their annual reports in Arabic, as required by law. Nevertheless, a few Libyan companies (public and private) issue their annual reports in Arabic and English.

2.2.1.2 Religion

Religion is one of the most important aspects of Libyan society as most Libyans are religious. Religion has thus shaped the country's cultural background. Although all native Libyans are Muslim, more than one million foreigners live in Libya and most of them belong to various Christian denominations or Indo-Chinese religions (Attir & Al-Azzabi 2002). There are churches and other places of worship for most of these religious groups.

The Libyan Constitution of September 11, 1969, declares in article 1 that Islam is the official state religion. Islamic values are practiced and confirmed in numerous state ceremonies. In November 1973, a new code of law was established that emphasises Islam Sharia in all aspects of Libyan law.

Islam is one of the most significant drivers behind the increase in CSR activities in Libya. Islam is the main factor that leads and regulates the attitudes and behaviour of Arabic societies (Pratten & Mashat 2009). Islamic societies are varied in terms of their CSR practices and understandings of CSRD. As such Libya is a particularly interesting country, as societal and Islamic factors have influenced the nature of disclosure. According to Pratten and Mashat (2009, p. 312), "the Islamic influence adds further demands on legislation, behaviour, and industrial change." According to Ali (1996), Islam organises the social life within the family and in other social organisations and supports their endurance and influence.

2.2.1.3 Geography, Population, Demographics

Located in North Africa, Libya is considered one of the most important Arabic countries. Libya not only links eastern and western Africa and Southern Europe and Africa. Libya is bounded by Egypt to the east, the Mediterranean Sea to the north, Tunisia and Algeria to the west, Sudan to the southeast, and Niger and Chad to the south; It is the fourth largest state in Africa. It also has a Mediterranean coastline of almost 2,000 km (1,250 miles). Although the land of Libya is 94.73% desert, 3.94% agricultural, and 0.29% forests%, the total area of Libya is approximately 1,775,500 km^2 (Otman & Karlberg 2007). Otman and

Karlberg (2007) indicate that Libya consists of three regions: Tripoli in the northwest, Cyrenaica in the east, and Fezzan in the southwest.

In 2006, Libya had a population of nearly 575 million, made up of approximately 51% male and 49% female (see table 2.1) (Otman & Karlberg 2007). According to available data, approximately 4 million people live in coastal cities of Benghazi, Misurata, Zawia, and Derna, but especially in the capital city of Tripoli, where about 2.5 million people live.. At 3.5 percent, Libya has one of the highest population growth rates in the world. Furthermore, Libya has one of the highest urbanization rates in the world, with almost 86 percent of its population living in urban areas. About 50 percent of Libya's population is under 20 years old (Arab Banking Corporation (ABC) 2001).

Table 2.1: Distribution of Libyan Population, 2005 and 2006.

Population	Ages	Number in population			Percentage of total population		
		Male	Female	Total	Male	Female	Total
1995	Total	2231079	2158660	4389739	50.82	49.18	100.00
2006	Total	2695145	2628846	5323991	50.62	49.38	100.00

Source: Libyan Higher Committee for Statistics and Census (2006 cited in Otman & Karlberg 2007).

The family is considered an essential unit in Libyan society, a family and its members are assigned to a hierarchical order based on age and generation. El Fathaly (1977, (cited in Ahmad & Gao 2004) states that the father, grandfather, and oldest son represent leadership and authority in the Libyan family. Islam and Arabic custom support the role of the family in Libyan society and its status, which is based on the afore-mentioned hierarchy (Bjerke & Al-Meer 1993). Bjerke and Al-Meer (1993) note that, in Libya, while leaders hold authority at the community level, fathers hold authority at the family level.

The organisation of Libyan society is similar to that of other Arabic countries and is divided into extended families, villages, clans, and tribes. Agnaia (1997) states that these social units play a major role in people's relationships and community life. More specifically, because one's loyalty to the law and one's profession is occasionally weaker than one's loyalty to one's village, tribe, clan, and family, it is more common for career promotions and business connections to be obtained through family contacts and personal relationships than through one's academic qualifications or practical experience (Agnaia 1997).

International accounting literature has focused on the impact of society and culture on accounting practice in general and in particular on corporate disclosure (Hamid et al. 1993). Numerous studies investigate the effects of society and culture on the structure of business and accounting, and in particular on corporate disclosures (Archambault & Archambault 2003; Cravens & Oliver 2000; Doupnik & Salter 1995; Gray 1988; Hofstede & Bond 1988). These studies arrive at the following conclusion: society and culture are considered among the most important factors affecting business performance and accounting.

Clearly, public organisations should contribute and disclose their activities that lead to the well-being of society. Thus, this argument might support the stakeholder theory, which claims that in a society concerned with social issues, user groups (i.e., stakeholders) may use more power, possess greater legitimacy, and have their claims viewed with greater urgency. In this vein, just as societal values can affect managerial values, so might decision makers (such as managers) in societies with a strong interest in or concern with social issues, be more aware of stakeholder claims and therefore place more importance on them.

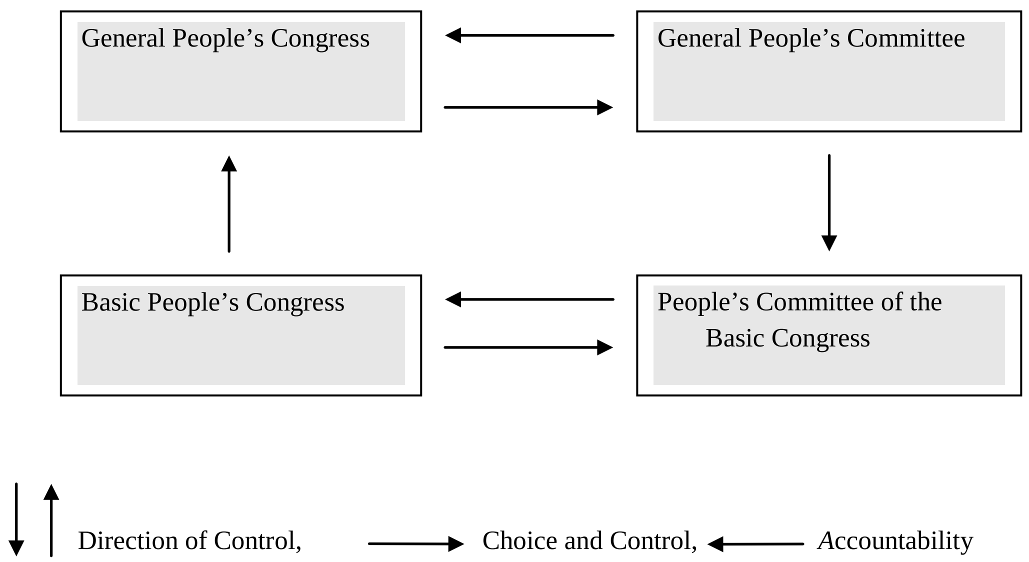
2.2.2 Political Context

The political system in Libya's began September 1, 1969, when a group of army officers called the Revolutionary Command Council (RCC) took power. The principles of the RCC were Freedom, Socialism, and Unity. The RCC renamed Libya the Libyan Arab Republic. As the leader of the RCC, Muammar Gaddafi became the Prime Minister and the Defence Minister Gaddafi. In the 1970s, Gaddafi presented his Green Book, which presented in three parts (political, economic, and social programs), his Third Universal Theory. Moreover, the Third Universal Theory was presented as representing the Libyan policies until Feb 2011.

Gaddafi presented Libya's new political system in 1977, which introduced five major reforms leading to basic changes in the country's structure. This system was then accepted in an extraordinary session of the General People's Congress G.P.C. under Muammar Gaddafi's chairmanship. The five reforms were (1) the official name of Libya became the Socialist People's Libyan Arab Jamahiriya (SPLAJ), (2) the Holy Book of Islam became the official social code, (3) the authority is for the all Libyan people and no one else as this system represented the basis of the political system in the SPLAJ, (4) the People's Congresses, People's Committees, Syndicates, Unions, Professional Associations, and the G.P.C became functions that define and maintain law and order and through which the Libyan people exercised their power (see Figure 2.1).

Figure 2.1 shows that Libyan people debate and made decisions through the Basic People’s Congress. The Basic People’s Congress collected and reformatted the people’s decisions, then passed them on to the General People’s Congress for consideration and implementation as national policy. There were at least 1,500 Basic People’s Congresses in Libya. Each congress has its own budget and legislative and executive powers. They also elected a secretariat to represent them in the General People’s Congress. Twice a year the General People Congress met to pass resolutions, adopted laws and decrees, and nominate ministers to the General People’s Committees (or the cabinet). Finally, the responsibility of every Libyan citizen was homeland defence and all citizens received arms and general military training. Law defines the methods of training military institutions and the general military. This system finished in the SPLAJ.

Figure 2.1: The Structure of People's Congresses and People's Committee



Source: Adapted from Bait-Elmal (2000)

Libya's political system affects the behavior of organizations and the people in certain ways. It has been argued that Libya's political and governmental stability affect accounting in numerous ways. Alhashim and Arpan (1992 cited in Saleh 2001) indicate that in societies where the government sets accounting rules, then when major changes happen in the people governing, these changes may lead to changes in the accounting procedures of the country. The degree of political rights and civil liberties evident in a country's political and civil structure is based on the degree of political and civil freedom in that country (Gastil 1990). As a result of violations of political rights and civil liberties associated with certain forms of political structures, the restriction of political and civil freedoms are likely to pose obstacles to full and fair disclosure (Lin 1993 cited in Mashat, A. A. 2005). In light of this, a number of studies have examined the relationship between political systems and accounting practices (Williams 1999). For example, Goodrich (Goodrich 1986, p. 16) found a significant relationship between accounting practices and political systems, "Political factors, like political system types and international organizational membership, are significantly linked to the accounting groups." Williams (1999) also found a positive correlation between the degree of social and environmental information in companies' annual reports and civil repression and the level of political freedom for Asia-Pacific companies.

2.2.3 Economic and Business Context

Libya is a rich developing country that is just beginning to change to a market-based economy. It is also attempting to rapidly move towards economic growth (UNDP 2007). Briefly stated, the history of economic development in Libya has occurred as follows: Agriculture was considered as the primary sector of the Libyan economy before the discovery of oil in 1959. Benjamin Higgins, who worked as an economic adviser to Libya in the twentieth century, described the Libyan economy between 1950 and 1963 as a deficit economy (Kilani 1988). Higgins (1959, p. 26) indicated in his book that

> Libya's great merit as a case study is as a prototype of a poor country. We need not construct abstract models of an economy where the bulk of the people live on a subsistence level, where per capita income is well below US$ 50 per year, where there are no sources of power and no mineral resources, where agriculture expansion is severely limited by climatic conditions, where capital formation is zero or less, where there is no skilled labour supply and no indigenous entrepreneurship … Libya is at the bottom of the range in income and resources and provides a reference point for comparison with all other countries.

The International Bank for Reconstruction and Development (IBRD) (1960) also mentioned that as a result of the deficit of the Italian economy in their period of colonization of Libya, this situation led to the neglect of Libyan education and technical skill and excluded the Libyan employees from any significant careers, in particular in the administration of Libya, which did not allow them to improve their skills and experience. IBRD (1960) emphasized that as a result of these causes, Libya has focused on the training of Libyans to fill foreign administrative and technical positions, and this process is still the trickiest of all the problems related to the Libyan economic development. At this stage, the Libyan economy was characterized by low levels of literacy and health, chronic trade deficits, low levels of consumption and domestic production, and underexploited natural resources (Wright 1982). Therefore, the Economic and Social Council (ESC) of the United Nations issued a decree at the beginning of 1950 to treat these problems by supplying foreign aid to promote the Libyan economy (Ghanaem 1982).

The discovery of oil in 1955 led to the end of foreign aid and major modifications in all aspects of Libyan life. In just five years, Libya changed from a poor country to one of the richest country in the world. Bait El-mal (1973) indicates that the discovery of oil attracted many foreign oil companies to Libya; in particular USA and UK oil companies. Western advisers in Libya thus designed Libyan petroleum laws in 1955 to encourage foreign companies to explore, carry out oil development operations, and release oil from the Libyan Desert (Abbas 1987). In addition, by 1969 some 2,000 international companies from non-oil sectors registered manufacturing concerns in Libya. Some Libyans worked in these companies, but foreigners built and controlled the administrations of these companies (Jensen 1976).

A number of changes occurred in the Libyan economy after September 1, 1969. The leaders of the 1969 revolution took steps to restructure the economy. They were observed that the benefits accruing from oil heavily favoured foreign and international companies rather than Libya, and hence there was a need to nationalize the control of Libyan oil. Kilani (1988)[4] stated that this stage witnessed the rapid disappearance of the private sector due to the revolutionaries' opposition to capitalism; however, this stage was also

[4] People who visited Libya at the beginning of the revolutionary period were impressed by the progress of the nation now-rushing into the twentieth-century. As Sanger (1975) described it in the *Middle East Journal*, "The cities had become construction camps with noisy bulldozers levelling buildings and cement trucks pushing through the traffic jams with loads for the every-hungry building cranes, which dominated the skyline. In and around the chief cities and towns rose block after block of new housing … Hospitals of standard design were being built in half-dozen lots … The giant campuses of the Universities of Tripoli and Benghazi were the most impressive in Africa … Above many side streets and garden suburbs the tall chimneys of new factories rose behind the minarets, their dark smoke clouds proof of the boom in cement, reinforcing wire, plumbing fixtures, textiles, food processing and, most successful of all, the drive to expand electricity" (pp. 413–414).

characterized by the rapid development of the Libyan economy, the formation of an extensive range of public organisations, and the establishment of publicly owned organisations. In this respect, the Libyan government prepared to employ its three plans by using oil revenues and non-oil revenues (See table 2.2) to develop the economy.

Table 2.2: GDP and Per Capita Income in Libya in the period 1967-1997

	1967	1975	1980	1985	1990	1997
GDP (LD million):	747.8	3,674.3	10,553.8	7,852.1	7,749.6	12,975.5
Oil sector	402.5	1,961.1	6,525.7	3,500.4	2,740.8	2,977.5
Non-oil sector	345.3	1,713.2	4,028.1	4,351.7	5,008.8	9,998.0
Per Capita (LD million)	430	1,369	3,252	2,140	1,600	2,426
Per Capita ($)	1,250	4,624	10,985	7,228	4,320	6,064

LD = Libyan currency (Libyan Dinar)

Source: The Libyan Secretary of Planning (1998), Economical and Social Development Achievements in 28 years, p. 14; The Secretary of Planning (1997), Economic and Social Indicators (1962-1996), p. 46 & 52.

The short-term plans specified finance infrastructure projects, such as roads, water, and hospitals (Bakar 1997). The medium-term plans involved the development of economic sectors, such as agriculture, services, and industry. The long-term plans aimed to expand and convert the Libyan economy from that of a developing to a developed economy. El- Jehaimi (1987) notes that prior plans also aimed to focus on agriculture and industry more than other sectors, to reduce agricultural and industrial imports from foreign countries, and to achieve self-sufficiency in the agricultural and industrial sectors, to redirect revenues from the oil sector to finance the requirements of the other sectors, and to limit foreign participation and focus on the role of national workers in the development effort.

The new economic system was based on the “Third Universal Theory” from the Green Book, written by Muammar Gaddafi. The Green Book is titled *The Third Universal Theory*. Gaddafi claimed this theory resolved Libya’s economic problems by giving workers the right to benefit from the products being produced, whether as a public or private establishment; whereas, all prior theories attempted to resolve the economic problems from either the perspective of ownership of the means of production or from that of the wages for production. These prior attempts failed due to being based on “a wage system.”

In 1970, Gaddafi’s reforms gave Libyan workers the right to manage their own organisations. People’s Committees (PC) were chosen by workers in most Libyan companies. The economic reforms stemming from the Green Book meant workers were not wage workers but partners in managing Libyan companies. The Green Book also stated that

> If we analyse the economic factors of production from ancient times till now we always find that they are composed of these essentials: raw materials, an instrument of production and a producer. The natural rule of equality is that each of the factors has a share in this production, for if any of them is withdrawn, there will be no production. Each factor has an essential role in the process of production and without it production comes to a halt. As long as each factor is essential and fundamental, they are all equal in their essential character within the process of production. Therefore they all should be equal in their right to what is produced. The encroachment of one factor on another is opposed to the natural rule of equality, and is an attack on the right of others. Each factor, then, has a share regardless of the number of factors. If we find a process of production, which can be performed by only two factors, each factor shall have half of the production. If it is carried out by three factors, each shall have a third of the production.

The People Committee’s are responsible for managing organisations in Libya. Each employee in a Libyan company can be a member of the People’s

Committee, which includes the head of the company. Thus, the top of the hierarchical structure can be managed by employees, who contribute to decision making. This process may lead to poor decisions, however, because most employees have inadequate experience or educational qualifications. This means that society's values stem from the economic activities and decisions rendered by all Libyan organisations. All Libyan organisations, thus should again study the issues related to employee rights and protections as well as their impacts on Libyan organisations. In addition, employees in Libya are dealt with as partners, not as wage-earners. However, public organisations are more focused on providing basic services and goods to citizens, rather than focusing on maximizing profits.

Economic development plays an important role in the development of accounting practices, particularly in reporting and disclosure. Economic development can directly and indirectly influence corporate disclosure in a country (Arpan & Radebaugh 1985). Williams (1999) asserts that one of the most important factors that received wide attention recently is the level of economic development and its impact on accounting. Economic development in a country encompasses economic growth and structures and social changes (Belkaoui 1983). To evaluate the performance of every organisation in terms of productivity and efficiency, the three previous factors (economic growth and structures as well as social changes) need to use financial and reporting tools.

The role of accounting in any country affects economic development, "accounting information has the potential to play a very important part in many of the debates on the issues of affecting economic development" (Samuels 1990, p. 67). All companies and government authorities need to receive financial information within relevant certain time frame for a number of reasons, including to efficiently allocate and use economic resources, to control and safeguard assets, to price services and goods, to value assets, and to measure and evaluate performance. Novin and Baker (1990) asserted that it is difficult and complicated for all companies and government authorities to dispense reliable and sufficient accounting information within the relevant time, to allow effective control and management.

Additionally, a number of studies have examined the relationship between accounting and economic development. This relationship is observed due to the major role accounting plays in providing information on macro- and micro-economic activities to make effective decisions at various levels. The accounting function plays a stewardship and reporting role and a budgeting and forecasting role at the micro level, and also encompasses the creation of adequate information for planning and administering purposes, and for controlling the economy and demanding accountability at the macro level (Samuels & Piper 1985). Clearly, there is a significant and strong interplay between the macro and micro levels of accounting, on the one hand, and the macro and micro levels of the economy, on the other. In this regard, micro data are used for macro accounting, while macro and micro data use macro accounting for assessing and decision making. More specifically, the macro accounting framework combines the accounting and the economic frameworks. Although micro accounting forms a significant and effective part of the macro accounting database, it is concerned with measuring and reporting results of economic activities of micro units in an economy. Both micro and macro accounting and economic frameworks, therefore, should be used to improve information quality (Mirghani 1982).

Accounting as presently practiced in developing countries is an impediment to the disclosure of information; thus, investors cannot direct their resources as efficiently nor can governments in these countries effectively protect their assets (Hove 1986). However, it is important to comprehend the regulatory context and its impacts on the development of accounting. The regulatory context is the focus of the next section.

2.2.4 Regulatory Context

Regulatory systems[5] (laws, executive regulations, executive decisions, and ministerial decisions) are issued by three types of institutions in Libya. The General People's Congress issues laws, the Congress and the General People's Committee issue executive regulations and executive decisions, and individual ministries issue ministerial decisions.

In Libya, the legal system is consistent with some French civil laws. In addition, there is a hierarchy of legislative texts, beginning with the constitution, executive regulations, and then laws (including various codes), in descending order of authority, and executive and ministerial decisions in Libya. When applicable legal provisions are not consistent with any case, a judge uses other sources of law by applying the following principles:

- The Shari'a (Islamic Law)
- Prevailing customs
- Principles of natural law and rules of equity (Eversheds & Elgharabli 2002b, p. 18)

[5] Regulatory systems were related to the period from September, 1969 to February, 2011.

A privatization law was issued by the General People Congress in September 1992 to regulate private-sector businesses. This law allowed a number of public-sector enterprises to privatize. The objective of this law was to regulate and develop public-sector enterprises by converting to private-sector investment. It included a number of public-sector enterprises, which could be invested in by citizens.

The current regulatory framework consists of some laws and rules that regulate corporate disclosure practices in Libya. Most of these laws and rules are referred to as from the United States, UK, and Italian periods. More specifically, the Libyan Commercial Code (LCC), Financial System Law, Income Tax Law, Accounting and Auditing Profession Law, and Petroleum Law as well as the Libyan Stock Market laws influence corporate disclosure practices in Libya. All companies in Libya have to comply with the LCC of 1955 and 1970, and LITL of 1973 and its exclusive regulations, which govern accounting disclosures. Besides the above laws, the Banks Law No. 26/2005 and the Libyan Stock Market laws No. 1/2005 and 11/2010, as well as Libyan Stock Market's executive regulations govern corporate disclosure practices for the listed companies in the Libyan Stock Market.

The establishment of the Libyan Stock Market was based on Law No. 21/2001. Some provisions related to the practice of economic activities are issued by the General People's Committee. Article 10 of the Act provides that the General People's Committee assigns persons who establish a securities market in Libya. In 2005, the Libyan Stock Market Law No. 1/2005 was issued to determine corporate disclosure practices for listed companies. The General People's

Committee hastened to render its decision, No. 134/2006, on the establishment of the Libyan Stock Market. In addition, it issued its statute and stated in the provisions of this resolution that the market is a public shareholding company and has been recorded in the commercial register as of January 7, 2007, under the number (541). The establishment of the Libyan Stock Market has affected corporate disclosure practices through Law No. 1/2005. Libya has also developed its GAAP Principles, and firms must now follow these standards (Mwaura & Nyaboga 2008).

In addition, all companies are required to prepare an annual report, including an income account and balance sheet. The Libyan Stock Market Law No. 11/2010 requires the use of Libyan accounting standards in the preparation of financial reports, while the Banks Low No. 1/2005 requires using International Accounting Standards (IASs) for the Libyan Bank Centre. There are no further requirements regarding the content and form of annual reports beyond that companies should sustain proper accounting records in accordance with the law. However, most annual reports issued by Libyan companies contain sales and projects, employee information, quality, health and safety, production analyses, financial statements, financial analyses and comparisons with the previous years, explanations of methods and procedures of depreciation expenses, and an auditor report.

In Libya, the finance department of a company is responsible for preparing the annual report, which it reviews and discusses in the General People’s Committee of a company meeting in order to obtain approval from the secretariats of a company’s General People’s Committee for publishing. According to Law

No.13/1981, the General People's Committee of a company is responsible for achieving the following objectives: (1) preparing executive plan programmes and following up on their implementation to achieve the organisation's objectives; (2) discussion, review, and approval of the financial report (an income account and balance sheet), the internal reports (audit report and managements report), and the annual reports (including CSR categories) and accounts; (3) following up on all activities in all organisation departments to ensure implementation of the plan; (4) employing all necessary procedures to ensure implementing all the production and operational needs according to their timetables; (5) establishing all necessary internal systems and regulations for the organisation to ensure the quality of production and the safety of employees, such as the environmental management system; (6) protection of the organisation's assets through using all necessary measures; (7) qualifying the employees of the organisation through training programmes; And (8) focusing on the growth of the organisation through suggesting all necessary plans.

In relation to employees, it can be seen that the most important elements in Libyan and foreign organizations are employees. The legislature, thus, gave special care and importance to employees and issued a number of laws in Libya that regulate the social welfare of employees, employee safety, training, and workers in business companies. Libyan Labour Law No. 57, Act 21, stated that at least 20 percent of the total employees annually in each organisation (national and international) must be trained. The General Committee of the Training and Vocational Education modified Libyan Labour Law No. 57, Act 21, by adding Act No 128/1990, which stated that all employees must be trained in their organisations, instead of just 20 percent (Otman & Karlberg 2007). Therefore, the Foreign Investment laws of 1997 and 2005 were issued to allow investors to employ and bring foreign staff for training purposes and fulfilling legislative requirement if national substitutes are not available. In addition, Law No. 93 of 1976 on Industrial Security and Employee Safety and Decision No. 8 of 1974 by the Minister of Labour on the Issuance of Rules for the Protection of Workers' Health and Safety require all organisations to provide all necessary tools to protect their employees and avoid work-related hazards, illnesses, and other dangers. In the case of the injury or death of an employee during their work, this law obliges the organisation to pay all costs related to the employee's medical. Furthermore, these laws allow employees to take annual holidays and sick leave.

In relation to the environment, there are few laws that regulate the effect of organisational activities on the environment. Law No. 13 of 1984 on general sanitation stated that all organisations in Libya are responsible for their wastes that have a negative impact on the environment. For example, the organisations whose activities produce dangerous wastes harmful to public health, such as chemical, laboratory, industrial, or hospital wastes, must collect, transport, and dispose of their wastes.

Law (5) of 1990 on Standardization and Metrology also stated that the national and international standards adopted by the Centre of Standardization and Metrology shall be compulsory and applicable to all economic entities. Some organisations obtained IZOO certification because they have effectively applied this law.

There are a number of laws that were issued by the Libyan government to control the social and environmental behaviour of business organisations; however, these regulations are hardly ever enforced; rather, they are selectively compulsory. As Sowers (1999) noted, this leads to a big gap between laws and practices. It has been observed and is well-known that most laws related to the social and environmental behaviour of business organisations are not implemented by some organisations; these organisations often attempt to prevent the enforcement of these laws because the enforcing bodies are ineffective, weak, and corrupt.

The regulatory context therefore has played an important role in the development of accounting practices in Libya. Alternatively, the educational context in Libya is also considered as one of the most important factors in improving and developing accounting practices; this is explained in the next section.

2.2.5 The Educational Context and Accounting

Education has been considered a main element in Libya's political and socio-economic development. Ghartey (1993) states that the educational systems of a number of African countries were influenced by their political, socio-economic, and cultural settings, and their colonial backgrounds prior to independence. Accounting education is one of the most important parts of the wider educational system in Libya. The educational system in Libya has undergone two development phases. The first phase is before independence; this phase never offered formal accounting education or training courses for the Libyan population (Buzied 1998). Indeed, less than 10 percent of the Libyan population was literate during the pre-independence phase (Stanford Research Institue cited in Ahmad 2004). This percentage indicates the majority of the Libyan population could not study at a university or qualify for a recognised profession during the pre-independence phase.

In the second phase, the first accounting education program was established and started by the Accounting Department in the Economics and Commerce Faculty at the Garyounis University[6] in 1957. The first accounting curriculum, between 1957 and 1976, was significantly influenced by the British education system, as the UK administered Libya from 1943 to 1952 and a number of Garyounis University accounting faculty members were educated in the UK. The academic year in Libya was nine months long, and a bachelor's degree programme required not less than four years. The American accounting program model been first used by the Faculty of Economics and Commerce at Garyounis University since 1976. In the American system, the academic year is comprised of two 16-week semesters, as compared to the above-mentioned British system (Garyounis University 1976). Both systems are similar in their focus on topics in financial accounting, and in particular, on taxation external auditing and external reporting; however, they are different in their approaches. The British system was British oriented, while the American system is American oriented. Buzied (1998) noted that it has taken considerable effort to integrate and adapt these systems to meet Libya's needs.

The Department of Accounting at Garyounis University first offered postgraduate level study in the form of a Masters Degree 1988. The program is organised into three components: essential subjects, elective subjects, and a dissertation. Essential subjects consist of six subjects: tax accounting, management accounting, cost accounting, auditing, accounting theory, and system of information accounting. Elective subjects also consist of six subjects:

[6] The University of Libya was founded in Benghazi in 1957, with a branch in Tripoli. In 1973 the two campuses became the Universities of Benghazi and Tripoli, and in 1976 they were renamed as Garyounis University and El-Fatah University.

financial management, research methodology, applied accounting, micro economy, environmental accounting, and financial analysis. Four subjects must be selected from these six. Because most faculty members graduated from universities in the UK or the United States, they often use American or British textbooks (Drury 1983), or textbooks translated to Arab languages (Hajaj 1989).

In 2008, three universities in Libya started to offers PhD programmes in accounting. However, few staff members with a PhD came back from abroad (mostly from the UK and the United States) to Libya at the end of 2007. In addition, there were few students who preferred to earn a PhD in accounting in Libya instead of abroad due to the opportunity of learning the English language. These reasons are considered primary among the factors that have led to the slow development of accounting education and research in Libya (Ahmad 2004).

It can be seen that from the elective subjects offered in the Garyounis University's master's program that the Libyan accounting educational system has not offered any courses relating to CSR, except under the environmental subjects of the program. This means that CSRD in the Libyan accounting educational system needs to be more prominent in order for accounting students to obtain good experience and exercise good practices in Libyan organisations.

2.3 Some Major Social Concerns over the CSR and CSRD of Libyan Businesses

Libya has undergone several changes since the independence period, in particular in the economic context, which have impacted the development of accounting reporting. These changes started with the agrarian economy, and continued via a period of socialization up to the current period of growing liberalization. In this regard, encouraging foreign investment, increasing industrialization, increasing privatisation of Libyan public companies, and establishing the Libyan Stock Market have helped Libya rapidly move towards economic growth (UNDP 2007). This economic growth has provided some social and accounting benefits in terms of increasing liberalization, the eradication of illiteracy, and increasing corporate disclosures, in particular CSRD (Pratten & Mashat 2009); however, it has also lead to increasing environmental and social costs.

A number of organisations in Libya have started to focus on some costs for society and environment activities and to disclose them in the recent years due to stakeholders' pressure. However, the Libyan government has issued few laws that identify the role of organisations (public and private companies) in reducing social and environmental ills, and such organisations have not devoted much attention to decreasing their negative effects on society and the environment. In addition, there is insufficient pressure to eliminate the negative social and environmental effects caused by Libyan corporations' practices (Pratten & Mashat 2009; Sowers 1999).

The social dimension of accounting in Libyan organisations is related to privatising some public companies, which probably aim to minimise social objectives and maximize revenues, this is in contradiction with social and environmental goals. Abdel Rahman (1996) and Sowers (1999) state that corporate social goals are restricted only to what the government sets as minimum legal requirements, while privatised companies are absolutely highlighted their economic aims due to the absence of obligatory law or applying law.

In relation to environmental activities and disclosures, concerns about the effect of some corporations' activities on the environment have been rising in Libya, in particular as regards manufacturing companies such as cement companies, iron companies, which tend to pollute and otherwise harm the environment. For example, Cements companies in zletin and Al-khomes cities were causing air pollution and environmental hazards. But the most important issues in Libya are the effluents and untreated industrial wastes that are discharged into the Mediterranean Sea. These concerns led the Libyan legislature issuing environmental protection laws regulating economic business. Libya also established a public organisation for the environment (Pratten & Mashat 2009). For instance, the development bank and agricultural bank obligated investors to offer environmental certification related to their projects to gain the finance. This condition prevents investors from investing their money in projects that have a negative effect on the Libyan context.

There is evidence of the importance of social accounting and social concerns in Libya in the increasing pressure from stakeholders regarding in particular the community and environmental activities of Libyan organisations, despite the lack of legally required social and environmental activities and disclosure (Pratten & Mashat 2009). Pratten and Mashat (2009) examined CSRD in Libya and found that all Libyan organisations disclosed CSR activities in their annual reports for the period of 1999 to 2002, but disclosure to all stakeholders was not normal, and community and consumer concerns were ignored in reporting. In addition, Libyan companies focused on the disclosures of employee categories more than others. In this regard, Abdulhamid et al. (2005b) explored the perceptions of members of the accounting community, as a stakeholder group affecting corporate disclosure, in particular CSRD. They found that CSRD was extensively accepted and viewed as probably leading to some beneficial social and economic impacts at the macro level.

In conclusion, although the Libyan government made some efforts to reduce social concerns, it was not sufficient for making any real change or for exercising proper control over organisations in the public interest. On the other hand, the establishment of a stock market in Libya has provided an opportunity for pressure from stakeholders, which has been shown to be highly effective in producing the disclosure of CSR information in annual reports.

2.4 Summary

This chapter has so far covered the Libyan context and its effect on accounting development. It can be seen that Libya has a unique economic, political, and social system. It is based on the “Third Universal Theory” of the Green Book and Islamic instructions. The Libyan economy is neither classical political economy nor a bourgeois political economy. The development of the legal and accounting educational systems in Libya can influence corporate disclosure.

Additionally, this chapter has explained some of the major social concerns regarding the CSR and CSRD of Libyan businesses. It has described the social and environmental concerns in Libya. It has revealed that changes in the Libyan social environment have influenced CSR and CSRD. It has also showed the importance of CSRD and stakeholders’ pressure in particular after the establishment of a stock market in Libya. This chapter has also noted that the law plays a major role in the CSR and CSRD.

This chapter has dealt with the Libyan context. The following chapter will present a literature review through a detailed description of CSRD and its impact on organisational performance in terms of financial performance, employee commitment, and corporate reputation.

CHAPTER 3: LITERATURE REVIEW

3.1 Introduction

Although there is evidence of companies reporting on nonfinancial aspects of their businesses going back over a hundred years, a body of research activity within the field only really began to build in the 1970s (Mathews 1997). Some studies have examined the relationship between CSRD and organisational performance in terms of financial performance, employee commitment, and corporate reputation (Murray et al. 2006; Richardson & Welker 2001; Saleh 2009).

In recent years, stakeholders such as customers, supplies, employees, community, government, and some shareholders have requested firms to undertake additional investments in CSR. Some firms have started to invest money in CSR activities to improve their corporate performance (Hannon & Milkovich 1996; McWilliams & Siegel 2000).

This chapter reviews the literature on social accounting and CSRD. The review of the nature of CSR and disclosure is an essential prelude to the investigation of CSRD and performance undertaken in this research, given the role of stakeholders in the relationship between CSRD and organisational performance. A review of the nature and content of CSR studies and the relationship between CSRD and organisational performance studies undertaken in developed and developing countries is also one of the main purposes of this chapter. This review is considered important in that it provides the context and justification for the empirical research.

3.2 Social Accounting

Social accounting takes a wide variety of forms that are reflected by different names which include social responsibility accounting, social audits, corporate social reporting, employee and employment reporting, stakeholder dialogue reporting. Some explorations of the themes related to social accounting such as the impact of social accounting on financial performance and corporate reputation are considered later in the chapter. Social accounting is not an established part of corporate or accounting practice nor has it been enthusiastically adopted or accepted by any of the different branches of the alternative or critical project (Gray 2002). However in spite of this, one of the major growth areas within accounting in the last 30 years has been social accounting (Gray 2001). Social Accounting has become the focus of a substantial number of accounting academics and professional accountants (Gray 2001; Gray et al. 1995; O'Dwyer et al. 2005). These researchers note the importance of social accounting in the business context in developed countries (e.g. Adams 2004; Adams & Harte 1998; Deegan & Rankin 1996; Gray et al. 1995; Guthrie & Mathews 1985; Hackston & Milne 1996; O'Dwyer et al. 2005) and developing countries (e.g. Abu-Baker & Naser 2000; Imam 2000; Kisenyi & Gray 1998; Mashat, A. A. 2005; Tsang 1998). Stakeholders have therefore noted that social problems may be addressed, in part at least, by identifying, measuring, and valuing the effects of business on the environment and society (Mathews 1997).

Social accounting has many definitions to explain its role in organisation and society. Gray et al. (1995, p. 3) has defined social and environmental accounting as:

> [T]he process of communicating the social and environmental effects of organizations' economic actions to particular interest groups within society and to society at large. As such it involves extending the accountability of organizations (particularly companies), beyond the traditional role of providing a financial account to the owners of capital, in particular, shareholders. Such an extension is predicated upon the assumption that companies do have wider responsibilities than simply to make money for their shareholders.

Also, Mathews (1993, p. 64) has defined it as "voluntary disclosures of information, both qualitative and quantitative made by organizations to inform or influence a range of audiences. The quantitative disclosures may be in financial or non-financial terms."Although social accounting has achieved major advances in the last decade, there remains considerable controversy regarding its nature, content, focus, and purpose. Therefore, it is difficult to give social accounting a specific and agreed upon definition (Gray 2000).

At the very least, social accounting considers extending disclosure into non-traditional areas, such as information about employees, products, community service, and the prevention or reduction of pollution. However, the term social accounting could lead to confusion as it is likely to be used to mean very different things. For example it has been used to signify national income accounting (e.g. Ghartey 1987). In addition, the term social accounting is used to describe a comprehensive form of accounting that takes into account externalities. Although social accounting is emerging in private sector organisations, most researchers on the subject of social accounting indicate that public sector organisations are more likely to be evaluated using social accounting. Moreover, Gallhofer and Haslam (2003 as cited in Kamla 2007, p. 108) explain that calls for more openness and transparency from stakeholders have impacted organisations due to their questioning of the role and impact of business on society. These calls have translated into support for social accounting and reporting. Social accounting and reporting in this regard means extending the accountability of business organisations beyond their traditional role of providing a financial account to the owners, and to include other users, including the public at large (Gray et al. 1997; Rob et al. 1996).

Enabling accounting to participate in achieving the welfare of the whole society is the main purpose of social accounting and reporting. Bebbington (1997, p. 371) explained that social and environmental accounting is concerned with "exploring and developing new forms of accounting which are more socially and environmentally benign and which have the potential to create a fairer more just society." To give accounting an effective role in creating a fairer and just society, it needs to be enabling and emancipatory. Alternatively, social accounting poses a challenge to existing practices and goes beyond their conventions. Bebbington (1997) notes that social accounting should be an enabling, and empowering, and emancipatory form of accounting in that it provides a critique of existing practice and develops alternative accounting practices. Bebbington (2001); Bebbington, Gray and Owen (1999) claim that the association of social accounting with the concept of emancipation has been explicit in accounting literature. Gallhofer and Haslam (2003 as cited in Kamla 2007, p. 108) discuss social accounting in relation to its emancipatory potential. They explained that "social accounting has been mobilised as an accounting challenging conventional accounting and, on the face of it, as an accounting reflecting a concern to go beyond a narrow instrumentalism. Thus, the mobilisation of social accounting is suggestive of accounting being aligned with the idea of emancipation.”

Gray (2001) focused on three different sorts of social accounting as standard: the social audit, the silent social account, and the new wave’ of social accounting. Mathews (1993) also classifies social accounting into the following four categories to impose some structure on discussions of the subject. Firstly, social indicators accounting (SIA) is used to discuss the measurement of social events, in terms of setting objectives and assessing the extent to which these could be attained over the long term. The outcome of this analysis ought to be of benefit to national policy makers and other participants in national political processes.

Secondly, social responsibility accounting (SRA) is used by a firm to disclose financial and nonfinancial, quantitative and qualitative, information on firm activities in reports for stakeholders. These reports also include employee reports (ER), human resources accounting (HRA), and accounting and industrial democracy issues. Alternative terms in common use are corporate social responsibility disclosure and corporate social reporting.

Thirdly, socio-economic accounting (SEA), which is used to evaluate publicly funded activities, uses both financial and nonfinancial measures in the process of evaluation. This would include the value-for-money audit functions and auditing of operations and performance. Thus, social activities should be evaluated to make judgements about the value of expenditure involved in relation to outcomes achieved. Finally, total impact accounting (TIA) illustrates the negative effects of the organisation on the environment. In this regard, establishing these effects is essential to measure both private and public costs. The cost-benefit analysis or social accounting and sometimes social audit are other terms used for TIA.

3.3 Corporate Social Responsibility Disclosure (CSRD)

CSRD has received an increasing amount of attention in the academic arena and in business organisations (Gray et al. 1995). Such disclosure includes the provision of information on human resource aspects, products and services, involvement in community activities, and environmental reporting. Gray et al. (1995) state that “It is not restricted necessarily by reference to selected information recipients, and the information deemed to be CSR may, ultimately, embrace any subject.”. Many quarters have recognized this view of CSR as a broad concept. A cleaner environment and a better society for instance is regarded as in accordance with the CSR whereby companies decide voluntarily European Commission (2001). The World Business Council for Sustainable Development (2000 as cited in May & Khare 2008, p. 240) defines CSR as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large.” Currently, businesses consider the main objective of their organisations to be to maintain corporate reputation and appropriate performance, whereas in previous years, the main objective of business organisations was to make profits (Ghazali 2007).

3.3.1 CSRD: Meaning and Context

The meaning of the term corporate social responsibility is gradually becoming an interesting debate in business, especially in developed countries. An increasing number of companies claim to identify a clear meaning of CSR due to the need to be certain about what it actually means. They take a variety of approaches all aimed at making sense of CSR (Cramer et al. 2004). They have focused on a general meaning, which is consistent with an objective of company (economic objective), although its meaning is still open for debate. The focus of CSR has been changed many times from its initial, vague awareness of the relationship between companies and their society and environment to the more recent (more than the last 50 years) out-and-out identification of rules of conduct and management tools (Perrini 2005). The growth of nonfinancial reporting (disclosure) has relied on the evolution of the concept of CSR, which means, a company is now responsible for its actions. Indeed, stakeholders are asking companies to disclose their social and environmental activities and their ability to improve corporate process through nonfinancial reporting. In this regard, identifying, monitoring, and reporting all social, environmental, and economic effects of a businesses' operations on society at large provides concrete evidence that companies are committed to continual, long-term improvement, if they want to gain their stakeholders' trust and build a good reputation in the market (Brammer & Pavelin 2004).

Responsibilities of companies differ toward their stakeholders with regard to economic, legal, and social pacts to improve organisational performance in terms of financial performance, employee commitment, and corporate reputation. In addition, the strategy of Corporate social responsibility is important (policy, programme, or process) when it yields substantial business-related benefits to the firm, in particular by supporting core business activities and thus contributing to the firm's effectiveness in accomplishing its mission (Burke & Logsdon 1996). The blending of these responsibilities into a complete corporate policy without losing sight of any of its commitments is the main challenge for companies. Additionally, in the long-term, the commitment of the company towards its stakeholders often leads to improving organisational performance; in other words, the economic responsibility of a company might conflict with its social responsibility in the short-term, at the same time, they can work together to improve the company's image. Thus, this does not mean that a socially responsible company cannot be as profitable as others.

Currently, the common concept of CSR involves companies voluntarily sharing company information related to social and environmental concerns with stakeholders. CSR can cover complex issues such as environmental protection, human resources management, health and safety at work, relations with local communities, and relations with suppliers and consumers. In addition, Friedman (2002) has presented the most famous definition of CSR. He asserts that the profit demands of the owners or shareholders (stakeholders) and the basic regulations of society are consistent with company responsibility.

As evidence of the adherence of companies to CSR and sustainable development concepts, there are currently an increasing number of multinational corporations and small- and medium-sized companies that claim they regularly report information regarding their impact on social and environmental areas of concern. In a similar vein, the best sources for understanding what practitioners consider efficient and appropriate socially responsible behaviour are reporting-based analyses (David 2005).

A company should disclose its positive and negative impacts on labour standards, the environment, economic development, and human rights in its CSR reporting. Furthermore, as a result of the increase in companies producing CSRD, there is also currently an increase in and expansion of CSR reporting that includes a broader focus on social, economic, and governance issues, although this type of reporting was focused almost entirely on occupational health and safety and environmental issues (O'Rourke 2004).

3.3.2 CSRD: Definition and Development

To date, although the concept of CSR reporting is widely discussed in theory and practice by academics, a policy maker, and organisations, there is no universally agreed upon definition of CSR (Dahlsrud 2008), and there remain doubts as to how CSR should be defined. In this vein, Jackson and Hawker (2001 as cited in Dahlsrud 2008) said, "We have looked for a definition and basically there isn't one." Indeed, the problem is an abundance of definitions, which are often biased towards specific interests and thus prevent development and implementation of the concept (Van Marrewijk 2003). Furthermore, many studies have been proposed in the accounting literature for further examination in this area. However, there already exists many serious attempts to define CSR in the accounting literature.

Dahlsrud (2008) analysed the content of existing CSR definitions. The definitions are categorized in five dimensions (the stakeholder dimension, the social dimension, the economic dimension, the voluntariness dimension, and the environmental dimension) and frequency counts from Google (scholar) are used to explore how consistently these dimensions are invoked. He found that the European Commission (EC) (2001 as cited in Dahlsrud 2008) definition is to a large degree congruent with the stakeholder concept; it defines CSR as “a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment.” The second in-large-degree congruent definition was that offered by the World Business Council for Sustainable Development (WBCSD) (1999 as cited in Dahlsrud 2008), which defines CSR as “The commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.”

Elias and Epstein (1975, p. 36) offered one of the earliest definitions of CSR. They define it as “reporting on some aspect of [the business organisation’s] social activities, performance or impact.” Since then many efforts have been made to define CSR as precisely as possible, all from different perspectives. In addition, Mathews (1993, p. 64) defines CSR as “Voluntary disclosures of information, both qualitative and quantitative made by organizations to inform or influence a range of audiences. The quantitative disclosures may be in financial or non-financial terms.” Furthermore, Mook et al. (2007, p. 2) define it as “a systematic analysis of the effects of an organization on its communities of interest or stakeholders, with stakeholder input as part of the data that are analysed for the accounting statement.”. Moreover, Mathews and Perera (1995, p. 364) assert that “at the very least, social accounting means an extension of disclosure into non-traditional areas such as providing information about employees, products, community service and the prevention or reduction of pollution. However, the term ‘social accounting’ is also used to describe a comprehensive form of accounting which takes into account externalities.” CSR has also been defined as “the provision of financial and non-financial information relating to an organisation’s interaction with its physical and social environment” (Guthrie and Mathews, 1985 as cited in Pratten & Mashat 2009, p. 312). The social accounting definitions include the most important characteristics of CSR and disclosure. This is because, first, CSR is used in assessing the social impact of corporate performance. Second, it is used in measuring the effectiveness of corporate social programs and in reporting on the corporation’s discharge of its social responsibilities. Third, CSR is used by external and internal information systems, allowing a comprehensive evaluation of all corporate resources and impacts (social and economic).

Many companies have introduced a similar but alternative concept that shares the intention of CSR. These companies consider the previous concepts ineffective and therefore prefer to avoid the use of CSR as a mobilising concept (Cramer et al. 2004). For example, some have relied on the word sustainability whereas others such as the Coca-Cola Company have used terminology such as “Coca-Cola Cares.”. This company does not use the term *CSR*; however, its managers embrace the principle. It has implemented many activities that fit within the CSR framework.

CSR is a form of, or an approach to, what has been called social accounting (Gray et al. 1997; Mook et al. 2007). Mook et al. (2007) classify social accounting into two broad categories: supplemental social accounting and integrated social accounting. Both categories use qualitative data and descriptive statistics to determine the degree to which an organisation fulfils its mission and meets the needs of its stakeholders (Sillanpaa 1998; Zadek 1998). R. Gray (2001) argues for three quite different sorts of social accounting: the social audits, the silent social accounts, and the new wave of social accounting.

CSR definitions clarify the main purpose of CSRD, which is to effectively communicate all company information (financial and nonfinancial) to stakeholders. In this way, CSR is an essential part of the dialogue between a business organisation and its stakeholders, with disclosure used as a strategic tool in the management of relationships between a company and its stakeholder groups. Gray et al. (1988 as cited in Zeghal & Ahmed 1990) contend that the purposes of corporate social reporting include enhancing corporate reputation, discharging corporate responsibility (given the assumption that a social contract exists between the organisation and society), and informing stakeholders. In addition, the main purpose of social accounting is to present information about organisational activity (Gray et al. 1997), using four forms of accounting (Gray et al. 1996): accounting for different things than conventional accounting, accounting in different media, accounting for stakeholders, and accounting for different purposes.

CSRD has several functions which include assessing the impacts of CSR activities, measuring the effectiveness of CSR programs, reporting on CSR, and providing external and internal information systems that allow a comprehensive assessment of all corporate resources and sustainability impacts (Jenkins & Yakovleva 2006).

Many scholars assert (Gray 2001; Gray et al. 1997; Mathews 1997) that there have been a number of stages in the development of CSR. The first stage is the period from 1970 to 1980. Empirical studies have focused on developing methods to measure the incidence of voluntarily disclosure of information by firms. Most frequently disclosed was information about employees and product activities.

During this first stage, managers, accountants, and the majority of their stakeholders were not interested in environmental concerns, because it was invisible. Some empirical studies used three environmental categories out of 27 (Ernst and Ernst, 1978 as cited in Mathews 1997). The second stage is the period from 1980 to 1990. Many changes appeared during this stage due to the focus of social and environmental accounting literature, which became increasingly specialised after 1980. For instance, value-added statements attracted a separate group of adherents and employee reports (Burchell et al. 1985). Environmental disclosure has become more of a concern than social disclosure, with environmental disclosure and regulation considered an alternative means of reducing environmental damage. Legally enforceable accounting standards, means of conceptual frameworks, and legislations are also features of this period that contributed to the increased regulation of accounting disclosures. Empirical studies during this period were more analytical and less descriptive. The final stage is the period from 1991 to the present. This stage has focused on environmental issues within accounting on a broad front, including interest from managers as well as accountants. Gray et al. (1995) argue that this stage has been characterized by the almost complete domination of environmental accounting, with some research on broader social reporting (including employee and ethical disclosures).

Two different motives can lead companies to engage in CSR activities and disclosure. The first is that some companies believe that CSR activities and disclosure could bring a competitive advantage. For example, they think that having good relations with their stakeholders enhances financial performance, employee commitment, and corporate reputation by assisting in the development of valuable intangible assets. External pressures (from government, shareholders, and consumers) are considered the second motivation for companies to engage in CSR activities and disclosure (Branco & Rodrigues 2008b). These companies think that not engaging in CSR activities and disclosures leads them to lose some of their profitability and reputation. CSR and CSRD mainly constitute a legitimacy instrument used by companies to demonstrate their social and environmental responsibility to stakeholders in order to increase or maintain their financial performance, their image, and their relationship with their stakeholders.

To sum up, the definition of CSR should be flexible; it should be able to evolve over time and should serve particular purposes in order to improve the organisational performance of companies.

3.3.3 Categories of CSRD

CSRD generally consists of four categories of information (e.g. Deegan 2002; Gray et al. 1995; van der Laan Smith et al. 2005): environmental, consumer-related, employee-related, and community involvement–related information. CSR information is also communicated in annual reports sent to stakeholders (i.e., shareholders, employees, creditors, customers, suppliers, government, and the community).

3.3.3.1 Environmental Disclosure

This category of disclosure is used to introduce information about the impacts of an organisation on the physical environment. Van der Laan Smith, Adhikari and Tondkar (2005, p. 148) studied environmental disclosures and found they encompass the following types of items:

a. Waste management programs.
b. Emissions levels and controls.
c. Environmental impact assessments.
d. Fish-stocking programs.
e. Energy conservation activities.
f. Landscaping activities.
g. Electromagnetic radiation monitoring systems.

Environmental disclosure items studied in this study therefore include the following:

a. Environmental financially.
b. Environmental audit.
c. Environmental policy.
d. Environmental products and processes.
e. Sustainability.
f. Energy.
g. Environmental other.

3.3.3.2 Community Involvement Disclosure

This category of disclosure refers to any disclosures of company information related to community involvement. It can therefore include (van der Laan Smith et al. 2005, p. 148):

a. Educational programs offered.
b. Plant site visitations.
c. Support of local school, sports, and cultural activities.
d. Volunteer programs.
e. Support of social programs, e.g., United Way activities.

Community involvement disclosure items in this study included the following:

a. Charity and political donations.
b. Support for education.
c. Support for public health.
d. Support for the arts and culture.
e. Sponsoring sporting or recreational projects.

3.3.3.3 Employee Disclosure

This type of disclosure includes information about the effects of organisational activities on employees. According to Van der Laan Smith, Adhikari and Tondkar (2005, p. 148) such disclosures covered the following items:

a. Overall description of working environment.
b. Number of employees.
c. Absentee rates.

d. Number of minorities employed.

e. Health programs offered

f. Education/training programs.

g. Vacation information.

h. Safety issues, e.g., accident rates, lost time.

This study therefore focuses on the following types of disclosure:

a. Employee data.

b. Pension data.

c. Consultation with employees.

d. Employment of disabled.

e. Value-added statements.

f. Health and safety.

g. Share ownership.

h. Equal opportunities.

i. Employee other.

3.3.3.4 Consumer Disclosure

There are many issues that concern consumers (which include investors, shareholders, creditors, customers, suppliers, and government) due to the qualitative aspects of the products and stakeholder rights, such as product and consumer safety. This kind of disclosure encompasses the following items (van der Laan Smith et al. 2005, pp. 148-9):

a. Customer-related disclosures

b. Product safety information and programs.

c. Ease of self-metering reading systems.

d. Customer service upgrades.
e. Additions/improvements to customer service centres/hours.
f. Upgrades to customer service programs.
g. Improvements in billing payment methods.
h. Product reliability improvements.
i. Stakeholder rights–related disclosures

1. Shareholder policies.
2. Voting rights.
3. Investor relations.
4. List of the largest shareholders.

The consumer-related disclosures focused on in this study therefore are as follow:

a. Product and consumer safety.
b. Consumer complaints.
c. Prevision for disabled.
d. Provision for difficult to reach customers.

3.3.4 Drivers of CSRD

The increase in pressure from different stakeholders represents the primary driver for CSRD. These pressures come from various groups concerned with improving companies' social performance and disclosures. For example, public demands for a "right-to-know" (O'Rourke 2004, p 39) about the impacts of corporate activities, consumer concerns about environmental and social impacts of specific products, government efforts to use disclosure as a strategy of regulation, and financial institution demands for fuller disclosure of nonfinancial risks. Organisations therefore should disclose CSR activities in their annual reports to respond to such market incentives, which lead to improved performance. Disclosure is a means to reduce nonfinancial risks (O'Rourke 2004).

3.3.4.1 Theories of Information Disclosure

Information disclosure is considered as one of the most important assumptions of market economics which it is relied on the efficient functioning of markets by providing full required information. A lack of information disclosure represents an essential drawback that leads to market failures due to information asymmetry and externalities. This lack of information disclosure increases stakeholders' concerns, which in turn, may lead to companies to make poor economic or social decisions. The basic role of organisations is to provide information disclosure that provides stakeholders with more and better information. Stakeholders use this information to base their decisions upon. WBCSD (as cited in O'Rourke 2004, p. 7) asserts that "If business believes in a free market where people have choices, companies must accept responsibility for informing consumers about the social and environmental effects of those choices."

There is also a need for increased transparency about CSRD to improve organisational performance. The fair distribution of the impacts of positive and negative CSR performance involves information available to impacted parties. The availability of such information can help organisations to efficiently allocate the costs and benefits of an economic activity. Furthermore, CSRD can be used to support a more rapid identification of solutions to externalities by motivating citizen actions to push for solutions to environmental and social problems.

Providing fuller information to key stakeholders is also likely to lead to different choices by consumers, investors, employees, external stakeholders, and even competitors, thus potentially shifting market incentives and firm actions (O‘Rourke 2004).

Some theories have used the terminology of CSRD but with a different approach and a different meaning. For example, many accounting researchers have begun to articulate different theoretical perspectives in support of CSRD (Hackston & Milne 1996). Several theories, therefore, have been identified in the related literature review in order to explain CSRD. Garriga and Melé (2004) classify these various theories into four groups.

a. The first group is comprised of instrumental theories in which the corporation is a means for wealth creation and this represents its sole social responsibility. There is no acknowledged connection between business and society except an economic one. As a consequence, all social activities are supported by business if, and only if, they lead to wealth creation. Because CSR is considered a mere means to the end of profit, this group of theories could also be called instrumental theories. There are many studies that employ instrumental theories such as the maximization of shareholders' value approach, the strategies for competitive advantages approach, and the cause-related marketing approach (Jensen 2000, Varadarajan & Menon 1988 as cited in Garriga & Melé 2004; Hart 1995; Porter & Kramer 2002; Prahalad & Hammond 2002).
b. The second group is comprised of political theories that focus on the social power of the corporation, specifically in its relationship with society and its

social responsibility in the political arena. These theories assume that the corporation has social duties and rights. They hence participate in certain types of social cooperation. Political theories examined in some studies include the corporate constitutionalism approach, integrative social contract theory, and corporate citizenship approach (Logsdon & Wood 2002; Wartick & Mahon 1994).

c. The third group encompasses integrative theories, which hold that businesses should integrate social demands. These theories usually argue that businesses are not able to grow or even continue without social activities. Therefore, CSR is a part of business. These theories are used by the majority of studies, the focus of which include the issues management approach, public responsibility approach, stakeholder management approach, and the value theory and corporate social performance approach (Agle et al. 1999; Carroll 1979; Mitchell et al. 1997; Rowley 1997; Swanson 1999) and (Wartick & Cochran 1985 as cited in Garriga & Melé 2004).

d. The fourth group is made up of ethical theories, which hold that ethical values are essential to the relationship between business and society. This leads to a vision of CSR from an ethical perspective. Therefore, according to the theories, firms should accept social responsibilities as an ethical obligation above any other consideration. Ethical theories employed by many studies include the stakeholder normative approach, universal rights approach, sustainable development approach, and the common good approach (Donaldson & Preston 1995; Freeman 1984) and (Freeman & Philips 2002, Philips et al. 2003 as cited in Garriga & Melé 2004).

Agency theory and proprietary cost theory have been used in most CSR literature. Agency theory suggests that where there is a separation of ownership and control of a firm, the potential for agency costs exists because of the conflicts of interest between principals (owners) and the agents (managers) (Hossain et al., 1995). The main hypothesis of agency theory suggests that "managers will disclose social information only if it increases their welfare, that is, when the benefits from the disclosure outweigh the associated costs" (Ness and Mirza, 1991, p. 212). Proprietary cost theory suggests that the incentive to disclose information is a decreasing function of the potential proprietary costs attached to a disclosure and an increasing function of the favourableness of the news in a disclosure Verrecchia's (1983). Several studies used agency theory and proprietary cost theory to explain the decision to disclose social and environmental information (e. g., Shane and Spicer, 1983; Belkaoui and Karpik, 1989; Ness and Mirza 1991).

Most CSR literature involves integrative and ethical theories, in which the aim is to understand the main purposes of CSR reporting. Gray et al. (1988 as cited in Zeghal & Ahmed 1990) identify that the purposes of corporate social reporting are to enhance the corporate reputation, to discharge an organisation’s responsibility given the assumption that a social contract exists between that organisation and society, and to inform stakeholders by expanding the role of traditional financial reporting.

Stakeholder theory has all been classified as an integrative theory. Stakeholder theory also is considered as one of the most types of “ethical theories.” More details are included in the following section:

Stakeholder Theory

The stakeholder theory is considered one of the most important approaches to CSR and it has been used in many different areas. Social responsibility elements have allowed stakeholder theory to blend into social issues in management and accounting (Laplume et al. 2008; Moore 1999). Basically, this theory was established in the field of strategic management and accounting (Freeman 2001; Freeman 1984; Moore 1999), and then it grew into organisation theory (e.g. Donaldson & Preston 1995; Rowley 1997) and business ethics (e.g. Phillips & Reichart 2000; Starik 1995). Stakeholder theory of the organisation in business ethics has established itself basically due to providing a basis on which concepts such as corporate social responsibility, corporate social responsiveness and corporate social performance, which do not give fair meaning and remain elusive constructs without analysed and appraised more effectively by employing a framework based on the management of a corporation's relationships with its stakeholders (Clarkson 1995 as cited in Moore 1999). Recent interest in stakeholder theory has focused on the conversation about sustainable development (Martinuzzi 2005; Sharma & Henriques 2005; Steurer & Konrad 2009; Steurer et al. 2005).

Corporations have stakeholders (i.e., management, local community, customers, employees, suppliers, shareholders, and so on), or groups and individuals who benefit from or are harmed by—and whose rights are violated or respected by—corporate actions (Freeman 2001). Thus, the definition of stakeholders is “any group or individual who is affected by or can affect the achievement of an organization’s objectives” (Freeman & McVea 1984, p. 4).

Stakeholder theory has several distinct characteristics. It is designed to provide a single strategic framework that is flexible enough to deal with environmental shifts without requiring managers to regularly adopt new strategic paradigms. In addition, it is a strategic management procedure rather than a strategic planning procedure. The central concern of stakeholder theory is the continuation of the firm; therefore, the management should achieve an organisation’s objectives. Stakeholder theory encourages management to develop strategies by looking outside the firm and identifying, and investing in, all the relationships that will ensure its long-term success. Finally, stakeholder theory is both a prescriptive and descriptive approach, rather than merely empirical and descriptive. These characteristic are used to explain the success and influence of the stakeholder concept within the fields of business ethics and business and society (Freeman & McVea 1984).

Few management and accounting studies have sparked more debate in recent decades than the underlying notion of the model and theories surrounding stakeholders (Donaldson & Preston 1995; Fassin 2009; Friedman & Miles 2006). Stakeholder theory can be interpreted as ‘‘a genuine theory though a perfectible one’’ (Lepineux 2005, p 105). The stakeholder theory has advantages such as visual power and simplicity, which are seen as contributing to the success of the stakeholder concept (Fassin 2008). In addition, this theory has become an important discourse in the application of business ethics to management practice and strategy (Waxenberger & Spence 2003).

Ullmann (1985) uses stakeholder theory to apply a framework, developed from the strategic management view presented by Freeman (1984). Ullmann suggests that stakeholder theory associates social disclosure with financial and social performance by combining three dimensions-stakeholder power, the strategic position of the company concerning social activities, and the past and present financial efficiency of the organisation-to develop a theoretical framework.

The first dimension is the stakeholder power that describes a company as being responsive to stakeholder demands because stakeholders derive their power from being able to control the resources required by the firm with the purpose of operating as the resource dependence perspective. Sánchez and Sotorrío (2007) reveal that stakeholder power helps identify stakeholders' interests, which need to be considered by companies. Thus, the relationship between stakeholder power and social performance and social disclosure is a positive one, in which social responsibility actions are regarded as an effective management strategy for dealing with stakeholders (Roberts 1992).

The firm, the second dimension of the model, reflects the firm's strategic posture towards corporate social responsibility actions. This dimension describes the attitudes of a firm's key decision makers (management) regarding social demands, which might be active or positive (Ullmann 1985). Sánchez and Sotorrío (2007) note that the strategic social and environmental activities of a company reflect its concerns about the environmental and social concerns of stakeholders and their demands. A firm whose key decision makers endeavour to affect their organisation's relationship with key stakeholders through social responsibility activities possesses an active posture. Consequently, the more active the strategic posture the greater the expected social responsibility actions and disclosures, particularly in short- or long-term strategic planning (Bowman & Haire 1976; Ullmann 1985).

The third dimension of Ullmann's model is concerned with the firm's past and current economic performance. Sánchez and Sotorrío (2007) reveal that the past and present financial efficiency of an organisation benefits from concern with social issues. This dimension emphasizes two important points. The first point is that economic performance is supposed to take priority over social demands; the second point is that good economic performance is necessary to finance costly social responsibility programs. Therefore, the more a firm embodies the three dimensions of Ullmann's model (levels of stakeholder power, strategic posture, and economic performance), the greater will be its social responsibility activities and disclosures (Roberts 1992).

Stakeholder theory involves the identification of a company's stakeholders and explains the ethical and social obligations of management to consider the interests of these stakeholders (Freeman 1984). This theory claims that a firm should provide their stakeholders with all the information necessary about their firm's performance despite different interests. Therefore, stakeholder theory considers that "the success of an organization depends on the extent to which the organization is capable of managing its relationship with key groups, such as financial and stakeholders, but also customers, employees, and even communities or societies" (Van Beurden & Gössling 2008b, p. 408).

Besides the above, Freeman (1984) explains that stakeholder theory offers a pragmatic approach to strategy that motivates organisations to be cognizant of stakeholders to achieve appropriate performance. As Frederick notes (as cited in

Laplume et al. 2008, p. 1153) “the stakeholder idea fits into the mentality of strategically-minded corporate managers; in its latest phases, some companies are now justifying broader social policies and actions, not for normative reasons but for strategic purposes.” In addition, Donaldson and Preston (1995) indicated that originally, stakeholder theory emphasized shareholders’ interests, and they made a case for the theory’s normative base, where the moral, ethical, and legal claims of all stakeholders were advocated. In addition, the concepts of CSR and stakeholder theory are fundamental to the study of business and society (Marom 2006). Moreover, stakeholder theory suggests that stakeholders establish the social performance of firms by means of a complex evaluation related to their expectations, which is represented by a firm’s reputation (Neville et al. 2005). Thus, this theory focuses on the importance of a relationship between a firm’s disclosure and key groups.

This theory attempts to answer some questions about this relationship, such as how far a company has performed its role in accordance with stakeholders’ needs. Customers need to know, for instance, if a product sold by a company uses wood from illegal logging or whether it uses production technology that pollutes. In addition, the theories state that how organisations communicate with stakeholders is important. Furthermore, is a firm’s performance matching stakeholders’ demands? How do stakeholders evaluate the performance of an organisation? Gray et al. (1995) and O’Donovan (2002 as cited in Deegan 2009) point out that stakeholder theory is overlapping with small differences in explaining the firms’ behaviour towards the society. Moreover, stakeholder theory posits that organisations perform in order to fulfil the expectations of particular stakeholders, who are able to impact on their performance. Previous studies (e.g. Buchholz & Rosenthal 2004; Cormier et al. 2004; Schwarzkopf 2006) show that stakeholder theory is used to explain improvements in business performance while providing disclosures to create better relationships between companies and their stakeholders.

Donaldson and Preston (1995), Donaldson and Dunfee (1994), and Friedman and Miles (2006) argue that the stakeholder theory can be employed in three different models. First, they argue that a descriptive/empirical model is used to describe and to clarify specific corporate characteristics and behaviours. Consequently, this model "describes the corporation as a constellation of cooperative and competitive interests possessing intrinsic value" (Donaldson & Preston 1995, p. 66). In addition, this model is likely to be tested for its descriptive accuracy as compared and contrasted with other descriptive models (Moore 1999). Secondly, the normative method is also used in the stakeholder theory of the firm regarding intrinsic value. Donaldson and Preston (1995, p. 67) argue that "the interests of all stakeholders are of intrinsic value. That is, each group of stakeholders merits consideration for its own sake and not merely because of its ability to further the interests of some other group, such as shareowners." Thirdly, the instrumental model builds a connection between stakeholder approaches and frequently desired objectives such as stability or growth or profitability. Stakeholder theory holds that "adherence to stakeholder principles and practices achieves conventional corporate performance as well or better than rival approaches" (Donaldson & Preston 1995, p. 71).

Stakeholder theory affords an appropriate framework for investigating the relationship between corporate social performance and its disclosure with corporate financial performance. This relationship is investigated by examining how change in the level of CSRD is related to change in financial performance via financial accounting measures. There are many findings that provide some support for a tenet in stakeholder theory that asserts the dominant stakeholder group (shareholders) financially gain when management meets the demands of multiple stakeholders. Specifically, change in CSR performance and CSRD was positively associated with growth in revenue for the current and subsequent year. This indicates there are short-term benefits from improving CSR performance and CSRD. Return on sales, return on asset, and return on investment were significantly positively related to change in CSR performance and CSRD for the third financial period, indicating that long-term financial benefits may exist when CSR is improved (Ruf et al. 2001).

Stakeholder theory provides the foundation for the good management theory and also provides conceptual support for the study reported here. It assumes that firms have a responsibility to those who have vested interests in firm performance and those who are directly affected by the firm's actions (Even & Freeman 1983 as cited in Backhaus et al. 2002a; Freeman 1984). Stakeholder theory offers a logical justification for why CSR and CSRD matters. Treating stakeholders well, making decisions that affect employees, communities, and the environment positively, creates positive outcomes (performance). In fact, studies support the notion that effective management of key stakeholder relationships leads to positive financial implications for organisations (Berman et al. 1999). Stakeholder theory suggests that firms must be responsive to the competing demands of those who hold a stake in the firm. Employees are regarded as one of the most important stakeholders identified in corporate social performance and disclosure research. Berman et al. (1999) found that effective management of CSR and its relationship with employees in turn affects firm financial performance. Employees are considered effective elements and salient stakeholders in top management that have power, legitimacy, and urgency (Mitchell et al. 1997). Greening and Turban (2000) argue that even prospective employees may also have this power, legitimacy, and urgency, especially when jobs are plentiful. Furthermore, based on stakeholder theory and public interest in CSR performance and CSRD, there is significant reason to argue that CSR and CSRD may be an important instrument in attracting employees and employee commitment. Therefore, the relationship between CSR and CSRD regarding employees should be positive to obtain positive organisational performance.

Stakeholder theory suggests that the social performance and CSRD of firms is established by the stakeholders by means of a complex evaluation related to their expectations, which are reflected in its reputation (Neville et al. 2005). Therefore, the stakeholder theory literature has introduced several definitions of corporate reputation. Wartick (1992, p. 34) defined corporate reputation as "the aggregation of a single stakeholder's perceptions of how well organizational responses are meeting the demands and expectations of many organizational stakeholders." In addition, Fombrun (2002, p. 9 as cited in Fombrun 2007, p. 63) introduced similar arguments that suggested, "corporate reputation is the collective representation of a company's past actions and future prospects that describes how key resource providers interpret a company's initiatives and assess its ability to deliver valued outcomes." Waddock (2000, p. 323) proposed that corporate reputation "is the organization's perceived capacity to meet their stakeholder's expectations."

Although there are many studies that found the relationship between CSR and CSRD with organisational performance in terms of financial performance, employee commitment, and corporate reputation to be a positive one (Aguilera, R. V. et al. 2007; Rettab et al. 2009; Saleh et al. 2008a; Simpson & Kohers 2002; Waddock & Graves 1997), there are also studies that found a negative or mixed relationship (Griffin & Mahon 1997; Wright & Ferris 1997). Thus, this theory has been supported by some studies (e.g. Neville et al. 2005; Orlitzky et al. 2003; Peloza & Papania 2008; Sánchez & Sotorrío 2007; Van Beurden & Gössling 2008a).

Governments should play an important role in facilitating or forcing organisations to provide equal information to all stakeholders due to the difficulties individuals face in gathering information about their organisation's social activities.

3.3.4.2 Government Use of CSR Information

There is also a regulatory aspect to information disclosure systems. Recently, governments around the world have turned to public reporting systems as a complement to traditional command-and-control regulatory mechanisms. This has been motivated in part by continuing critiques of current systems of labour and environmental regulation. These critiques have grown louder in the face of the new challenges of regulating global firms and mobile supply chains. Traditional regulations and government-implemented monitoring and enforcement systems upon which they depend, are arguably being outpaced by changes in the global economy.

Thus, governments are seeking to find new strategies to more effectively regulate the labour, environmental, and social impacts of industry. It can be seen that disclosure systems are considered as an important factor by governments, because disclosure systems can be more flexible, cost-effective and decentralized than governments. In addition, these systems build on public participation and market mechanisms.

3.3.4.3 Stakeholders' Power

Stakeholders consider one of the most important exchange resources for the products of the firm and in return receive the benefits of the products. Increasing a firm's revenue depends on its relationship with stakeholders, in particular with consumers because consumers are the lifeblood of the firm. Given the level of earnings reinvestment in large corporations, consumers indirectly inspire firms to develop new products and services (Freeman 2001). Peters and Waterman Jr. (1982) argue that having a good relation with consumers will lead to success with other stakeholders. They reveal that some companies with good performances place emphasis on the customer. By paying attention to customers' needs, management automatically addresses the needs of suppliers and owners.

Government's power as a stakeholder is manifested in its enforcement mechanisms (Xianbing Liu & Anbumozhi 2009). A company may use CSR activities to decrease the risk of governmental intrusions, which in turn, may influence the company's value. Thus, government is the most powerful stakeholder. A number of researchers provide empirical support for the fact that companies belonging to environmentally sensitive industries provide more

CSRD, in particular environmental disclosure, to avoid government sanctions (Chan & Kent 2003; Elijido-Ten 2004).

Shareholders' power is also an important factor affecting a company's level of CSRD. Quantifying the degree of a stock's ownership concentration may measure the shareholders' power. It can be seen that companies with widely dispersed ownership present a good CSR performance in their strategic planning to attract more investors (Xianbing Liu & Anbumozhi 2009). Clarkson et al. (2004) and Hughes (2000) offer evidence that the market reflects a company's environmental performance in assessments of the company's covert environmental liabilities, which investors consider in their stock valuations. Therefore, environmental information disclosure is likely to improve economic performance and attract more investors in the company.

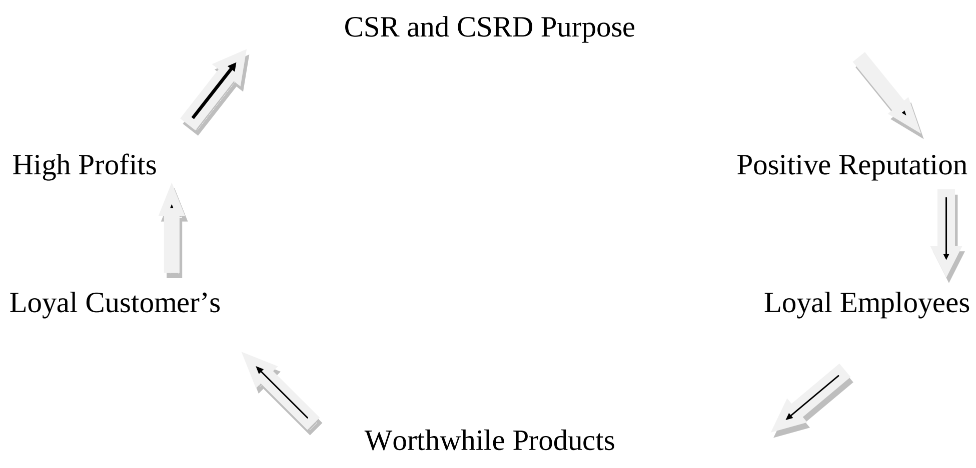
3.4 Literature Related to CSRD and Organisational Performance

Researchers have attempted to understand the impact of CSR activities and CSRD on organisational performance (Branco & Rodrigues 2006; Husted & Allen 2000; Husted & de Jesus Salazar 2006; Marom 2006; McWilliams & Siegel 2001; Moneva et al. 2007; Orlitzky et al. 2003; Toms 2002; Wright & Ferris 1997). The above studies found that there is a relationship between CSR activities and CSRD with organisational performance, which has been indicated by positive, negative, mixed, or non-significant results. On the one hand, some studies found a positive relationship between CSR activities and CSRD with organisational performance (Branco & Rodrigues 2006; DeMaCarty 2009; Hasseldine et al. 2005; Marom 2006; May & Khare 2008; Peloza 2009; Ruf et al.

2001; Saleh et al. 2008a; Simpson & Kohers 2002; Toms 2002; Van Beurden & Gössling 2008a; Waddock & Graves 1997). Furthermore, Rettab, Brik and Mellahi (2009) revealed is a positive relationship between CSR activities and organisational performance in developing countries (UAE firms) in Dubai. On the other hand, some studies reported a negative relationship, such as Vance and Mackinlay (1975 & 1997 as cited inPark & Lee 2009) and Wright and Ferris (1997), or no significant relationship (Aupperle et al, 1985; Davidson & Worrell, 1990; Preston, 1978 & Spicer, 1980 as cited in Park & Lee 2009) and (McWilliams & Siegel 2000) between CSR and organisational performance. However, these findings cannot be generalised from Western developed economies to developing countries without further research because of their different business systems.

In Libya, there is limited research on the impact of CSRD on organisational performance. Figure 3.1 shows the relationship between CSR and CSRD with factors related to organisational performance.

Figure 3.1: The impact of CSR and CSRD on Organisational Performance.



Source: Adapted from DeMaCarty (2009)

3.4.1 Related to CSRD and Financial Performance

Financial performance is considered one of the most important indicators of the strategic value of CSR (Orlitzky et al. 2003). Researchers began empirical studies of CSR and CSRD with financial performance over thirty years ago in Western countries.

Many firms have faced increasing pressure for corporate accountability from stakeholders (managers, employees, customer, government, shareholders, and so on) (Waddock 2004). This pressure applies to the legal, social, moral, and financial aspects of a firm. In addition, as a result of ongoing government attention to business social activities, there are some government restrictions with respect to social conduct, even in times of liberalization. Stakeholders' demands are increasing with the growing transparency of markets. One of the most important stakeholders is customers who ask for sustainable products (Gauthier 2005). Financial performance is the main objective for many investors examining a corporation's portfolio, and investors also value the way corporations meet their social responsibilities (Barnett & Salomon 2006). All these developments shift corporate attention from a merely financial orientation to include the importance of CSR activities. This expanded focus has led to the ongoing debate over whether CSR and CSRD affect financial performance in terms of a firm's share price, its consumer support, the loyalty of its employees, and the amount of attention by some researchers. The potential for stakeholder demands to compete with one another for firm attention and prioritization, and the consequences of whether conflicting demands are or are not met is rarely considered (Barnett 2005). Understanding the link between CSR and financial performance is significant as managers balance stakeholders' expectations that a firm be socially responsible against demands for financial performance (Bertels & Peloza 2008).

Some studies argue that CSR activities might be consistent with a firm's wealth maximization motives and provide appropriate information for corporate decision making (Kang et al. 2010; Keim 1978; Pava & Krausz 1996; Shauki 2011). Hence, short- and long-term financial impacts are used to measure the impact of CSR activities on financial performance (Inoue & Lee 2010). However, this does not mean that all CSR programs must satisfy the traditional cost-benefit criterion. There are two types of empirical studies of the relationship between CSRD and financial performance (Montabon et al. 2007). The first set uses the event study methodology to measure the short-term financial impacts of companies involved in socially responsible or irresponsible acts (e.g. Hannon & Milkovich 1996; Inoue & Lee 2010; Margolis & Walsh 2003; McWilliams & Siegel 2000; Montabon et al. 2007; Orlitzky et al. 2003; Saleh et al. 2008a; Wright & Ferris 1997). Market-based measures of financial performance, such as the firms share price, share price appreciation, were used in these studies. Market-based measures reflect the concept that shareholders are the most important stakeholder group, a group whose satisfaction determines the firms' fate (Cochran & Wood 1984). Mixed results have been produced by studies on the effects of CSR activities on firm value. Some studies have concluded beneficial effects while others found that the effects are negative or have no relationship. For example, Margolis and Walsh found that 4 percent of 160 studies examined found a negative relationship between CSR and financial performance, 55 percent found a positive relationship, 22 percent found no relationship, and 18 percent reported a mixed relationship. Furthermore, Orlitzky, Schmidt, and Rynes (2003) achieved another meta- meta-analysis and found similar results. Other studies are not similarly stable concerning the relationship between CSR and short-run financial return (McWilliams & Siegel 2001).

The examination of the relationship between measures of long-term financial performance and measures of CSRD is the second set that is used from accounting and financial measures of profitability (e.g. Aguilera, R. V. et al. 2007; Mahoney & Roberts 2007; McGuire et al. 1988; McWilliams & Siegel 2000; Simpson & Kohers 2002; Waddock & Graves 1997). Accounting returns such as return on equity, return on investment, or return on assets are used to identify managers' discretionary allocations of funds to different projects and policy choices. Consequently, these measures reflect internal decision-making capabilities and managerial performance instead of external market responses to organisational (non-market) actions (Orlitzky et al. 2003).

There are some studies that found the same mixed results in these studies. Some studies found a significant mixed or negative relationship between CSR and financial performance (Cheung & Mak 2010; McGuire et al. 1988; McWilliams & Siegel 2000). McGuire, Sundgren and Schneeweis (1988) revealed that subsequent performance was less closely related to CSR than prior performance. In addition, McWilliams and Siegel (2000) examined the relationship between the two with a regression model that measures financial performance as the dependent variable and social performance as the independent variable for the period 1991–1996 for 524 large companies. They reached the conclusion that there was no link between a CSR and financial performance if the regression model is properly specified. Griffin and Mahon (1997) revealed that the relationship between CSR and financial performance was mixed, and not entirely positive or negative.

However, most studies (Aguilera, R. V. et al. 2007; Simpson & Kohers 2002; Waddock & Graves 1997) found a positive relationship between CSR and CSRD with financial performance. Furthermore, Moore and Robson (2002) analysed the link between CSR and the financial performance of eight firms. They used the derivation of a 16-measure social performance index and a 4-measure financial performance index. They depended on statistically significant results. They found a positive relationship between CSR and financial performance despite the small number of firms. Mahoney and Roberts (2007) also examined the relationship between CSR and financial performance in a large sample of public companies of four years of panel date in Canada. This study yielded no significant relationship between them. Yet, they did find a significant relationship between some CSR activities such as environmental and international activities and financial performance.

Finally, Rettab, Brik and Mellahi (2009) examining firms in the UAE market as an emerging economy did the latest study of corporate social and financial performance. They tested this relationship in 280 industries (manufacturing, trading and repairing services, hotels and restaurants, real estate, rental, and business services, education, banking and financial services, mining and quarrying, and others). Although there were some challenges that contributed to ineffective engagement with stakeholders and a lack of communication of CSR activities, they found a strong positive relationship between CSR and financial performance.

Stakeholders are considered as one of the most important exchange resources for the products of the firm and in return receive the benefits of the products. Increasing a firm's revenue depends on its relationship with stakeholders, in particular with consumers because consumers are the lifeblood of the firm. Given the level of earnings reinvestment in large corporations, consumers indirectly inspire firms to develop new products and services (Freeman 2001). Peters and Waterman Jr. (1982) argue that having a good relation with consumers will lead to success with other stakeholders. They reveal that some companies with good performances place emphasis on the customer. By paying attention to customers' needs, management automatically addresses the needs of suppliers and owners. Stakeholders group realize that CSR activities and CSRD help their companies to improve their revenues; thereby the management seeks to obtain good relations with their stakeholders through CSR activities and CSRD.

All of the studies above were done in Western countries and the United States, except the study by Rettab, Brik, and Mellahi. This indicates there has been limited research investigating the relationship between CSRD and financial performance in developing countries. In addition, no known study has examined the relationship between CSRD and financial performance in Libya. Therefore, this study attempts to contribute in this area and may facilitate more intensive research on CSRD and financial performance links outside of Western countries and U.S. markets in the future, especially in Libya as a developing and emerging country. Therefore, the researcher presents the following hypothesis:

H1: Higher levels of CSRD provided by firms are positively associated with its higher financial performance in Libya.

3.4.2 Related to CSRD and Employee Commitment

Employees are considered one of the most important factors in a firm; they affect the success of an organisation. Therefore, "the effective delivery of corporate social and environmental responsibility initiatives is dependent on employee responsiveness" (Collier et al. 2007, p. 22). In recent years, employee commitment has been one of the most studied indicators of the strategies value of CSR. Jaworski and Kohli (1993, p. 60 as cited in Rettab et al. 2009, p. 376) define employee commitment as

> [T]he extent to which a business unit's employees are fond of the organisation, and see their future tried to that of the organisation, and are willing to make personal sacrifices for the business unit.

Carroll (1979) notes that CSR and community contributions and reflect the way in which a firm interacts with its physical environment and its ethical stance towards consumers and other external stakeholders. External CSR involving internal and external information sources including the media and their personal experience within the company may be expected to base their employee opinions about these activities. Employees and managers have a greater stake in the success of the corporation than investors because their jobs and economic livelihood are at stake (Post 2003).

Branco and Rodrigues (2006) claim that CSRD leads to the creation or deletion of other fundamental intangible resources and may help build a positive image with employees and managers. Some studies expected that there would be a positive relationship between CSR and CSRD with employee commitment (Backhaus et al. 2002b; Brammer et al. 2007; Maignan & Ferrell 2001, 2004; Peterson 2004). Furthermore, Albinger and Freeman (2000), Backhaus, Stone and Heiner (2002b), Greening and Turban (2000), Maignan, Ferrell and Hult (1999), and Peterson (2004) found that there is a positive relationship between CSR and employee commitment. At the same time, the relationship between procedural justice and effective commitment is expected to be positive because employees are expected to identify with ethical organisations (Brammer & Millington 2005).

The existing literature provides compelling empirical support for these arguments; a strong relationship has been found between the ethical climate of organisations and job satisfaction (Koh & Boo 2001; Viswesvaran et al. 1998) and studies of the relationship between organisational commitment and procedural justice suggest they are positively and significantly related (Albinger & Freeman 2000; Backhaus et al. 2002a; Cohen-Charash & Spector 2001; Greening & Turban 2000; Meyer et al. 2002; Peterson 2004; Turban & Greening 1997). They illustrated that a firm’s social responsibility deals with matters related to its employee and thus expect to find a positive impact on employee commitment. In addition, Maignan et al. (1999) predicted that firms that disclose CSR activities might enjoy enhanced levels of employee commitment for two reasons: they are committed to ensuring the quality of the workplace experience, and they inform stakeholders about social issues, such as the welfare of the community or the protection of the environment.

Rupp et al. (2006) note that employees' perceptions of their firms' CSR activities influence their overall perceptions of the firm. In addition, firms that disclose CSR activities work to ensure their employees' protection through fair and socially responsible practices (Rupp et al. 2006). Thus, it can be seen that firms that engage in CSR activities show a positive relationship with employee commitment because they earn more employees commitment than firms that do not engage in CSR activities (Aguilera, R. V. et al. 2007). Exploring a positive relationship between CSR and CSRD with financial performance is more likely to lead a positive relationship between CSR and employee commitment. Rettab, Brik and Mellahi (2009) explored whether there is a positive relationship between CSR and employee commitment in the UAE market. One the other hand, using social identity theory, Turker (2009) found that there is no link between CSR to government and the commitment level of employees.

Stakeholder theory supports the existing good relation between companies and their employees to improve company's profits through improving their employee commitment. Employees and managers are considered one of the most important stakeholders in a firm; they have directly effect on the success of an organisation. Employees and managers have a greater stake in the success of the corporation than investors because their jobs and economic livelihood are at stake (Post 2003). Therefore, maintaining good relationship between the company and employees lead to improve its performance through improving employee commitment.

Most of the above studies found a positive relationship between CSR and CSRD with employee commitment; only a few studies found a negative, insignificant, or mixed relationship. In addition, research investigating CSRD and employee commitment in developing countries is limited, and no study has examined the relationship between CSRD and employee commitment in Libya. Therefore, this study aims to contribute to this area and to facilitate more intensive research on links between CSRD and employee commitment in non-Western countries in the future, and especially in Libya. Based on the above, the researcher advances the following hypothesis:

H2: Higher levels of CSRD provided by firms are positively associated with its higher employee commitment in Libya.

3.4.3 CSRD and Corporate Reputation

There is much research that examines and attempts to define *corporate reputation*. According to Siltaoja (2006, p. 91),

> [T]he most important competitive advantage that companies can have [by] … assessments about what the organisation is, how well it meets its commitments and conforms to stakeholders' expectations, how effectively its overall performance fits with its socio-political environments.

Corporate reputation is also “a fundamental intangible element in the generation of competitive advantages for organisation,” according to (Neville et al. 2005, p. 337). Emerging CSR leads to an enhanced corporate reputation whereas non-emerging CSR can destroy the corporate reputation of a firm. According to McWilliams and Siegel (2001, p. 120), CSR “creates a reputation that a firm is reliable and honest.”. Similarly, Bhattacharya and Sen (2003 as cited in Rettab et al. 2009, p. 377) show that CSR “builds a reservoir of goodwill that firms can draw upon in times of crisis." Some companies may use social responsibility disclosure as one of the informational signals upon which stakeholder's can base their assessments of corporate reputation under conditions of incomplete information (Branco & Rodrigues 2006).

Besides the above, Branco and Rodrigues (2006) contend that CSRD is particularly important in enhancing the effects of CSR on corporate reputation. In addition, Hooghiemstra (2000) argues that CSRD is one of the most important communication instruments used by firms to enhance, create, and protect their images or reputations. Moreover, it is not easy to create a positive reputation without making such disclosures for firms that invest in social responsibility activities (Hasseldine et al. 2005; Toms 2002). Toms (2002) explains that disclosure in annual reports of environmental policies and their implementation was found to contribute to a positive corporate reputation. Besides that, Toms (2002), and Hasseldine, Salama and Toms (2005) found that the quality of environmental disclosure, rather than the quantity, has a strong effect on the creation, enhancement, and protection of corporate reputation. Thus, the relationship between CSRD and corporate reputation should clearly be positive.

However, the relationship between CSRD and corporate reputation in developing countries and emerging economies is not so clear. Although the link between CSR and CSRD with corporate reputation is not straightforward in developing countries, the link between CSR and CSRD with employee commitment is observed because employees are able to see their firms' CSR activities (Branco & Rodrigues 2006; Rettab et al. 2009). And these employees can observe the effects of their firms' CSRD in the national media or in the annual report. Communicating effectively with a wide range of stakeholders enables firms to demonstrate their ability to enhance corporate reputation. Therefore, firms operating in accordance with social and ethical criteria are able to create positive reputations, while those that fail to do so risk negatively impacting their firms' reputations (Branco & Rodrigues 2006).

The growing attention to reputation has helped increase the number of different construct measures (Helm 2005). Fombrun (1998) uses six criteria that appear to dominate the construction of reputation in the annual report: community involvement, employee treatment, product quality, financial performance, environmental performance, and organisational issues. Most of these criteria represent CSR activities. Lewis (2001) lists similar criteria but with an emphasis on responsibility: product quality, customer service, treatment of staff, financial performance, quality of management, environmental responsibility, and social responsibility. The criteria Schultz, Mouritsen, and Gabrielsen (2001) use for reputation are environmental responsibility, price, human resources, internationalization, financial strength, and importance to society. Therefore, all of these criteria affect corporate reputation. Peterson (2004) noted that recent corporate experience in the oil and pharmaceuticals industries has emphasized the negative consequences for corporate reputations that are likely to flow from inappropriate behaviour towards the environment or consumers. At the same time, Brammer and Millington (2005) found a positive relationship between corporate reputation and CSR activities, and Hess, Rogovsky, and Dunfee (2002) found a similar relationship between corporate involvement in social causes and reputation. Clarke and Gibson-Sweet (1999) note that corporate disclosure is considered an effective factor in the management of reputation and legitimacy.

Finally, Rettab, Brik, and Mellahi (2009) found a positive relationship between CSR and corporate reputation in the UAE market.

All of the studies above were done in Western countries and the United States, with the exception of the Rettab, Brik, and Mellahi study. This indicates that there is limited research that has investigated the link between CSR and CSRD with corporate reputation in developing countries. In addition, no known study has examined the relationship between CSRD and corporate reputation in Libya. Therefore, this study aims to contribute in this area and to facilitate more intensive research on links between CSR and CSRD with corporate reputation in non-Western countries and markets in the future, especially in Libya as a developing country and emerging economy.

One of the most important benefits of CSRD is its effect on corporate reputation (Branco & Rodrigues 2006). Improving relationships with external stakeholders such as customers, investors, bankers, suppliers, and competitors is clearly related to having a reputation for good social responsibility. Additionally, this reputation plays important role with relationships to internal stakeholders such as employees. For example, a firm with such a reputation can attract better employees and increase current employees' motivation and morale as well as their commitment and loyalty, which may improve financial performance (Branco & Rodrigues 2008b).

Stakeholder theory (the stakeholder power) that describes a company as being responsive to stakeholder demands because stakeholders derive their power from being able to control the resources required by the firm with the purpose of operating as the resource dependence perspective. Stakeholder power helps identify stakeholders' interests, which need to be considered by companies. Thus, the relationship between stakeholder power and social performance (company reputation) and social disclosure is a positive one, in which social responsibility actions are regarded as an effective management strategy for dealing with stakeholders (Roberts 1992).

CSRD is an important means for harvesting the effects of CSR on corporate reputation. It also signals firms' improved social and environmental conduct (Branco & Rodrigues 2008b). Consequently, CSRD can lead to good reputations in those areas due to its affects on the external perceptions of reputations. Creating positive reputations without making associated disclosures, therefore, will be difficult for companies investing in social responsibility activities (Hasseldine et al. 2005; Toms 2002). Therefore, the researcher advances the following hypothesis:

H_3: Higher levels of CSRD provided by firms are positively associated with its higher corporate reputation in Libya.

3.5 Company Characteristics

Numerous empirical studies examine the link between CSR disclosure and corporate characteristics (Branco & Rodrigues 2008b; Gray et al. 1995; Murray et al. 2006; Richardson & Welker 2001). Most of these studies find a relationship between CSR disclosure and company characteristics (e.g., size, age, industry, and so on). Previous empirical studies relied on different theories (e.g., stakeholder theory, agency theory, and so on) to justify these relationships.

3.5.1 Company Size

Most empirical studies provide evidence that the company size has an impact on the amount of CSR disclosure (Branco & Rodrigues 2008b; Gao et al. 2005; Gray & Bebbington 2001; Haniffa & Cooke 2005; Parsa & Deng 2008). They find a significant and positive association between company size and the amount of CSR disclosure. The findings of these studies clarify the importance of this relationship; in addition, large companies tend to disclose more CSR information than small- and medium-sized companies. Moore (2001) and Branco and Rodrigues (2008b) illustrate that the amount of CSR disclosure in large companies is higher than in small ones, because stakeholders expect more CSR disclosure from large companies than from small companies. Large companies are also more able than small companies to communicate their CSR activities to external stakeholders (Rettab et al. 2009). Supporting that, Cowen Linda and Scott (1987, p. 121) illustrate that "Corporate size appears to have significant impact and argue that social disclosure are correlated to company size for the reason that large companies have more stakeholders who might have concerns about the social activities undertaken by the company." Furthermore, large companies have more diverse ownership, and thus higher agency costs, which management will attempt to reduce by disclosing more voluntary information (Meek et al. 1995). Parsa and Deng (2008) indicate that a positive change in company size leads to a positive and significant change in the amount of CSR disclosure. However, some empirical studies find no relationship between size and amount of disclosure (Freedman & Jaggi 1988; Roberts 1992). These studies find that large companies tend to report environmental information if they have a weak economic performance.

In addition, company size may have a significant effect on the results concerning the association between CSRD and financial performance (Fry & Hock 1976; Guthrie et al. 2004; Lerner & Fryxell 1998; McWilliams & Siegel 2001). Fry and Hock (1976) revealed that there is not link and put change in financial performance down to company size. The reason is that larger companies have a greater ability to make profits than smaller companies. Thus, company size is a control variable in this study.

3.5.2 Company Age

A number of studies used company age as one of the most important factors that can affect level of disclosure, in particular CSRD (Delaney & Huselid 1996; Rettab et al. 2009; Xianbing Liu & Anbumozhi 2009). Some studies show a positive and significant relationship between level of CSRD and company age (Delaney & Huselid 1996). They think that the old companies provide more information about CSR activities than small companies. For instance, Delaney and Huselid (1996) found a positive link between CSR information and company age. However, some studies found a negative association between the amount of CSRD and company age. For example, Rettab et al. (2009) show a negative relationship between CSR and company age, while Xianbing Liu and Anbumozhi (2009) find a negative relationship between environmental disclosure and company age.

In addition, using company age plays an important role to identify the relationship between CSRD and business performance. For example, Freedman and Jaggi (1988) found that there is no relationship between the extensiveness of pollution disclosure and economic performance in four highly polluting industries. Although identifying link between the two is important for most stakeholders, they only focussed on an importance of pollution disclosure for investors in order to make appropriate decisions. Their methodology is weak due depending on only descriptive data of pollution disclosure. Ignoring age of these firms as the most important factor of pollution disclosure might lead to this result. Hence, company age is considered as an important control variable in this study.

3.5.3 Type of Industry

Level of disclosure and activities in CSR categories largely depend on a company's industry type (Waddock & Graves 1997). For example, the manufacturing sector discloses more about community-, safety-, and health-related CSR categories, while the oil sector shows higher disclosure in environmental categories. Therefore, type of industry plays an important role in order to determine amount of CSR disclosure.

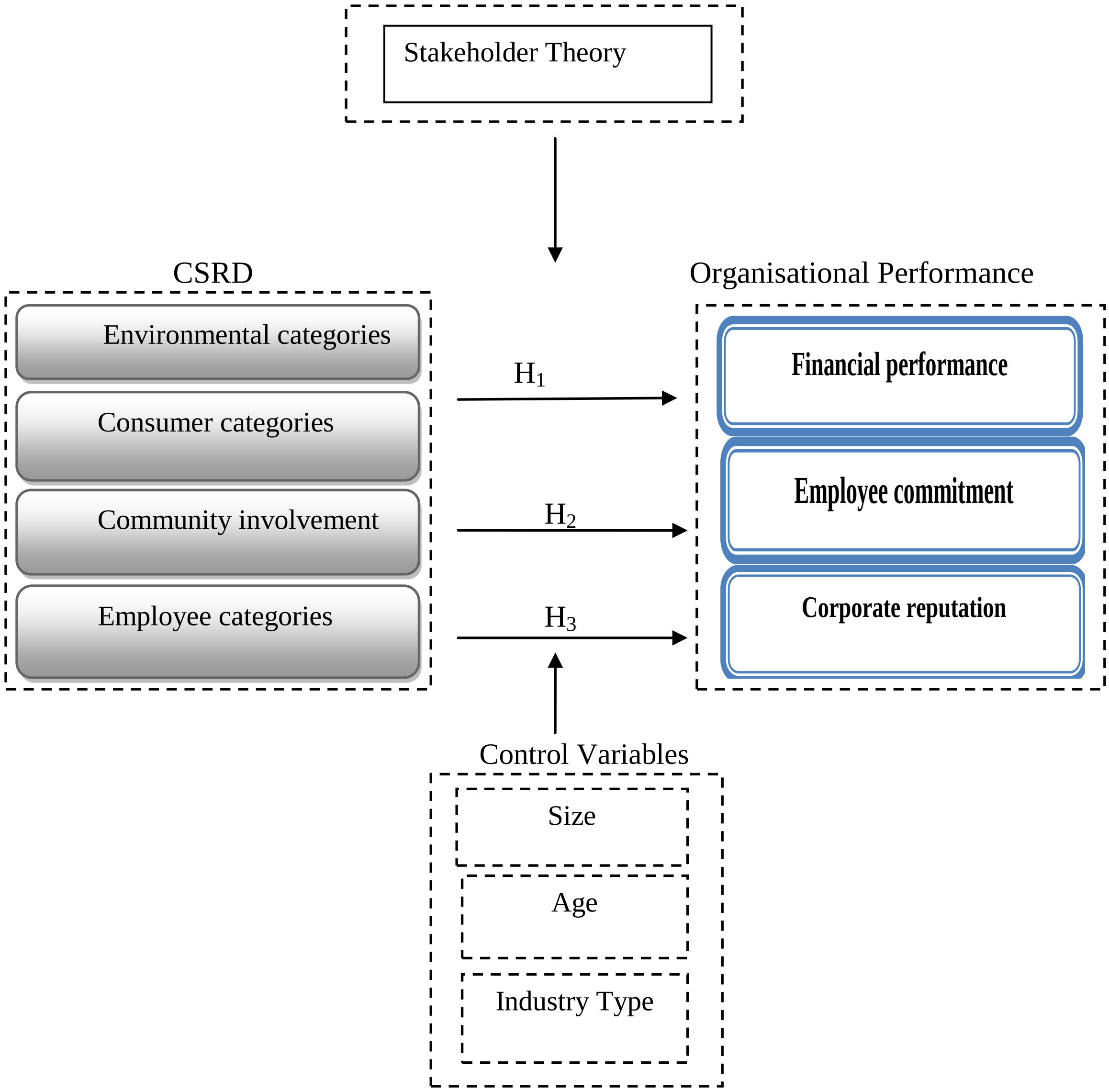
Several empirical studies have found a positive and significant relationship between CSR disclosure and type of industry (Branco & Rodrigues 2008b; Cowen Linda & Scott 1987; Gray 2002; Newson & Deegan 2002; Parsa & Deng 2008; Wanderley et al. 2008). The previous results of empirical studies indicate that level and type of disclosure are significantly different when companies are from different industries. This difference stems to stakeholders' pressures (Patten 1991) and the regulations imposed on some industries (Dierkes & Preston 1977). In addition, certain industries tend to disclose more CSR information due to their nature; for example, consumer-oriented firms are likely to exhibit more concern about demonstrating their social responsibility to their community, in addition to enhancing their image and increasing profits (Cowen Linda & Scott 1987). Therefore, type of industry is considered a control variable that could influence CSR disclosure.

3.6 Conceptual Model

Previous studies contribute to the current debate on the effectiveness of CSRD, as there is widespread and growing concern about corporate social performance (Branco & Rodrigues 2009; Toms 2002; Waller & Lanis 2009). They note the existence of a link between CSRD and organisational performance in terms of financial performance, employee commitment, and corporate reputation.

The hypotheses in the conceptual model clarify the relationship between the levels of CSRD (each category) and organizational performance in terms of financial performance, employee commitment and corporate reputation. This model supposes a positive relation between high levels of CSRD and organizational performance in terms of financial performance (return on assets, return on equity and revenues) in the first hypothesis, employee commitment in the second hypothesis and corporate reputation in the third hypothesis in the Libyan context. The appositive relationships between the two variable are supported by stakeholders pressure and some control variables (company size, company age and industry type). Pratten and Mashat (2009) noted that there is an increasing level of CSRD in Libyan companies compared to previous years due to increasing demands from stakeholders. This study use stakeholder groups such as employees and managers and some control variables to investigate the link between the two. Based on the link between corporate performance and stakeholder management practices, this research assumed that there is a relationship which is illustrated by increases in the level of CSRD in Libya with respect to stakeholder theory in order to increase organisational performance (Figure 3.2).

Figure 3.2: Conceptual Model



3.7 Summary

This chapter presented detailed information about social accounting and corporate social responsibility disclosure in terms of their meanings and contexts, definitions, categories, and drivers of CSRD. The drivers of CSRD include stakeholder theory and studies show detailed information about the impact of stakeholder groups on the relationship between level of CSRD and

organisational performance in terms of financial performance, employee commitment, and corporate reputation. This chapter also provided a broad overview of the critical literature related to CSRD and organisational performance as well as the prior empirical studies of CSRD and organisational performance. The final section in this chapter briefly detailed the effects of company characteristics, which include company size, company age, and type of industry, on level of CSRD as well the conceptual model of this study.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

The chapter provides a detailed description of the research design and methodology used in this study. This study determines the level of CSRD in Libya as a developing country. The purpose of this study is to explore and understand the nature of the relationship between CSRD and organisational performance in terms of financial performance, employee commitment, and corporate reputation. It aims to examine the link between CSRD and organisational performance in different sectors (manufacturing, services, banking and insurance, and mining). A triangulated approach consisting of quantitative and qualitative methods is used to collect data in order to ensure validity and reliability.

The method of collecting data and the mechanism used to interpret the data is one of the most significant differences between quantitative research and qualitative research. Content analysis of annual reports and a survey (questionnaire) provide the data used to study this phenomena using quantitative research. This study also uses interviews to increase the validity of data gathering via qualitative research.

The chapter is organised as follows: section 4.2 presents the objectives and the research questions; section 4.3 defines the research philosophy; section 4.4 examines the implications of philosophical assumptions in the current study; section 4.5 presents an explanation of triangulation research; section 4.6 discusses quantitative research, which includes the content analysis, the questionnaire survey, and the quantitative data analysis; section 4.7 details qualitative research, which contains the interviews and qualitative data analysis. The final section presents a summary.

4.2 Research Objectives

This study explores whether the level of CSRD affects organisational performance in terms of financial performance, employee commitment, and corporate reputation using stakeholder theory. This is important, as this information could provide firms with incentives to use their CSR activities and ensure disclosure, to enhance their performance (Peccei et al. 2005).

4.3 General Research Problem and Research Questions

The general research problem addressed in this research is:

What is the strength of the association between levels of corporate social responsibility disclosure (CSRD) and organisational performance among Libyan companies within the manufacturing, banks and insurance, services, and mining sectors?

The following research questions have been formulated in order to answer the general research problem:

1. Is there a positive association between higher levels of corporate social responsibility disclosure (CSRD) and higher financial performance?
2. Is there a positive association between higher levels of corporate social responsibility disclosure (CSRD) and higher employee commitment?

3. Is there a positive association between higher levels of corporate social responsibility disclosure (CSRD) and higher corporate reputation?

4.4 Research Philosophy

All research depends on a specific philosophical assumption. In order to develop a philosophical perspective, the researcher makes numerous main assumptions concerning two dimensions: the nature of society and the nature of science (Burrell & Morgan 1979, cited in Holden & Lynch 2004). The first dimension, society, entails a selection between two views of society: either radical change or regulatory. The second dimension, science, entails an objective approach or a subjective underlies to research. These two major philosophical approaches are framed by numerous key assumptions concerning ontology, epistemology, human nature, and methodology. These assumptions have direct implications for the research methodology adopted.

The first assumption, ontology is related to the nature of reality. Creswell (1998) indicates that, ontology is concerned with the nature of reality, if something is conceded as being real. The second assumption, epistemology, is the study of the nature of knowledge. It is concerned with the nature, validity, and limits of inquiry. It clarifies the association between what is being studied, whether it is dependent or independent, and the researcher (Creswell 1998). The third assumption, human nature, refers to the association between the human being and the society in which the researcher lives (Burrell & Morgan 1985). It entails whether or not the researcher observes man as the controlled or the controller (Burrell & Morgan 1979 as cited in Holden & Lynch 2004). The final assumption, methodology, is related to the researcher's tool-kit. It denotes all the means available to social scientists to investigate phenomena. At the project level, there are three general methodological approaches that are usually distinguished in the social sciences: the quantitative approach, the qualitative approach, and the participatory action approach. These methodologies include various methods of data collection (questionnaires, interviews, and documents), data analysis (statistical, mathematical, and interpretative), and inference (inductive, deductive, and retroductive) (Mouton & Marais 1988).

4.5 Implications of Philosophical Assumptions in the Current Research

Using different assumptions and methodological approaches gives a broader view of the research issue (Hussey & Hussey 1997). In this regard, Laughlin (1995) argues and recommends that choosing a middle-range position is suitable for all philosophical assumptions. This study thus adopts a position between nominalism and realism. Both epistemological assumptions and human nature assumptions are used with the middle-range position in this study. On the one hand, with regard to epistemological assumptions, obtaining knowledge from individuals who are working in particular activities is important to this study. Consequently, the orientation of the study ranges from anti-positivist to positivist. Using quantitative and qualitative knowledge is significant to examine and explain this reality. On the other hand, as for human nature assumptions, this study ranges between voluntarism and determinism. Hence, human beings are not free-willed but their particular situation controls them (Hanafi 2006).

The current study utilises mixed methods to achieve its objectives. More precisely, it employs a concurrent triangulation approach. This study uses content analysis, a questionnaire, and interviews (qualitative and quantitative). Both content analysis and the questionnaire are used as a quantitative method to measure and quantify CSRD and examine the relationship between the CSRD and organisational performance. The interview method is used in an attempt to comprehend the nature of the relationship between CSRD and organisational performance in terms of financial performance, employee commitment, and corporate reputation. Using mixed methods will help the reliability and validity of the research.

4.6 Triangulation

With the development and perceived legitimacy of both quantitative and qualitative research in the social and human sciences, triangulation research, using the combination of quantitative and qualitative approaches, has become popular. In addition, the problems addressed by social science researchers are complex, and the use of either quantitative or qualitative approaches alone is inadequate to address this complexity. Furthermore, the interdisciplinary nature of research contributes to the formation of research teams with individuals with diverse methodological interests and approaches. Finally, there is more insight to be gained from the combination of both quantitative and qualitative research than from either form by itself. Their combined use provides an expanded understanding of research problems (Creswell 2009; Jick 1979).

Hussey and Hussey (1997, p. 74) have defined triangulation as employing "different research approaches, methods and techniques in the same study." There are four types of triangulation that are identified by Easterby-Smith et al. (1991). The first type is data triangulation, which utilizes different sources of data or data collected at different times. The second type, investigative triangulation, involves comparing the data collected from at least two independent researchers. The third type, the triangulation of theories, uses theories from other fields to help explain the data. The fourth type, methodological triangulation (current triangulation approach), combines quantitative and qualitative approaches, which are used to collect data to study a single issue (Creswell 2009; Easterby-Smith et al. 1991).

The current study applies the current triangulation approach, which depends on collecting quantitative and qualitative data at the same time. Any single data collection approach has some weaknesses and strengths. Using this approach enables the researcher to broaden understanding and confirm results with the other method. Strengths of both methods are combined and weaknesses are corrected or cancelled out; hence, both methods complement each other and provide more holistic, accurate, and convincing results (Gill et al. 1997; Jick 1979). Another benefit of triangulation is that it enhances the validity and reliability of the research due to overcoming the probable inherent bias of a single-method approach and it thus obtains greater insights and greater confidence (Hussey & Hussey 1997; Jick 1979).

Triangulation has some limitations. It involves great expertise and effort to adequately study a phenomenon with two separate quantitative and qualitative methods. In addition, using the triangulation approach can be complicated when a researcher compares the results of quantitative and qualitative analyses with data collected from different sources. A researcher may not be clear about how to resolve discrepancies that arise in comparing the results, a researcher therefore should use one or all of the following procedures when he/she faces any discrepancy between the results of the two analyses. These procedures are conducting additional data collection to resolve the discrepancy, revisiting the original database, obtaining new insight from the disparity of the data, or developing a new project that addresses the discrepancy (Creswell 2009).

Figure 4.1: Current Triangulation Strategy Approach of the research

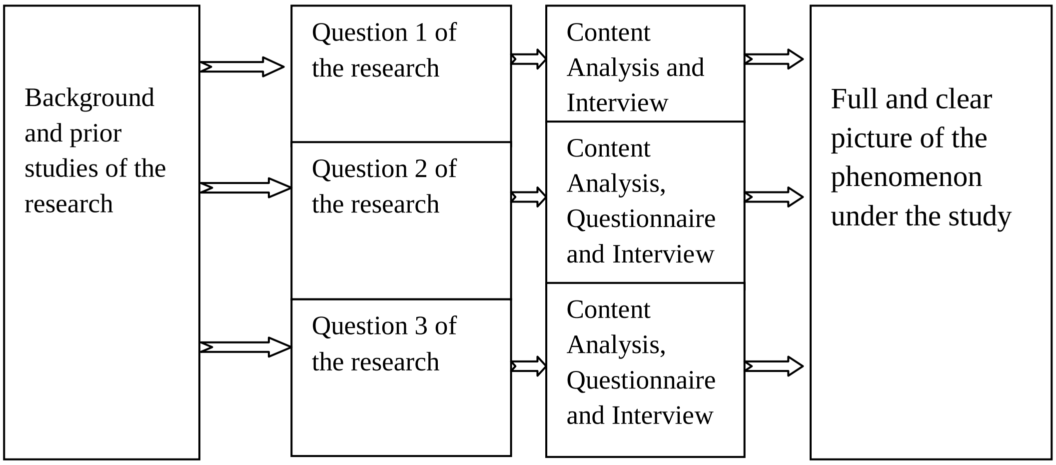


Figure 4.1 shows the current triangulation strategy approach in this research. It clarifies using background and prior studies of this research, then it show the research questions that inferred from prior studies of this research. After that, this figure illustrates the methodologies that are used for gathering data to gain a deeper understanding about this problem of this study.

This enhances the synergetic benefits of the content analysis, questionnaire, and interviews (Eisenhardt 1989) as elements of context are illuminated, providing findings that quantitative methods alone could not (Jick 1979). Quantitative and qualitative methods can be used in a single study, depending on how the researchers choose to explore their research questions. The next section discusses quantitative research, which includes content analysis and questionnaire, and qualitative research, which encompasses interview methods.

4.7 Quantitative Research

The quantitative methods are drawn from natural science; hence, this method is often used in social science (Morgan & Smircich 1980). There is a significant need to emphasize that quantitative methods acquire knowledge by "manipulating data through sophisticated quantitative approaches, such as multivariate statistical analysis" (Morgan & Smircich 1980, p. 498). Patton (1990, p. 14) argues that this method requires "[t]he use of standardised measures so that the varying perspectives and experiences of people can be fit into a limited number of predetermined response categories to which numbers are assigned."

In this study, quantitative research includes content analysis and the questionnaire method. These are discussed in the following sections.

4.7.1 Content Analysis

This study employs content analysis as the first research method to collect quantitative data on CSRD using annual reports of firms in Libya. Kolbe and Burnett (1991) mention that using this method is significantly helpful in exploratory research, because there is no need to make generalisations or adopt a set of theoretical perspectives.

The researcher in this study uses content analysis as a technique for gathering data. This method has been widely used in prior social accounting and CSR reporting studies to identify and evaluate the extent of disclosure of different items (e.g. Guthrie et al. 2004; Gray et al. 1995; Guthrie & Parker 1990; Guillamon-Saorin et al. 2006; Hooghiemstra 2001; Amir 1996; Kohut & Segars 1992; Smith & Taffler 2000; Metts & Grohskopf 2003; Stanton et al. 2004; Sydserff & Weetman 2002; Rutherford 2005). Berelson (1952) illustrated that content analysis is used to describe systematically, quantitatively, and objectively the manifest content of communication. In this regard, Kassarjian (1977) stated that content analysis is a research technique for the scientific, quantitative, generalizable, objective, and systematic analysis of communication content. It is also defined as a research "technique for gathering data that consists of codifying qualitative information in anecdotal and literary form into categories in order to derive quantitative scales at varying levels of complexity" (Abbott & Monsen 1979);their requirement that this method be "objective," "systematic," "quantitative," and "generalizable" is included under the dual requirements of validity and reliability.

4.7.1.1 Stages of the Content Analysis Method

Content analysis involves the identification of particular issues within a text of, for example, an annual report, which can be categorised under headings, and then analysed (Guthrie & Parker 1990). The content analysis method used in the current study involved four main stages: determining the sampling units to analyse, determining the themes or categories of CSR, measuring the themes, and evaluating the validity and reliability of data.

a) Determining the Sampling Units

Krippendorff (2004, p. 98) defined sample units as "units that are distinguished for selective inclusion in an analysis." He also illustrated that choosing the documents to analyse is a necessary stage in any content analysis study "so that (a) connections across sampling units, if they exist, do not bias the analysis; and (b) all relevant information is contained in individual sampling units, or, if it is not, the omissions do not impoverish the analysis" (Krippendorff 2004, p. 99). There are several channels to make CSRD, such as advertising and promotional leaflets, press releases, company Web sites, interim reports, discussions, and so on (Gao et al. 2007). However, a substantial proportion of the current study has used the annual report for a numbers of reasons. First, the annual report is one of the most important data sources used to understand a company's attitudes towards social and environmental reporting (see Figure 4.1). Second, it is has high degree of credibility (Tilt 1994). Third, it is frequently used by a large number of stakeholders because it contains a wide variety of information items, such as financial performance, investment or environmental information, and regularity of publication (Deegan & Rankin 1996). Finally, it is an official (regulated) document for stakeholders at regular (annual) intervals of time (Neirnark 1992). Therefore, the annual report is important to stakeholders, especially managers. Accordingly, and in keeping with the majority of the literature in this field of research, the current study employs 2007–2009 annual reports as a source of text.

b) Determining the Themes or Categories of CSR

Selecting and determining the themes or categories of CSR issues is the second stage of the content analysis method used in this study. Guthrie and Mathews (1985) clarify that "content analysis involves the selection of analytical categories to characterise the content of written material." Tilt (2001) states that selecting and determining themes or categories of CSR into which data capture are classified is a main element of the research design used in a CSR disclosure content analysis. Although the content analysis of CSRD in the literature is still used to select themes or categories of CSR, the themes or categories of CSRD are not provided a clear reference. However, a number of studies have still used the categories or frameworks of analysis of previous studies.

Numbers of studies have used several different groups of categories to analyse CSRD. For example, Saleh (2009) used the categories of employee relations, environment, community involvement, and product. Cowen Linda and Scott (1987) used the categories of human resources, environment, fair business practices, energy, products, community involvement, and other disclosures. Branco and Rodrigues (2008a) and Williams (1999) identified four areas of CSRD: environment, human resources, products and consumers, and community involvement. Abu-Baker and Naser (2000) employ the categories of human resources, community involvement, environment, products, energy, and others. Deegan (2002) employ the categories of employee, environment, energy, community involvement, and others. Newson and Deegan (2002) employ eight areas of CSR disclosure: environment, energy, diversity, fair business practices, human resources, community, products, and other. Pratten and Mashat (2009) utilize the categories initially proposed by Gray et al. (1995): environment, consumer, community, and human resources.

According to these previous studies, the current study uses the categories and subcategories proposed by Gray et al. (1995), which were used by Pratten and Mashat (2009) in Libya. These themes or categories are adopted and used with firms in the Libyan context. These categories contain some subcategories (see Table 4.1).

Table 4.1: CSRD categories and subcategories used in the current study

Themes or Categories of CSRD	Subcategories of CSRD
Environment	Environmental policy or company concern for the environment. Environmental management, systems and environmental audit. Environmental-product and process. Environmental financially. Sustainability. Energy. Environmental other.
Consumer	Product and consumer safety. Consumer complaints. Prevision for disabled. Provision for difficult-to- reach customers.
Community involvement	Charity and political donations. Support for education. Support for public health. Support for the arts and culture. Sponsoring sporting or recreational projects.
Employee/ Human resources	Employee data Pension data Consultation with employees Employment of disabled Value added statement Health and safety Share ownership Equal opportunities Employee other.

c) Measuring the Themes

The third stage of the content analysis method used in this study is the measurement of these themes of CSRD. There are different measurements of these themes or categories that can be used when codifying CSR qualitative information into CSR quantitative format (i.e., coded data). CSRD themes represent a unit of analysis in the current study, providing information on the subcategories of CSRD in the documents studied, or frequency of CSRD. On the other hand, a number of studies employ one or more measurements, such as number of words, sentences, lines, paragraphs, pages, or page proportion as the unit of analysis, to provide information on the amount of CSRD.

A number of studies have preferred to use content analysis to detect the presence or absence of CSR information. This form of content analysis is widely used in the CSRD literature as the simplest form of content analysis, where at least disclosure related to one information of subcategories is involved under each category (e.g. Branco & Rodrigues 2006; Haniffa & Cooke 2005; Magness 2006; Niskala 1995; Patten 2003). This form has both advantages and disadvantages. The main advantage is that it permits capture of several types of CSR disclosures (Haniffa & Cooke 2005) and it is easily used by the researcher. However, the main disadvantage is that it does not permit the researcher to measure the extent of CSR information disclosure and, consequently, the coded data that firms made within each information subcategory does not reflect its emphasis (Zeghal & Ahmed 1990).

The current study uses this technique (the form of content analysis), to analyse the CSRD of each category using a “yes/no” or (1, 0) scoring methodology (See Appendix 3). If there is information in subcategories (items), these subcategories will gain a score of 1, whereas a score of 0 will be given if no information subcategory is disclosed, in order to quantify the subcategories (items). The aggregate score for each company is determined by adding up scores of 1 (Al-Tuwaijri et al. 2004). Calculating the final disclosure score indexes for each category is done using the formula in Figure 4.2:

Figure 4.2: Formula used to Calculate Categories of CSR Information from Annual Reports of Firms in the Libyan Context.

$\sum_{\tau=1}^{mj}$ **ENVD =** Environmental policy or company concern for the environment + Environmental management, systems and Environmental audit + Environmental-product and process + Environmental financially + Sustainability + Energy + Environmental other.

$\sum_{\tau=1}^{mj}$ **COND =** Product and consumer safety + Consumer complaints + Prevision for disabled + Provision for difficult-to- reach customers.

$\sum_{\tau=1}^{mj}$ **COMD** = Charity and political donations + Support for education + Support for public health + Support for the arts and culture + Sponsoring sporting or recreational projects..

$\sum_{\tau=1}^{mj}$ **EMPD =** Employee data + Pension data + Consultation with employees + Employment of disabled + Value added statement + Health and safety + Share ownership + Equal opportunities + Employee other.

$$XI = \sum_{\tau=1}^{mj} \frac{X\tau}{N}$$

Where,
$\sum_{\tau=1}^{mj}$ ENVD = Total scales of environmental information disclosure.
$\sum_{\tau=1}^{mj}$ COND = Total scales of consumers information disclosure.
$\sum_{\tau=1}^{mj}$ COMD = Total scales of community involvement information disclosure.
$\sum_{\tau=1}^{mj}$ EMPD = Total scales of employee/ human resources information disclosure.
XI = the final disclosure score indexes for each category.
$X\tau$ = 1 if the indicator τ is disclosed, and 0 otherwise.
N = the maximum number of relevant items a company may disclose.

a) Evaluating the Validity and Reliability of Data

The fourth aspect of content analysis is to assess the reliability and validity of data, which is an important issue in the current study. Yin (2009) describes reliability as the extent to which a test or procedure produces similar results under contrasting conditions on all occasions. Numerous researchers clarify that the content analysis classification must be reliable in terms of consistency and reproducibility. Both reliability and validity in content analysis can be related by two propositions and a conjecture: unreliability limits the chance of validity, reliability does not guarantee validity and in the pursuit of high reliability, validity tends to get lost (Krippendorff 2004). Evaluating both reliability and validity can ensure that coding of the text will be done in the same way, which in turn, will diminish the chance for inaccuracy and biases.

In content analysis, there are three kinds of reliability: stability, reproducibility, and accuracy (see Figure 4.2) (Krippendorff 2004). First, stability refers to the degree to which a researcher can code data in the same way without changing over time. It also refers to a measuring procedure, which gives the same outcomes on repeated trails. Stability denotes the weakest form of reliability test (Milne & Adler 1999). Second, reproducibility refers to the ability of different numbers of researchers to repeat a process though working under different conditions, at different locations, and so on, but using functionally equivalent measuring instruments. The relative strength of reproducibility is medium when reproducibility is high (Weber 1990). Third, accuracy is the degree to which a process is consistent with its conditions and results in what it is designed to result in. In order to ensure correct performance or measurements, the researcher should identify standards for CSRD (Guthrie & Mathews 1985). However, CSRD has not identified standards. Therefore, the current study can ensure strong reliability by using the reproducibility and stability of the content analysis method by using specific decision rules in categories, subcategories, and measurement processes. Numerous studies such as Milne and Adler (1999) have ensured the validity and reliability of content analyses by capturing the amount of total CSRD from the text. They used different analysts (coders who code and measure) to test the validity and reliability.

Table 4.2: Types of Reliability

Reliability	Designs	Causes of Disagreements	Strength
Stability	Test-retest	Intraobserver inconsistencies	weakest
Reproducibility	Test-test	Intraobserver inconsistencies, + interobserver disagreements	medium
Accuracy	Test-standard	Intraobserver inconsistencies, + interobserver disagreements, + deviations from a standard	strongest

Source: Krippendorff (2004, p. 215)

The researcher used decision rules designed by Gray et al. (1995) for analysing the data of this study. Using these decision rules (See Appendix 1), any researcher is expected to yield results similar to those documented in the present study. To ensure this, 15 annual reports from each of the sample groups in different sectors will be checked at different times.

4.7.1.3 The Sample

The population for the current study includes 135 Libyan organisations across four different industries. The annual reports of 2007–2009 from firms in Libya were chosen for this study, because these reports were the latest three years that were prepared and published, when the authors has collected annual reports. Also, the three annual reports can reflect the levels of CSRD and their impacts on a company performance. Four sectors, namely, the manufacturing sector, mining sector, banking and insurance sector, and services sector, were represented in this sample. The researcher has chosen these four sectors for the following reasons. These sectors are the most important sectors which have annual reports published. They are interested in CSR activities and disclosing CSR in their annual reports. Also, they were tested by some Libyan researchers (Pratten & Mashat 2009; Ahmed 2004;) as these sectors engage in CSR activities. The most reason is that the amount of CSRD of these sectors in Libya has increased since 2000 compared with previous years (Pratten & Mashat 2009) due to pressure from stakeholders, which may influence organisational performance for Libyan companies.The annual reports of this study were collected from company Websites or by visiting company offices.

From a total population of 135 business enterprises, annual reports were obtained for each of the years in a three-year period from 40 companies (See Appendix 4), (giving a sample total of 110 annual reports), (See Table 4.3).

Table 4.3: Response Rate (content analysis)

Sector	Population (a)	Responses received (b)	Response Rate (b/a) %
Manufacturing	32	12	37.5%
Mining	8	1	12.5%
Banking and Insurance	20	13	65%
Services	75	14	19%
Total	135	40	30%

4.7.1.4 Limitation of Content Analysis

While content analysis played an important role in this study, there are some limitations in using this method. For example, Tilt (2001) mentioned that content analysis is not adequate to identify the communicator’s intention in writing the text under analysis. He also illustrated that using this technique to analyse the same document can yield wholly different results from different analysts. On the other hand, the current study could overcome these issues through its combined methods of collecting data (i.e., content analysis and interview).

4.7.2 Questionnaire Survey

As mentioned in the research objectives, this study needed to measure employee commitment and corporate reputation by exploring the perceptions of managers and employees in Libyan firms in order to examine the relationship between CSRD and employee commitment and corporate reputation in the following issues:

- Measurement of the extent of employee's commitment towards their organisations via the responses of managers and employees to the survey questions.
- Measurement of corporate reputation of organisations through the responses of managers to the survey questions.

To ensure measurements for the above purposes, an empirical study is considered essential. Numerous definitions of questionnaire surveys were found during the literature review. For instance, a questionnaire is defined as "a list of carefully structured questions, chosen after considerable testing, with a view to eliciting reliable responses from a chosen sample. The aim is to "find out what a selected group of participants do, think or feel" (Collins & Hussey 2003, p. 173). In addition, a questionnaire survey is considered an efficient tool for data collection and can be sent to respondents (the study sample or population) either through several mail or e-mail or personally administered by a researcher. Researchers usually mail a questionnaire to respondents along with a self-addressed stamped envelope and ask them to complete it and return it to researchers. Researchers give the second type of questionnaire to respondents at their workplaces. This study therefore, used a questionnaire survey.

There are a number of advantages and disadvantages of both methods of questionnaires. The mail questionnaire is not costly. It also does not require a trained or skilled staff. In addition, it can cover a wide geographical area (Collins & Hussey 2003). The personally administered questionnaire diminishes interview bias and ensures a high level of response rate (Sekaran 2003). Moreover, a researcher needs only a short period of time to collect the completed mail questionnaire (Bell 2005). Furthermore, all questions in this questionnaire are clarified on the spot for survey participants. It also ensures accurate sampling and so on (Sekaran 2003). One the other hand, one disadvantage of the mailed questionnaire (Collins & Hussey 2003; Sekaran 2003) is that the level of response rate of this method is typically very low. This method does not provide any clarification or correction for misunderstandings on the part of study participants. Also, checking for and addressing incomplete responses is impossible. The personally administered questionnaire, however, takes a long time and is more expensive as compared with other techniques of data gathering, due to this study's geographically dispersed sample. Nonetheless, the personally administrated questionnaire was used in this study.

4.7.2.1 Questionnaire Design

The wording and language, types of questions, avoiding bias, and the pilot work all played important roles in designing the questionnaire survey (Sekaran 1992). Wording and language must take into account numerous goals, including the following: keeping the language simple, the questions short, asking leading questions, avoiding questions that artificially create opinions, avoiding negative questions and avoiding language-translation problems. Types of questions divide to two main classifications, namely, open-ended and closed questions. An open-ended question is one in which respondents formulate their own answers, while a closed question is one in which the respondents choose their answer from several alternatives (Sekaran 1992). The researcher used Huber and Power's (1985) guidelines to minimize biased data and glean quality data. Selecting respondents, formulating questions, and other steps used in this study followed Huber and Power's guidelines. Selecting more than one respondent allows this study to minimize biased data. The pilot work played an important role in exploring and improving technical problems relating to a questionnaire survey. It also allowed the researcher to develop this instrument of data collection for the purpose of increasing response rates. These principles were used in this study.

The questionnaires in the current study were designed to measure employee commitment and corporate reputation in the Libyan context. Emery's (1987) recommendations were used to translate the questionnaire survey from English to Arabic. Emery (1987) states that as "a general rule, Arabic tends to be more explicit than English: what is implicit in English often has to be spelled out in Arabic." Two semi-structured questionnaires, comprising open and closed questions, were designed for two groups of stakeholders in each firm: structured questionnaires for employees and managers were designed to measure employee commitment. Structured questionnaires for managers only were also designed to measure corporate reputation (see Table 4.4). The researcher designed the two semi-structured questionnaires to include personal information as well as research-related questions. Personal information formed the first part of the questionnaire.

Table 4.4: Summary of the Structured Questionnaire Design

Respondents	Number of questions	Type of questions	
		Open	closed
Employees	19	2	17
Managers	35	4	31

a) Questionnaire Survey for Employees

This questionnaire (See Appendix 8) had 19 questions: a few of these questions were open but most were closed questions. The questions were developed by Yousef (2003) and provide a firm-level evaluation of employee commitment; thus, the validity and reliability of the study and pilot study were tested. The researcher divided all questionnaires into two sections, corresponding to the research objectives. The first section in both questionnaires contained four questions (two open and two closed) asking the respondents for personal information. These questions asked the respondent’s current occupation, period of experience, the last educational qualification, and place of education for the most recent degree. The second section asked 15 closed questions aimed at measuring the degree of employee commitment towards his or her organisation. Employee commitment was measured by ranking the answers to these questions on a five-point Likert scale, with 1 = strongly disagree up to 5 = strongly agree. Respondents (employees) were asked their opinions on their level of commitment to their work organisation. The answers to these questions reflected the extent of employee commitment to their workplaces. Therefore, this questionnaire aimed to measure employee commitment.

b) Questionnaire Survey for Managers

This questionnaire survey (See Appendix 7) had 35 questions that were used to measure employee commitment and corporate reputation. These questions were adapted from a scale derived from Yousef (2003) and Fombrun, Gardberg and Sever (2000), the validity and reliability of the questionnaire and the pilot study hence, were tested. The first section is described above. The second section contained 20 closed questions that aimed to measure corporate reputation. These questions were divided into six main indicators: emotional appeal, product and services, vision and leadership, workplace environment, social and environmental responsibility, and financial performance. The perceptions of managers about corporate reputation was measured by ranking the answers to these questions on a five-point Likert scale, with 1 = strongly disagree and 5 = strongly agree. The third section of this questionnaire contained seven closed questions. Answers to these questions aimed to identify the extent of employee commitment to their work organisation. Answers to these questions were also ranked using a five-point Likert scale, with 1 = strongly disagree and 5 = strongly agree. Therefore, the questionnaire survey for managers included these questions which covered the perceptions of managers about the commitment of their employees and the reputation of their organisations.

4.7.2.2 Data Collection and Selection Sample

Two groups of respondents participated in this study's questionnaire survey: company management and employees. These two groups represent two stakeholder groups. The number of groups studied was limited to two due to time and resource constraints. Both groups provided significant information to measure employee commitment and corporate reputation. The managers' group, which had complete knowledge and experience pertaining to the business, was likely to be more interested in both employee commitment and corporate reputation. In addition, the extent of employees' commitment towards their organisations had been measured by managers using the employees' annual reports (Hemingway & Maclagan 2004). Therefore, most studies use managers to collect data about employee commitment and corporate reputation. (Brammer & Millington 2005; Espinosa & Trombetta 2004; Fombrun et al. 2000; Hasseldine et al. 2005; Landgraf & Riahi-Belkaoui 2003; Rettab et al. 2009; Toms 2002). Employees also expressed the extent of their commitment towards their organisations. One manager and three employees were chosen from each company to complete the questionnaire surveys. The questionnaires were e-mailed to the population of the sample (135 companies from different sectors).

Random sampling was used to select three employees from each firm from different departments to respond to the questionnaires. Using random sampling enhanced credibility and reliability and avoided social bias. In addition, it gave employees in each firm an equal chance of being selected to ensure that as far as possible the sample was representative of firms in the Libyan context (Rosenthal et al. 2000). However, this study focused on those company managers and employees that chose to respond the questionnaire. Therefore, this sampling design had theoretical support to effectively test the hypotheses addressed in this study.

From a total population of 135 organisations across four different sectors, questionnaires were obtained from managers and employees from 40 companies and 149 questionnaires (See Table 4.5).

Table 4.5: Responses Rate from Managers and Employees (Questionnaire survey)

Sector	Manufacturing	Mining	Banking and Insurance	Services	Total
Population (a)	32	8	20	75	135
Number of participants					
Total Managers Employees	128 32 96	32 8 24	80 20 60	300 75 225	540 135 405
Responses received (b)					
Managers Employees	12 35	1 3	13 38	12 34	38 111
Response Rate (b/a) %					
Managers Employees	37.5% 36.4%	12.5% 12.5%	65% 63.3%	16% 15.1%	28% 27.4%

4.7.3 Quantitative Data Analysis

4.7.3.1 Statistical Analysis

A number of statistical analyses can be used to examine the data captured by the annual reports and the questionnaire used in this study. According to (Oppenheim 1998), different statistical tools can be used for different purposes depending on the nature of the data. The statistical analysis program SPSS was used in this study. The techniques and methods used in this study encompass the following:

a) **Descriptive Statistics:**

Measures of dispersion, measures of central tendency, and measures of distribution were used to describe the data in this study.

b) **Correlation Analysis:**

Both Pearson correlation coefficients and Spearman's rank-order correlation[7] were used to determine the correlations between organisational performance in terms of financial performance, employee commitment, and corporate reputation and categories of CSRD across the whole sample, which included four different sectors, from 2007 through 2009.

c) Multivariate Regression Models

Multivariate regression is used to measure, explain, and predict the degree of linkage among variables (Hair et al. 2006). Therefore, this research used the following regression models, which are inferred from Rettab, Brik and Mellahi (2009) with some modifications, to examine the relationship between CSRD and organisational performance in terms of financial performance, employee commitment, and corporate reputation, to test the following hypotheses.

These models denote the use of time-series analyses for the identified period of (2007–2009) in the case of Libya.

- **Model 1**

(1) FP = $\alpha + \beta_1$ CSRD + β_2 SIZE + β_3 AGE + β_4 INDTY +ε

Where FP is the dependent factor (in this study FP refers to financial performance measures, return on equity, return on assets, and revenues from annual reports as dependent variables), CSRD represents the independent factors (in this study, it refers to the factors CSR, dimensions of CSR: namely, employee relation (EMPL), community involvement (COM), consumers (CONS), and

[7] The Pearson correlation coefficient and Spearman's rank-order correlation measure the linear association between two variables. Values of the correlation coefficient range from -1 to 1. The sign of the coefficient indicates the direction of the relationship, and its absolute value indicates the strength, with larger absolute values indicating stronger relationships.

environment (ENV), and all of the control variables including the age of the firm (AGE), the industry type (INDTY), and the size of the firm (SIZE); B is the coefficient of the independent variables.

This study used a disclosure-scoring methodology. Using this technique, this study first identifies the items of four categories from annual reports, then analyses the CSRD of each category using a "yes/no" or (1, 0) scoring methodology. Finally, the items of categories are quantified; the study then determined the aggregate score for each company (Al-Tuwaijri et al. 2004).

This study used the following control variables. First, size of the firm was measured by total assets. Age of the firm was measured by the number of years since its establishment in Libya. Industry type was measured by a dummy variable that takes the value of "1" if a firm is in a manufacturing and mining sector, and the value of "0" if otherwise (Elsayed & Hoque 2010).

Model 1 was used to test the validity of the following alternative hypothesis:

$H_{1:}$ Higher levels of CSRD provided by firms are positively associated with higher financial performance of firms in Libya.

- **Model 2**

(2) EC = α + β_1 CSRD + β_2 SIZE + β_3 AGE + β_4 INDTY +ε

Where EC is the dependant factor (in this study EC refers to employee commitment measures as dependent variable). Twenty-two items, ranked on a five-point Likert scale, with 1 = strongly disagree and 5 = strongly agree, were used to measure employee commitment through the questionnaire survey. The 22 items were developed by Yousef (2003) in order to provide a firm-level evaluation of employee commitment. The independent variables and the control variable are noted in the previous section.

Model 2 was used to test the validity of the following alternative hypothesis:

$H_{2:}$ Higher levels of CSRD provided by firms are positively associated with higher employee commitment of firms in Libya.

- **Model 3**

(3) CR = α + β_1 CSRD + β_2 SIZE + β_3 AGE + β_4 INDTY +ε

Where CR is the dependant factor (in this study CR refers to corporate reputation measures as dependent variable). Six-main items, ranked with a five-point Likert scale, with 1 = strongly disagree and 5 = strongly agree, were used to measure corporate reputation through the questionnaire survey. The six main items were adapted from a scale derived from Fombrun, Gardberg, and Sever (2000) to measure corporate reputation. The independent variables and the control variable are noted in the previous section.

Model 3 was used to test the validity of the following alternative hypothesis:

$H_{3:}$ Higher levels of CSRD provided by firms are positively associated with higher corporate reputations of firms in Libya.

4.8 Qualitative Research

Qualitative data analysis and interpretation were used in this study to support the results of questionnaires and annual reports during this stage. This stage involved a descriptive analysis of the data collected from the interviews in order to investigate the relationship between CSR disclosure and organisational performance using the opinions of financial managers, information managers, and planning managers of firms in Libya.

4.8.1 Interview

The interview is the most widely used method in qualitative research (Bryman & and Bell 2004). Gilbert (1993, p. 135) states that “the interview has a strong claim to be the most widely used method of research.” Zhang (2006) describes the purpose of the interview as the acquisition of deeper information that may be difficult to attain through other methods. It also allows researchers to infer more personal and in-depth responses to limited questions. More precisely, Frankfort-Nachmias and Nachmias (1996, p. 232) define the interview as a “face-to-face, interpersonal role situation in which an interviewer asks participants questions designed to elicit answers pertinent to the research hypotheses.” However, the interview can be conducted in numerous ways, such as over the telephone and via computer, it does not have to be face-to-face (Sekaran 2000).

Structured, semi-structured, or unstructured interviews represent three kinds of interviews that can be used as data collection methods of research. Denzin and Lincoln (2000) distinguish these kinds of interviews as follows: A structured interview aims to catch precise data of a codable nature for a deeper understanding of behaviour within pre-established categories. An unstructured interview aims to understand the complex behaviour of members of society without bias from any previous categorisation that could possibly lead to questionable results. A semi-structured interview involves informal questions. It falls between the structured and the unstructured interview. Semi-structured interviews are used when information to be obtained from interviewees, cannot be anticipated in advance, and the interviewer thus may need to modify or change the interview process in response to the respondent’s replies (Wengraf 2001).

The current study used the face-to-face semi-structured interview for the following reasons. Walker (1985) notes that this kind of interview allows space for discussion and encourages interviewees to reflect and expand on important related issues. It also allows interviewees to clarify their experiences and attitudes relevant to the research questions. Moreover, Judd et al. (1991) states that using the face-to-face interview gains a high rate of response, establishes rapport, and encourages the interviewee to give full and accurate answers. Huber and Power’s (1985) guidelines were used to select respondents, formulate questions, and in other steps to minimize biased data and glean quality data. These guidelines support using semi-structured interviews and selecting financial managers as the most knowledgeable persons to interview. The researcher attempted to gather data across more than one source in order to further investigate the original data collected from financial managers. In addition, motivating techniques were used with interviewees to enhance cooperation with the researcher, such as the researcher telling managers how long the interview will take and so on. In general, the purpose of this study is to investigate the perspectives of financial managers and information managers of firms in Libya regarding the effect of CSRD on organisational performance in terms of financial performance, employee commitment, and corporate reputation.

Data was gathered from face-to-face interviews with financial managers and information managers and was recorded by notes and tape recorders. This data supplemented by the analysis of corporate annual reports enabled the researcher to gain deeper insights into the topics of this study. Because the interview can explore and explain issues in depth (Denzin & Lincoln 2000), it was considered an appropriate technique for this study. The interview played an important role in the exploratory research. Interviews with one of the most important social and environmental stakeholder groups helped the researcher gather data relevant to this study. In addition, knowledge gathered from consulting with other researchers in CSRD and its impacts on organisational performance in terms of financial performance, employee commitment, and corporate reputation along with literature reviews enabled the researcher to design an interview guide with common questions to ask the interviewees. Figure 4.3 lists the main interview questions (More details, See Appendix 9).

Figure 4.3: Main Interview Questions

Part one: Information about CSR reporting in an organisation.

Standards of disclosure which used in an organisation.

The importance of CSRD to stakeholders.

The importance of increase CSRD for an organisation.

The impact of organisation characteristics on CSRD.

Part two: The impact of information about CSR activities on organisational performance.

Information about the impact of CSRD on financial performance.

Information about the impact of CSRD on employee commitment.

Information about the impact of CSRD on corporate reputation.

4.8.2 Sample Selection and Profile of Interviewees

As mentioned above, the aim of conducting interviews is to obtain insight into the perceptions of financial managers and information managers towards CSRD. Financial managers and information managers were interviewed because they have to some extent formulated opinions on CSRD while preparing annual reports. The total number of interviewees was 31 from 22 organisations from different sectors. Twenty-four (77%) interviewees were financial managers and seven (23%) were information managers (See Table 4.6.). The perceptions of financial managers and information managers were reflected about the relationship between the levels of CSRD and organisational performance. Therefore, this sampling design had theoretical support to test effectively the hypotheses addressed in this study.

Table 4.6: Profiles of Interviewees

Sector Name	Financial Managers	Information Managers	Total
Manufacturing	8	4	12
Services	11	1	12
Banks and Insurance	4	2	6
Mining	1	0	1
Total	24	7	31
Participants rate	77%	23%	100%

4.7.3 Qualitative Data Analysis (Interviews)

There are different methods the researcher can use to transcribe and analyse interview data (Gillham 2000). Transcribing data requires a complete written transcript of the whole interview. This procedure enables the researcher to know what the interviewee said (Gillham 2000). In order to transcribe the data, this study used the following two stages. First, the researcher digitally recorded 31 interviews and took notes during the interviews. Second, he wrote down all of the interviews word by word.

Miles and Huberman's (1994) approach was used to analyse the qualitative data. Analysing the qualitative data was conducted in two stages. First, the researcher classified the interview content (transcripts) into similar or different responses. Second, identifying key, substantive points and then categorizing them were the two main tasks (Gillham 2000). Identifying a code was the first analysis process with each transcript. Then all the transcripts were read more than one time by the researcher. At the same time, the researcher highlighted substantive statements that were related to the research focus (Gillham 2000; Marshall & Rossman 1999). After going through all the transcripts, the researcher went back to read the first transcripts and listened to the tape in order to find any intonations and statements that had not been highlighted (Kamla 2007). Next, the researcher gave the highlighted statements simple headings through derivation of a set of categories for the responses to each question (Gillham 2000). These categories and headings were checked against the highlighted statements and any necessary amendments were made. The researcher repeated this procedure more than once to ensure that no categories and headings were missed (Hanafi 2006). Subsequently, each broad research question used a large sheet in the form of a matrix. The matrix sheets allowed answers to be classified by category and heading. The researcher then went through the transcripts, assigning each highlighted statement to a category (Gillham 2000). In addition, the researcher maintained a second, separate file to record overall observations regarding the meaning of data for all interviews.

4.8 Summary

This chapter presented in depth the research methods used for this study. Both quantitative and qualitative research techniques were used. Three research methods were employed, namely, content analysis, questionnaire, and interview. First, this chapter explained the content analysis methods used to provide a description of CSR disclosure practices in Libya. In order to conduct the content analysis, Wolfe’s (1991) four-step content analysis process was used. Second, this chapter presented details about the questionnaire survey used in this study, in terms of the questionnaire’s design, data collection and selection sample. In addition, in order to examine the relationship between CSRD and organisational performance in terms of financial performance, employee commitment, and corporate reputation, this chapter analysed quantitative data in three stages: descriptive statistics, correlation analysis, and multivariate regression. Third, this chapter detailed the interview method used to glean the perspectives of financial managers and information managers on the relationship between CSRD and organisational performance.

CHAPTER 5: QUANTITATIVE DATA RESULTS

5.1 Introduction

This chapter reports the results of both the content analysis and the statistical analysis. Section 5.2 presents the results of the content analysis of Libyan annual reports in four industry sectors (manufacturing, services, banks and insurance companies, and mining companies). It shows CSRD by category, nature of CSRD by sector, and CSRD areas. Section 5.3 reports the results of the statistical analysis. It analyses the data gathered from questionnaire surveys and the content analysis of corporate annual reports. It includes a descriptive analysis, correlation analysis, and multivariate regression analysis.

5.2 Content Analysis of Annual Reports

The content analysis method is employed to analyse 110 annual reports during the period from of 2007 through 2009 in different sectors (manufacturing, services, banks and insurance companies, and mining companies), representing 40 Libyan organisations. The empirical results from the content analysis were used to describe CSRD. This section, therefore, represents CSRD by category, nature of CSRD, and CSRD areas.

The results in Table 5.1 illustrate CSRD by each category (environmental, consumer, community, or employee). For annual reports, 60% of companies disclose information in four categories of CSR information, 30% of companies disclose information in three categories of CSR, and 15% in one or two categories of CSR information. Five percent of companies do not present any CSR information on their annual reports.

Table 5.1: CSRD by Category

Annual Reports	Number of categories disclosed					Total
	4	3	2	1	0	
Number of Annual Reports (No)	42	37	12	11	8	110
Percentage of Annual reports (%)	38	34	11	10	7	100

%: CSRD companies as a percentage of total sample

Table 5.2 shows the results of the type of CSR information disclosed (environmental, consumer, community involvement, and employee). Employee information is disclosed by nearly all companies (95%) in their annual reports. This is followed by consumer information (76%), environmental information (48%), and community involvement information (40%).

The results in Table 5.2 also illustrate the differences between the four industry sectors in CSRD. Mining, manufacturing, and services companies disclose employee information by 100%, 100%, and 93% respectively; consumer information by 100%, 83%, and 64%, respectively; environmental information by 100%, 75%, and 43%, respectively; and community information by 0%, 58%, and 29%, respectively. Information about employees provided by banks and insurance companies ranked at 92%, consumer information 77%, community information 38%, and environmental information 23%. Community information is the category that is least disclosed in the annual reports.

Table 5.2: CSRD by Categories

Annual Reports	Sector	Companies				Total
		Manufacturing	Banks and Insurances	Services	Mining	
Environmental disclosure	No	9	3	6	1	19
	%	75	23	43	100	48
Consumer disclosure	No	10	10	10	1	31
	%	83	77	64	100	76
Community involvement disclosure	No	7	5	4	0	16
	%	58	38	29	0	40
Employee disclosure	No	12	12	13	1	38
	%	100	92	93	100	95

%: percentage of CSRD in the sector

Tables 5.2 and 5.3 indicate that disclosure of consumer and employee information is high as compared with community and environmental information, which is low in these sectors. The consumer category is divided into two subcategories (product and consumer safety, 74.54%) and provision for difficult-to-reach consumers (24.54%), followed by consumer complaints (20.90%) and provision for disabled (2.72%), whereas employee others[8] (86.36%), employee data (75.54), health and safety (42.72%) and pension data (31.81%) are subcategories with a high visibility in employee information.

The results of studies by Mashat (2005) and Elmogla (2009) are similar to those presented in Table 5.2. For instance, the employee information disclosed represents a significant part of the CSRD made by companies in these sectors and ranks as the most disclosed information category, while community information ranks as the least disclosed information category in these sectors.

[8] Employee others: any information other is related to employee activities, which is not mentioned in this category.

Table 5.3: CSRD Areas

Categories and subcategories of CSR disclosure	Annual Reports	
	No	%
Environmental disclosure:		
Environmental policy or company concern for the environment.	32	29.09
Environmental management, systems and Environmental audit.	18	16.36
Environmental-product and process.	20	18.18
Environmental financially.	3	2.72
Sustainability.	4	3.63
Energy.	8	7.27
Environmental other.	26	23.36
Consumer disclosure:		
Product and consumer safety	82	74.54
Consumer complaints	23	20.90
Prevision for disabled	3	2.72
Provision for difficult-to- reach customers.	27	24.54
Community involvement disclosure:		
Charity and political donations	25	22.72
Support for education.	6	5.45
Support for public health.	3	2.72
Support for the arts and culture.	24	21.81
Sponsoring sporting or recreational projects.	18	16.36
Employee disclosure:		
Employee data	83	75.54
Pension data	35	31.81
Consultation with employees	7	6.36
Employment of disabled	3	2.72
Value added statement	3	2.72
Health and safety	47	42.72
Share ownership	5	4.54
Equal opportunities	3	2.72
Employee other	95	86.36

%: Disclosing companies as a percentage of total sample

Tables 5.4 and 5.5 show the differences found between categories of CSR disclosure in annual reports by type of industry. Both Levene's test and the t-test for equality of variances and means were used for the results reported in this chapter. Both tests found significant differences in the levels of environmental disclosure (p-value = 0.042 and p-value = 0.001 respectively). However, no significant differences were found in levels of consumer disclosure, community disclosure, and employee disclosure.

Table 5.4: Group Statistics

	Type Of Industry	N	Mean	Std. D	Std. E. M
Environmental Disclosure	Banks, Insurance and Services companies	27	0.126	0.186	0.0358
	Manufacturing and Mining companies	13	0.406	0.284	0.079
Consumer Disclosure	Banks, Insurance and Services companies	27	0.391	0.222	0.043
	Manufacturing and Mining companies	13	0.365	0.165	0.046
Community Disclosure	Banks, Insurance and Services companies	27	0.215	0.221	0.043
	Manufacturing and Mining companies	13	0.339	0.206	0.058
Employee Disclosure	Banks, Insurance and Services companies	27	0.343	0.121	0.023
	Manufacturing and Mining companies	13	0.390	0.108	0.030

Table 5.5: Levene's Test and T-Test for CSRD in Annual Reports

CSRD	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig. (2-tailed)	t	Sig. (2-tailed)	Mean Difference
Environmental Disclosure	4.436	0.042	-3.745-	0.001	-0.281-
Consumer Disclosure	0.971	0.331	0.365	0.717	0.025
Community Disclosure	0.001	0.974	-1.690-	0.099	-0.124-
Employee Disclosure	0.519	0.476	-1.193-	0.240	-.0470-

5.3 Statistical Analysis

Three different tests (descriptive analysis, correlation analysis, and multivariate regression analysis) were conducted to determine whether a link exists between CSRD and organisational performance in terms of financial performance, employee commitment, and corporate reputation; these tests helped to investigate the three questions outlined in chapter 4.

5.3.1 Descriptive Analysis

Table 5.6 shows the statistical results for all variables of interest. The mean perceived influence of CSRD on corporate reputation (3.782) can be ranked as (1), followed by the mean perceived influence of CSRD on employee commitment (3.484), whereas the data obtained from the annual reports can be ranked as (1) for revenues (mean = 185047352), then (2) return on equity (mean = 0.141), then (3) for return on assets (mean = 0.059).

Table 5.6 also shows the average indexes for all variables in this study. The average indexes illustrate higher disclosure on consumer information (mean = 0.382), employee information (mean = 0.358), and community information (mean = 0.255), and less disclosure on environmental information (mean = 0.216).

The descriptive statistics (skewness and kurtosis) for the dependent, independent, and control variables shown in Table 5.6 indicate that the overall disclosure index and all dependent variables are normally distributed (both skewness and kurtosis coefficients are not significantly different from zero at the 0.05 level of significance),[9] except for return on asset, return on equity and revenues, as well as size.

[9] A rule of thumb for the normal distribution of the data based on the statistical value (z) for the skewness and kurtosis is that a calculated statistical value should not exceed the critical z value ±2.58 at the 0.01 probability level and ±1.96 at the 0.05 probability level (Hair, Anderson, Tatham, & Black, 1998, pp. 70–73).

Table 5.6: Descriptive Statistics for All Variables

Dependent Variables	Minimum	Maximum	Median	Mean	Std. Deviation	Skewness	Kurtosis
Return On Asset	0.0007	0.3702	0.020700	0.059174	.0853584	2.260	5.085
Return On Equity	0.0007	0.7800	0.102000	0.140968	0.1514858	2.295	7.567
Revenue	34007.00	1303053328.00	39898227.500	185047352.079	318842951.770	2.377	5.309
Employee Commitment	2.8500	4.0000	3.47000	3.48400	0.30304	-0.124-	-0.838-
Corporate Reputation	2.7100	4.6300	3.80500	3.78200	0.4653380	-0.285-	-0.544-
Independent Variables							
Environment Disclosure	0	1	0.1400	0.216750	0.2563590	1.435	1.354
Consumer Disclosure	0	1	0.2500	0.382500	0.2033533	0.804	1.153
Community Disclosure	0	0.80	0.2000	0.255000	0.2218223	0.843	0.197
Employee Disclosure	0.1100	0.5600	0.3300	0.358250	0.1174709	-0.477-	-0.217-
Control Variables							
Size	5543094	17287053953	275901300.50	2191544745.29	4012904299.624	2.769	7.935
Age	1.00	52.00	18.000	21.7000	14.676	0.277	-1.112-
Type Of Industry	0.00	1.00	0.000	0.33	0.474	0.777	-1.473-

5.3.2 Correlation Analysis

Pearson's and Spearman's correlation coefficients are used to investigate the relationship between the levels of CSRD in four categories and organisational performance in terms of financial performance (H_1) (return on asset, return on equity, and revenues), employee commitment (H_2), and corporate reputation (H_3).

5.3.2.1 Pearson's Correlation

Pearson's correlation coefficients for the association between levels of CSRD (in four categories) and organisational performance are reported in Table 5.7.

Table 5.7 presents a preliminary indication that some independent and control variables are associated with organisational performance indexes. The correlations are significant and positive between some independent variables and some organisational performance indexes. Environmental disclosure and revenues have a positive correlation coefficient of 0.321 and the significance level is less than 5%. This means that they are significantly positively correlated, indicating that in this sample, as level of environmental disclosure increases, revenues also increase.

In addition to that, consumer disclosure with return of equity, revenues, employee commitment, and corporate reputation has a positive correlation coefficient of 0.661, 0.489, 0.539 and 0.772, respectively, at the significance level of 1%. This means they are significantly positively correlated, indicating that in this sample, as level of consumer disclosure increases, return of equity, revenues, employee commitment, and corporate reputation also increase.

Furthermore, community disclosure with return on assets, return on equity, and corporate reputation has a positive correlation coefficient of 0.563, 0.356, and 0.420 respectively with significance levels of less than 0.05. This means that when the level of community disclosure increases, return on assets, return on equity, and corporate reputation also increase. There is also a positive correlation coefficient of 0.506, 0.499, and 0.690, respectively, between employee disclosure with return on equity, employee commitment, and corporate reputation with significant levels of 0.01, which indicates that an increase in the level of employee disclosure leads to an increase in return on equity, employee commitment, and corporate reputation.

The perceived influence of consumer disclosure and the perceived influence of employee disclosure have higher positive correlations with the corporate reputation index (0.772, p-value < 0.01 and 0.690, p-value < 0.01, respectively), return on equity (0.661, p-value < 0.01 and 0.506, p-value < 0.01, respectively) and employee commitment (0.539, p-value < 0.01 and 0.499, p-value < 0.01, respectively) than community and environmental disclosure.

Finally, both company size and company age are significantly and positively correlated with employee commitment (0.355, p-value < 0.05 and 0.385, p-value < 0.05), while most control variables are significantly correlated with categories of CSRD indexes. Age is significantly and positively correlated with consumer disclosure (0.429, p-value < 0.05), whereas, both size and age are significantly correlated with employee disclosure (0.355, p-value < 0.05 and 0.443, p-value < 0.05 respectively). Otherwise, no correlation between all control variables with environmental disclosure, community disclosure indexes is found, except a significant and positive correlation between type of industry and environmental disclosure (0.519, p-value < 0.05).

Table 5.7: Pearson Correlation Coefficients (correlation [above] & p-value [below]) between Levels of CSRD and Organisational Performance

Variables N = 40 companies	Financial Performance			Employee Commitment	Corporate Reputation	Size	Age	Type of Industry
	Return on Assets	Return on Equity	Revenues					
	Correlation	Correlation	Correlation	Correlation	Correlation	Correlation	Correlation	Correlation
Environmental Disclosure	0.181	0.282	0.321*	0.050	0.084	-0.199-	0.120	0.519**
	0.278	0.086	0.049	0.762	0.608	0.230	0.460	0.001
Consumer Disclosure	0.109	0.661**	0.489**	0.539**	0.772**	0.135	0.429**	-0.059-
	0.514	0.000	0.002	0.000	0.000	0.417	0.006	0.717
Community Disclosure	0.563**	0.356*	0.277	0.296	0.420**	0.041	0.160	0.264
	0.000	0.028	0.092	0.063	0.007	0.809	0.325	0.099
Employee Disclosure	0.089	0.506**	0.273	0.499**	0.690**	0.355*	0.443**	0.190
	0.595	0.001	0.098	0.001	0.000	0.029	0.004	0.240
Size	-0.137-	0.129	0.220	0.355*	0.292	1	0.548**	-0.310-
	0.414	0.440	0.185	0.029	0.075		0.000	0.058
Age	-0.210-	0.149	0.234	0.385*	0.304	0.548**	1	-0.056-
	0.205	0.372	0.157	0.014	0.056	0.000		0.733
Type of Industry	0.004	-0.198-	-0.262-	-0.115-	-0.085-	-0.310-	-0.056-	1
	0.983	0.234	0.112	0.482	0.600	0.058	0.733	

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

5.3.2.2 Spearman's Rank-Order Correlation

The correlations between levels of CSRD and organisational performance indexes are also analysed using Spearman's rho. Table 5.8 reports the results of these tests.

The value for Spearman's rho from Table 5.8 indicates a significant and positive correlation coefficient of 0.455, 0.600, 0.564, and 0.809 between consumer disclosure with return on equity, revenues, employee commitment, and corporate reputation at the significance level of 0.01. This means that when level of consumer disclosure increases, return on equity, revenues, employee commitment, and corporate reputation also increase. Both community disclosure and employee disclosure are significantly and positively correlated with revenues (0.331, p-value < 0.05 and 0.547, p-value < 0.01, respectively), employee commitment (0.363, p-value < 0.05 and 0.481, p-value < 0.01, respectively), and corporate reputation (0.460 and 0.613, p-value < 0.01, respectively). In this regard, the correlation between community disclosure and return on asset indexes is also significant and positive, and there is a significant and positive correlation between employee disclosure and return on equity indexes. This means they are significantly positively correlated indicating that in this sample, as level of community disclosure increases, return on assets, revenues, employee commitment, and corporate reputation also increase, and when the amount of employee disclosure increases, return on equity, revenues, employee commitment, and corporate reputation also increase. Although not statistically significant, some degree of correlation exists between employee disclosure and return on asset (0.248, p-value > 0.05). The same situation exists regarding environmental disclosure and all dependent variables, except return on asset (0.365, p-value < 0.05).

The control variables of company size and company age have a positive and significant correlation with the independent variables of consumer and employee disclosure indexes. The databases in this table indicate there is a positive and significant correlation between the control variable of type of industry and the independent variable of environmental disclosure index (0.545, p-value < 0.05). In these cases, the Spearman's rho finds that a positive and statistically significant relationship exists (at the 0.05 level). This indicates that larger, older, and more established firms have stronger employee commitment and stronger reputations.

The results pertaining to correlations between dependent variables and independent variables in both Pearson's correlation and Spearman's rho correlation tables are relatively similar.

Table 5.8: Spearman Correlation Coefficients (correlation [above] & p-value [below]) between Levels of CSRD and Organisational Performance

Variables N = 40 companies	Financial Performance			Employee commitment	Corporate Reputation	Size	Age	Type of Industry
	Return on Assets	Return on Equity	Revenues					
	Correlation	Correlation	Correlation	Correlation	Correlation	Correlation	Correlation	Correlation
Environmental Disclosure	0.365*	0.177	0.207	0.122	0.156	-0.009-	0.235	0.545**
	0.024	0.288	0.212	0.452	0.337	0.959	0.145	0.000
Consumer Disclosure	0.160	0.455**	0.600**	0.564**	0.809**	0.392*	0.468**	-0.073-
	0.339	0.004	0.000	0.000	0.000	0.015	0.002	0.656
Community Disclosure	0.424**	0.308	0.331*	0.363*	0.460**	0.240	0.284	0.292
	0.008	0.060	0.042	0.021	0.003	0.147	0.076	0.067
Employee Disclosure	0.248	0.515**	0.547**	0.481**	0.613**	0.439**	0.465**	0.209
	0.134	0.001	0.000	0.002	0.000	0.006	0.003	0.196
Size	-0.045-	0.278	0.674**	0.343*	0.358*	1	0.601**	-0.279-
	0.791	0.091	0.000	0.035	0.027		0.000	0.090
Age	-0.233-	0.079	0.433**	0.408**	0.323*	0.601**	1	0.042
	0.160	0.638	0.007	0.009	0.042	0.000		0.799
Type of Industry	0.176	-0.227-	-0.274-	-0.125-	-0.090	-0.279-	0.042	1
	0.292	0.170	0.096	0.443	0.580	0.090	0.799	

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

5.3.3 Multivariate Regression Analysis

Standard tests on skewness and kurtosis (Table 5.6), as well as the Kolmogorov-Smirnov and the Shapiro-Wilk normality tests (Table 5.9) indicate that most dependent variables are not normally distributed except for employee commitment and corporate reputation. In this vein, all independent variables and control variables are not normally distributed. Therefore, van der Waerden's transformation is employed to transform the dependent and continuous independent variables (independent variables and control variables) to normal scores for the conducting the regression analysis (Branco & Rodrigues 2008b; Cooke 1998; Haniffa & Cooke 2005). Cooke (1998, p. 214) defined van der Waerden's transformation as "from actual observations to the normal distribution by dividing the distribution into the number of observations plus one region on the basis that each region has equal probability." The van der Waerden's transformation is calculated using the following formula[10]:

$$z = \emptyset^{-1\left(\frac{r}{n+1}\right)}$$

Table 5.9 demonstrates the Kolmogorov-Smirnov (K-S Lilliefors) and the Shapiro-Wilk normality test statistics for the untransformed and transformed data (van der Waerden's transformation) regarding the dependent variables and continuous independent variables. It can be seen that the transformations of the dependent variables are entirely successful, while the transformations of the continuous independent variables are not entirely successful except for size and age.

[10] Where $\emptyset^{-1}$ (x) is the inverse of the N (0, 1) cumulative density function. This method of obtaining Normal Scores is the approach adopted by SPSS.

Table 5.9: Tests of Normality

N = 40 companies	Untransformed data				Transformed data			
	Kolmogorov-Smirnov[a]		Shapiro-Wilk		Kolmogorov-Smirnov[a]		Shapiro-Wilk	
	Statistic	p-value	Statistic	p-value	Statistic	p-value	Statistic	p-value
Dependent variables								
Return On Asset	0.263	0.000	0.689	0.000	0.060	0.200*	0.989	0.965
Return On Equity	0.177	0.004	0.786	0.000	0.036	0.200*	0.995	1.000
Revenue	0.302	0.000	0.627	0.000	0.023	0.200*	0.995	1.000
Employee Commitment	0.110	0.200*	0.962	0.223	0.053	0.200*	0.993	0.997
Corporate Reputation	0.090	0.200*	0.982	0.780	0.057	0.200*	0.994	0.999
Independent variables								
Environment Disclosure	0.311	0.000	0.778	0.000	0.229	0.000	0.810	0.000
Consumer Disclosure	0.266	0.000	0.846	0.000	0.319	0.000	0.816	0.000
Community Disclosure	0.269	0.000	0.867	0.000	0.221	0.000	0.884	0.001
Employee Disclosure	0.226	0.000	0.892	0.002	0.203	0.000	0.896	0.002
Control variables								
Size	0.293	0.000	0.591	0.000	0.023	0.200*	0.995	1.000
Age	0.144	0.045	0.942	0.048	0.050	0.200*	0.989	0.967
Type Of Industry	0.433	0.000	0.586	0.000	0.433	0.000	0.586	0.000

a. Lilliefors Significance Correction. *. This is a lower bound of the true significance.

In addition to tests of normality, the correlation matrix in Table 5.10 for the dependent and continuous independent variables (transformed data) and of collinearity statistics in Table 5.11 are used to check for multicollinearity, homoscedasticity, and linearity. If the coefficients of correlation between continuous independent variables exceed 0.800, that is indicative of serious collinearity (Guajarati 1995). The correlation matrix shows that the correlations between the continuous independent variables are low, which means there is no serious multicollinearity. In addition, the collinearity statistics illustrate there is no problem with multicollinearity, because the highest variance inflation factor (VIF) in the regressions is less than 3. Kennedy (1992) considers that, based on the VIF, multicollinearity is a serious problem if continuous independent variables exceed 10.

Table 5.10: Correlation Matrix for Independent and the Continuous Independent Variables (Pearson above diagonal, Spearman below)

Variables (transformed data)	ENVD	COND	COMD	EMPD	SIZE	AGE	INDUSTRY	ROA	ROE	REV	EC	CR
ENVD	1	0.278	0.261	.464**	-0.009	0.235	.545**	0.360*	0.239	0.259	0.122	0.184
COND	0.236	1	.521**	.575**	.392*	.468**	-0.073	0.143	0.504**	0.593**	0.608**	0.810**
COMD	0.256	.476**	1	.522**	0.24	0.284	0.292	0.445**	0.303	0.327*	0.354*	0.437**
EMPD	.428**	.620**	.503**	1	.439**	.465**	0.209	0.24	0.554**	0.558**	0.520**	0.712**
SIZE	-0.006	.357*	0.221	.476**	1	.601**	-0.279	-0.038-	0.245	0.636**	0.351*	0.364*
AGE	0.233	.468**	.339*	.506**	.568**	1	0.042	-0.188-	0.11	0.418**	0.399*	0.361*
INDUSTRY	.546**	-0.107	0.297	0.168	-0.242	0.055	1	0.152	-0.216-	-0.256-	-0.130-	-0.102-
ROA	0.365*	0.16	0.424**	0.248	-0.045	-0.233	0.176	1	0.649**	0.382*	0.16	0.279
ROE	0.177	0.455**	0.308	0.515**	0.278	0.079	-0.227	0.608**	1	0.632**	0.440**	0.659**
REV	0.207	0.600**	0.331*	0.547**	0.674**	0.433**	-0.274	0.336*	0.638**	1	0.428**	0.597**
EC	0.122	0.564	0.363	0.481	0.343	0.408	-0.125-	0.153	0.425**	0.426**	1	0.682**
CR	0.156	0.809**	0.460**	0.613**	0.358**	0.323**	-0.090-	0.312	0.633**	0.602**	0.694**	1

**. Correlation is significant at the 0.01 level (2-tailed). *. Correlation is significant at the 0.05 level (2-tailed).

Table 5.11: Collinearity Statistics

Variables (transformed data)	ENVD	COND	COMD	EMPD	SIZE	AGE	INDUSTRY
Tolerance	0.563	0.4	0.596	0.388	0.503	0.528	0.536
VIF	1.776	2.501	1.677	2.575	1.987	1.893	1.866

When a residuals analysis was applied to the results, it found that the problems of linearity and heteroscedasticity do not exist in the data. Noruésis (1995, p. 447) has defined residuals as what is left over after the model has been fitted, Residuals "are also described as the difference between the observed value of the dependent variable and the value predicted by the regression line."

The Durbin-Watson (DW) was used to test the independent errors (autocorrelation), at a level of significance of 0.05. The result of the Durbin-Watson *d* value can be a range from 0–4. If the *d* value of the Durbin-Watson equals 2, this leads to an independent error. For accuracy, a Durbin-Watson *d* value that is greater than 3 or less than 1 is definitely reason for concern (Field 2009). The Durbin-Watson *d* values in these data are close to 2 and are not greater than 3 or less than 1. Therefore, autocorrelation does not present a problem with the data.

Multivariate regression models were applied to test the relationship between CSRD in annual reports for the years 2007–2009 using the four sectors and organisational performance in terms of financial performance, employee commitment, and corporate reputation in the next sections.

5.3.3.1 The Relationship between CSRD and Financial Performance

A multivariate regression model (1) is employed to test the first hypothesis by using van der Warden's transformation data regarding dependent and continuous independent variables. The results are shown in Table 5.12. Although, there is stability between the results in this table and the majority of findings in the tables of the Pearson's correlation and the Spearman's rho (untransformed data and transformed data), the regression results reveal few differences with the results shown in the tables of Pearson's correlation and Spearman's rho (untransformed data and transformed data).These few differences are likely to be related to a variance of the purpose of Pearson's correlation, Spearman's correlation with the purpose of the regression models and the sample size.

Table 5.12 shows the results for return on assets, return on equity, and revenues to measure financial performance from estimating equation (1) using normal scores. The overall regression model (1) is significant at the 0.01 level (F = 3.732, 4.335, and 7.886, respectively). The adjusted R^2 for return on assets is 0.341; for return on equity, 0.387; and for revenues, 0.566. The values of adjusted R^2 mean that return on assets, return on equity, and revenues indexes included in this regression model explain approximately 34%, 39%, and 57%, respectively, from the variations in the CSR scores.

For clarifying the relationship between CSRD and return on assets, the regression results find a positive, negative relationship and non-relationship at the 0.01 and 0.05 significance level between dependent and continuous independent variables. Although the level of environmental disclosure is low in the sample, the results from the regression model indicate a significant positive relationship between environmental disclosure and return on assets (0.447, p-value < 0.05). The relationship between community disclosure and return on assets (0.529, p-value < 0.01) is also a positive and significant. This means that when level of environmental disclosure and community disclosure increase, return on assets also increases. Interestingly, a significantly negative relationship was found between age and return on asset (-0.499, p-value < 0.05). On the other hand, there was no relationship found between consumer disclosure and employee disclosure with return on assets, with significance levels at 0.01 and 0.05, respectively.

To clarify the relationship between CSRD and return on equity, the regression results model indicates a significantly positive relationship between employee disclosure and return on equity (0.486, p-value < 0.05) and a significantly negative relationship between return on equity and type of industry (-0.422, p-value < 0.05). These results mean that return on equity increases when the amount of employee disclosure increases. However, the type of industry has a negative impact on return on equity.

To explain the relationship of CSRD on revenues, the results of the regression model reveal that both consumer disclosure and size have a significant and positive impact on revenues (0.325, p-value < 0.05 and 0.487, p-value < 0.01). These results indicate that when level of consumer disclosure and company size increase, revenues also increase. However, Table 5.10 shows a significantly negative relationship between type of industry and revenues (-0.312, p-value < 0.05).

In summary, the results of the regression model (1) support research hypothesis (1). The results reveal that there is a significant and positive relationship between level of CSRD and financial performance at the 0.01 and 0.05 significance levels. The explanatory power of the regression model varies from approximately 34% for return on assets to approximately 57% for revenues.

Table 5.12: Results of the Regression Model (1) for Each Measure of Financial Performance

Variables	Financial Performance (FP)					
	Return on Asset		Return on Equity		Revenues	
	Coefficient Estimate	p-value	Coefficient Estimate	p-value	Coefficient Estimate	p-value
ENVD	0.447*	0.018	0.246	0.161	0.279	0.113
COND	-0.146-	0.493	0.154	0.454	0.325*	0.032
COMD	0.529**	0.005	0.130	0.442	0.080	0.571
EMPD	0.136	0.531	0.486*	0.025	0.066	0.707
SIZE	0.066	0.730	-0.004-	0.985	0.487**	0.003
AGE	-0.499-*	0.011	-0.295-	0.106	-0.131-	0.388
INDTY	-0.220-	0.237	-0.422-*	0.023	-0.312-*	0.044
R^2	0.465		0.503		0.648	
Adjusted R^2	0.341		0.387		0.566	
Durbin-Watson	1.964		2.158		1.441	
F-statistic and p-value	3.732; p = 0.005		4.335; p = 0.002		7.886; p = 0.000	
White heterosced test:						
p-value	0.470		0.849		0.784	
Sum of squares	33.672		31.881		31.994	

** Significant at the 0.01 level (2-tailed). * Significant at the 0.05 level (2-tailed).

Note. This table shows the results from a linear regression of each of return on asset (ROA), return on equity (ROE) and revenues (REV) on each of environmental disclosure (ENVD), consumer disclosure (COND), community disclosure (COMD) and employee commitment (EMPD). The beta co-efficient and its p-value are presented.

5.3.3.2 The Relationship between CSRD and Employee Commitment

The second multivariate regression model was used to test the second hypothesis by using van der Warden's transformation data regarding dependent and continuous independent variables. Table 5.13 presents the regression results using normal scores for investigating the association between CSRD and employee commitment. The overall regression model (2) is significant at the

0.01 level (F = 3.401). The adjusted R^2 is 31 percent. The value of adjusted R^2 indicates that almost 31% of the variation in employee commitment scores between firms can be explained by categories of CSR scores included in the regression model. The regression results indicate that the relationship between CSRD and employee commitment is not significant at the 0.01 and 0.05 significance levels. The regression model also reveals that three of the control variables (size, age, and type of industry) are not significantly associated with employee commitment, with significance set at 0.01 and 0.05 levels.

The second research hypothesis, that higher CSRD is not associated with level of employee commitment, is thus rejected by the results of the regression model (2), despite the findings shown in the tables of Pearson's correlation and Spearman's rho (untransformed data and transformed data). Although the overall regression model (2) is significant at the 0.01 level, none of the other main impacts are significant since the F-statistic is small.

Table 5.13: Results of the Regression Model (2) for Employee Commitment

Variables	Employee Commitment (EC)	
	Coefficient Estimate	p-value
ENVD	-0.064	0.716
COND	0.285	0.196
COMD	0.120	0.503
EMPD	0.304	0.176
SIZE	-0.041-	0.833
AGE	0.146	0.442
INDTY	-0.149-	0.430
R^2	0.442	
Adjusted R^2	0.312	
Durbin-Watson	2.516	
F-statistic and p-value	3.401; p = 0.009	
White heterosced test:		
p-value	0.570	
Sum of squares	33.315	

** Significant at the 0.01 level (2-tailed). * Significant at the 0.05 level (2-tailed).

Note. This table shows the results from a linear regression of employee commitment on each of environmental disclosure (ENVD), consumer disclosure (COND), community disclosure (COMD) and employee commitment (EMPD). The beta co-efficient and its p-value are presented.

5.3.3.3 The Relationship between CSRD and Corporate Reputation

The multivariate regression model (3) was used to test the third hypothesis by using van der Warden's transformation data regarding dependent and continuous independent variables. Table 5.14 shows the regression results using normal scores for CSRD and corporate reputation based on "extent" of disclosure and reputation (scales). The overall regression model (3) is significant at the 0.05 level (F = 13.759). The adjusted R^2 for the regression model (3) is 71.7%. As mentioned above, the value of the adjusted R^2 of the variation in the corporate reputation scores between the firms can be interpreted by categories of CSR scores included in the regression model. In the other words, the dependent variables (corporate reputation index) cannot explain 28.3% (100%–71.7%) of the variations that happen in independent variables (level of CSRD). The regression model indicates a significant and positive relationship, as predicted, between consumer disclosure and corporate reputation (0.525, p-value < 0.01). In addition, the results of the regression reveal a significant and a positive relationship between employee disclosure and corporate reputation (0.500, p-value < 0.01). This means that when the amounts of consumer disclosure and employee disclosure increase, company reputation also increases. However, there is no significant relationship between either environmental disclosure or community disclosure and corporate reputation. Three of the control variables (size, age, and type of industry) are not significantly associated with corporate reputation measures at less than the 0.01 and 0.05 level.

The results of the regression model (3) support the third research hypothesis. There is a significant and positive relationship between level of CSRD and corporate reputation at the 0.01 significance level. On the other hand, there is not a significant relationship between either the levels of environmental disclosure and community disclosure with corporate reputation measures in the sample. The association between the three control variables (company size, company age, and type of industry) and corporate reputation is not significant.

Table 5.14: Results of the Regression Model (3) for Corporate Reputation

Variables	Corporate Reputation (CR)	
	Coefficient Estimate	p-value
ENVD	-0.105-	0.384
COND	0.525**	0.001
COMD	0.048	0.683
EMPD	0.500**	0.001
SIZE	-0.048-	0.703
AGE	-0.074-	0.548
INDTY	-0.073	0.552
R^2	0.762	
Adjusted R^2	0.707	
Durbin-Watson	2.346	
F-statistic and p-value	13.759; p-value = 0.000	
White heterosced test:		
p-value	0.013	
Sum of squares	33.331	

** Significant at the 0.01 level (2-tailed). * Significant at the 0.05 level (2-tailed).

Note. This table shows the results from a linear regression of corporate reputation on each of environmental disclosure (ENVD), consumer disclosure (COND), community disclosure (COMD) and employee commitment (EMPD). The beta co-efficient and its p-value are presented.

5.4 Summary and Conclusion

This chapter analyses the impacts of CSRD on organisational performance in terms of financial performance, employee commitment, and corporate reputation using a sample of Libyan companies in the manufacturing, banking and insurance, services, and mining sectors. A theoretical framework using stakeholder theory was used. This framework shows the importance of CSRD to stakeholders in four categories (environmental activities, consumer activities, community activities, and employee activities). Managers and employees increasingly require using CSRD to signal improved CSR conduct in those fields because disclosure affects business performance in areas such as company reputation. CSRD also leads to important results in the creation or deletion of other fundamentally intangible resources, and may help build a positive image with employees and managers. Stakeholders require their companies to disclose CSR activities in their annual reports because it has been demonstrated that CSR activities enhance a company's organisational performance, whereas not using CSR can destroy a company's organisational performance.

Annual reports are considered the most important document among Libyan companies. The results of this study show that most companies disclose in four categories of CSR information, and only a few companies do not present any CSR information in their annual reports. In addition, consumer and employee disclosure are more important than other types of disclosure, whereas environment and community information are less important in manufacturing, services, and banks and insurance companies. However, environmental information is high in manufacturing and mining companies when compared with banks, insurance, and services companies. These findings indicate that annual reports are directed at stakeholders interested in CSR information.

The results in this chapter show that companies are exhibiting a greater concern in improving their financial performance and corporate reputation through increasing the CSR information in their annual reports. To improve financial performance, there is greater concern that environmental disclosure, consumer disclosure, community involvement disclosure, and employee disclosure be provided. And to improve corporate reputation, there is greater concern that consumer disclosure and employee disclosure be provided. The previous results support the first and third hypotheses which say that higher levels of CSRD provided by firms are positively associated with higher financial performance and corporate reputation of firms in Libya. On the other hand, there is no concern shown in each categories of CSRD for improving employee commitment. This result rejects the second hypothesis which says that higher levels of CSRD provided by firms are positively associated with higher employee commitment of firms in Libya. . Hence, the results of this chapter provide strong support for the use of a combination of stakeholder theory with resource-based perspectives to extricate the impact of CSRD on the organisational performance of Libyan companies.

This chapter contributes in at least three ways to research. First, it presents one of the first empirical data related to Libyan companies and adds to previous research on CSRD. Second, it extends previous research that links level of CSRD with organisational performance using a combination of institutional and resource-based perspectives. Third, by revealing the importance of the relationships between levels of CSRD and organisational performance it encourages firms in Libya to improve the CSR data provided in their annual reports.

However, this chapter has a number of limitations. First, it focuses only on CSRD in annual reports, although these companies use other mass communication mechanisms. Second, although the sample consists of most of the relevant Libyan companies, it is likely to be considered small; hence, the use of a larger sample of Libyan companies would likely add new insights into the usefulness of CSRD. Finally, content analysis introduces potential problems related to the level of subjectivity entailed in the coding process.

CHAPTER 6: QUALITATIVE DATA RESULTS

6.1 Introduction

Chapter 4 presented the research methodology that underpins chapters 5 and 6. Chapter 5 provided the quantitative data results through descriptive data relating to CSRD in Libya and the results of the relationship between CSRD and organisational performance. Chapter 6 details the descriptive data from fieldwork gathered through interviews with financial managers and information managers from Libyan companies whose annual reports were used in the content analysis. Chapter 6 provides deeper insights into the quantitative findings described in chapter 5. It focuses on the responses of financial managers and information managers to questions in the interviews about general information about CSRD and the relationship between CSRD and organisational performance (see Appendix 8).

Twenty-four financial managers and seven information managers from Libyan companies were interviewed. Interviews lasted from 20 minutes to one and a half hours. Interviews were conducted in the managers' offices. Interviews were taped and notes were also taken during the interviews.

This chapter is structured as follows: Section 6.2 outlines the perceptions of managers (financial managers and information managers) about CSR and CSRD. It clarifies the importance of CSRD to a company and its stakeholders. It presents the perceptions of managers regarding the benefits of and reasons for disclosing CSR information. It also illustrates the impact of certain factors on the level of CSR information disclosed. Section 6.3 interprets the perceptions of managers (financial managers and information managers) about the relationship between CSRD and organisational performance in terms of financial performance, employee commitment, and corporate reputation. Section 6.4 summarises the chapter.

6.2 Managers' Perceptions of CSRD

6.2.1 The Importance of CSRD

To obtain a deeper understanding of CSRD, interviewees were asked why presenting CSRD in their annual reports was important for stakeholders. Interviewees were also asked about their personal opinions of CSRD. All interviewees confirmed that CSR activities and information play an important role in their respective companies' ability and responsibility to contribute social and economic benefits to society at large. Most interviewees emphasised that their companies try to achieve economic objectives through increasing profits, revenues, and sales and through achieving social objectives. In addition, most respondents believed their companies should achieve social and economic objectives, when investing in projects. One of the information managers' states,

> *One of the most important goals in the Development Bank is to reject investment in projects that do not take into consideration the adverse impact of the project on the environment and hence this bank obligates the customer to get the agreement about environment management in order to obtain the requested loan.*

One of the financial managers' states,

> *When investing in any project, management looks at economic goals but does not disregard the community benefits that will be obtained by a project, such as helping to address the problem of unemployment, employee training,*

as the company is part of the community and should contribute in social activities for the development of society as a whole.

All interviewees confirmed that reporting CSR activities plays a significant role in achieving company objectives. They uniformly believe that CSR information clarifies for stakeholders the extent of their company's commitment to contribute to society through CSR activities. Some interviewees mentioned that stakeholders, such as employees, management, investors, customers, shareholders, and government departments, use annual reports (financial information, CSR information) for different purposes. For example, shareholders and investors use annual reports to decide how to use their funds and make investment decisions. Management uses annual reports to evaluate the company, address problems, and correct negative deviations in the company through appropriate decision making, as shown in the following quotations by two financial managers:

The management in this company supports full disclosure and transparency. We review all activities in annual reports, and ... you can apply this to everything when it is related to social activities.

We prepare the annual report to show the company's real situation, financially and socially. We know there are many parties that benefit from using this information to assess the company's situation, to know what the company achieved and see evidence of its activities during the year.

On the other hand, some interviewees stated that while CSR information is important to managers, investors, and shareholders, the inability of employees to comprehend the CSR information in annual reports may lead to that information being disregarded. This view is illustrated by the next quotes from two financial managers:

I believe the information about social responsibility activities affects the decisions of management and shareholders and investors.

Many employees were not aware of the importance of social activities, only a few employees know the importance of social activities and the effects of their disclosure on the company.

Some interviewees believe that some Libyan companies are still under privatised, which means that most of such companies are controlled by the government. In government companies, stakeholders also include the government, management, customers, employees, and creditors. Stakeholders cannot affect company policy as the Libyan government owns more than 50 percent of all shares in such companies. In nongovernment companies listed on the Libyan stock market, all stakeholders such as investors, shareholders, customers, and creditors can influence disclosure policies. One financial manager said,

Ownership base in the bank has a negative impact on the importance of this information for stakeholders and the financial benefits expected to provide this information.

The importance of CSR information differs between categories. Most interviewees in the banks and insurance sector as well as the services sector considered employee information and customer information in annual reports more important than other CSR information. One the other hand, interviewees in the manufacturing and mining sectors confirmed the importance of employee information, environmental information, and customer information as compared with community-involvement information. One financial manager said,

Service companies such as ours are interested in social activities and information about the employees, and information relating to customers, because this information helps the company's decision-making, which in *turn is reflected in the improved financial performance of the company, and hence these companies disclose this information more.*

Another interviewee supported this view, stating,

I believe that industrial companies, such as this company, take into account environmental impacts that may affect their workers and the community, particularly in the places that surround the company, as it cares about workers and the quality of the product, and because these activities and this information affect the performance of the organization.

The above quotes reflect the importance of CSR and CSRD for the Libyan companies generally and the extent of the importance of CSR activities and information in achieving company objectives.

In summary, the main reason for the disclosure of CSR activities and information is to satisfy stakeholder interests. CSR activities and information reported in annual reports explains to stakeholders the extent of companies' contributions to society in concrete CSR activities. Such information also helps companies protect employees' interests and helps readers of annual reports make appropriate investment decisions regarding their funds.

The next section provides more detail about the benefits to Libyan companies of disclosing CSR information.

6.2.2 Benefits of CSRD

Numerous theories in the accounting literature present justifications for disclosing CSR information in annual reports. Stakeholder theory involves the identification of a firm's stakeholders and clarifies the ethical and social obligations of management with regard to stakeholders (Freeman 1984). Stakeholder theory claims that a firm should provide their stakeholders with all the information necessary relating to their firm's performance despite competing interests. Hence, stakeholder theory is used in this study to explain what motivates companies to disclose social information. Some benefits for disclosing CSR information mentioned in the accounting literature specifically concern companies in developed countries; however, the benefits of CSRD in developing countries are still somewhat ignored and ambiguous due to a lack of appropriate studies. This section therefore seeks to obtain a deeper understanding of what motivates companies in developing countries to disclose CSR information by answering the following question:

What are the potential benefits to your organisation that can be obtained from disseminating CSR information?

In answering this question, interviewees clarified a range of benefits, shown in Table 6.1.

Table 6.1: Perception of Interviewees on Causes and Benefits for Disclosing CSR Information:

Number of Interviewees	Percent of Interviewees	Causes and Benefits of Disclosure
Improving Financial Performance:		
13 out of 31 12 out of 31 12 out of 31 6 out of 31 1 out of 31	42% 39% 39% 19% 3%	Encourage and attract investors and customers Supporting the organisation profit Making-decision Competition Improving productivity
Regulation and Management:		
3 out of 31 3 out of 31 5 out of 31 3 out of 31	10% 10% 16% 10%	Requirements of stock market International Accounting Standards Environmental law Management
19 out of 31	61%	Enhancement / creation of the company's image/reputation
16 out of 31	52%	Informing their stakeholders about the company's contribution to community service
14 out of 31	45%	Transparency
2 out of 31	6%	Improving employee commitment

Table 6.1 presents the perceptions of financial managers and information mangers of the benefits that motivate their companies to disclose CSR information in their annual reports. The data presented in the table is underlined by the following comment of one financial manager:

> *This company does not prepare annual reports for nothing; it has reasons for revealing social activities—such as enhancement of the company image.*

Most interviewees said that there are two types of benefits for disclosing CSR information in annual reports. The primary benefits include increasing company profitability, enhancing company image, helping management make decisions, informing stakeholders of the company's contribution to community service, transparency, and drawing management attention to the benefits of disclosing CSR information. Thirty-one interviewees believe that providing positive CSR information in annual reports helps a company improve its financial performance. In this vein, 12 (39 percent) state that financial improvement is obtained by encouraging and attracting stakeholders, such as investors and consumers. In addition, 12 (39 percent) see that an increase in social and environmental awareness among Libyan managers has led to greater attention to the disclosure of CSR information in annual reports, because such practices help Libyan companies make appropriate decisions. Six interviewees (19 percent) see competition as a factor in improving company performance, whilst only one (3 percent) said the disclosure of social and environmental information has led to increased productivity. Furthermore, 16 (52 percent) said Libyan companies use CSR information to inform stakeholders about their company's contribution to community service. Moreover, 14 interviewees (45 percent) believe transparency is one of the most important reasons behind the disclosure of social and environmental information; transparency is also one of the most mentioned advantages among top management. More specifically, Armitage and Marston (2008) reveal that transparency in emerging CSR information may lead to promoting integrity within the company and in its dealings with stakeholders; promoting confidence on the part of shareholders and other stakeholders; becoming part of what is expected of a good corporate citizen; helping nonexecutive directors understand the business. Aribi (2009, p. 180) indicates that 'disclosing social responsibility information for the reason of transparency might be considered as a form of motivation for the top management to reveal such information'. Momin (2006) contends that companies in Bangladesh have social obligations, and 'CSR practices are driven by the altruistic motivation of discharging such obligation by providing information to society, accepting that stakeholders have the right to know about the corporation in more detail'. In addition, he indicates the increase of CSR awareness has encouraged managers to use CSR information. Nineteen interviewees (61 percent) believe that CSR practices could enhance/create their company's reputation and image, and thus these companies work towards strong communication with stakeholders, in particular external stakeholders whom they think important for continuing their operation. These interviewees think that creating or enhancing their company's reputation and profitability, whether in the long- or short-term, is often achieved through public relations, which is essentially paying attention to investors and consumers. Thus, these effects of CSRD on society have caused CSRD to be referred to as a tactic to possibly enable companies to influence public perception (Deegan 2002). Momin (2006) and Aribi (2009) contend that emerging CSR activities in annual reports allows companies to enhance their reputation and image by focusing stakeholder's attention and attracting consumers and investors; this has provided long- and short-term benefits to companies. Graham et al. (2005) argue that the main motivation for disclosure is to enhance a company's reputation for transparency. Likewise, Eccles and Mavrinac (1995) state the main benefit of increasing quality disclosure is to increase management's credibility. Lundholm and Van Winkle (2006) emphasize the importance of disclosure in increasing shareholder confidence by reducing scepticism about the company's future and increasing share price. The following comment by a financial manager supports the perceptions summarized in Table 6.1:

> *We believe that the company focuses on achieving some goals more than others, when it discloses information about social activities in their annual reports. For example, the company focuses on enhancing the company's*

> *image, improving its financial performance and transparency … making the right decision … publicizing the company and its activities to all stakeholders. ... through conveying what has been done during the year to stakeholders such as owners, shareholders, investors and other… and the benefits are greater if the management of the company is convinced of the importance of disclosing this information.*

Complying with regulations and improving employee commitment are secondary benefits that help management achieve certain objectives. In this regard, Momin (2006) indicates that companies that are not responsive are unable to survive and therefore companies comply with regulations and standards. Three interviewees (10 percent) stated that Libyan companies that are listed on the Libyan stock market are obligated to disclose CSR information, while three other interviewees said that their companies use International Accounting Standards, which are considered one of the main reasons for disclosing CSR information in annual reports. Five (16 percent) confirmed that disclosing CSR information is helpful to manufacturing companies that are complying with environmental laws. Regarding employee commitment, two interviewees (6 percent) see that disclosing CSR information might be considered as one of the causes for the management to reveal such information. The following comment by a financial manager supports the perceptions presented in Table 6.1:

> *We believe the dissemination of this information in the annual report will have a role in supporting the commitment of the employee and that it also takes into account the application of law, but the commitment of employees is not non-core with most companies.*

On the other hand, interviewees who are working in manufacturing companies that are listed on the stock market believe their companies are committed to preparing annual reports according to regulations, in particular the environmental laws and stock market requirements, because if their companies did not apply these laws, it would be quite costly. Therefore, applying these laws may be the most important factor in disclosing CSR information for manufacturing companies. As one financial manager said,

> *Industrial companies, such as steel and cement, are specifically committed to the application of laws pertaining social activities in general and environmental activities, in particular; hence, such companies try to show these activities in their annual reports to avoid negative effects on share price, which would reduce profitability for investors in these companies.*

The following sections outline the effect of disclosed CSR information on organisational performance in terms of financial performance, company reputation, and employee commitment.

In the next section, factors affecting the level of CSRD are clarified.

6.2.3 Factors Affecting the Level of CSRD

In the review of the accounting literature, numerous studies revealed a link between CSR information and size, age, and industry (see the literature review chapter). The literature review indicated that there is a strong association between these factors and the amount of CSR information disclosed. Therefore, the following question was asked of all interviewees:

Does the size, age of your organization, and industry type affect the level of CSR information provided by your organization, If yes, how?

The interview results for this question are shown in Table 6.2.

Table 6.2: The Impact of Company and Industry Factors on CSR Information Disclosed

Factors	Number of interviews	The percentage of interviews
Company size	17 out of 31	55%
Company age	18 out of 31	58%
Type of industry	21 out of 31	68%

Table 6.2 shows the opinion of financial managers and information managers regarding the relationship between CSR information and factors such as company size, company age, and type of industry. Most interviewees believe that the level of CSR information in annual reports is influenced by the age of the company as this means companies have had time to obtain expertise and competence in improving and preparing all annual report information as indicating in the following:

> *Longevity of the business gives the company expertise and adequate competence to improve the preparation of information in the annual report, from market needs for this information to its impact on company performance.*

Number of interviewees (55 percent) mentioned that large companies disclosed more CSR information than smaller companies. Furthermore, they stated that stakeholders in large companies can have a greater influence on management and on disclosing CSR information than others. Moreover, most interviewees (55 percent) believe the management of large companies realize the importance of CSRD more than do small companies, as illustrated by the following comments from financial managers:

I think that the large companies have the highest level of social disclosure due to them realizing the importance of social activities, and most decisions are based on this information ... more services and more social and environmental information ... the volume of dealings and the multiplicity of stakeholders mean that there is a need to provide a variety of information and more information to meet the requirement of stakeholders ... and its impact on stakeholders is reflected on the companies' performance in the market.

Size not only affects the commitment of the company but also the volume of information, and this is due to the administration being convinced of the importance of disseminating this information in order to benefit from its disclosure.

Financial managers and information managers mentioned that the type of industry has a significant effect on the level of CSR information in annual reports. Most interviewees (68 percent) believe the level of CSR information disclosed in annual reports would differ significantly from one industry sector to another. Here is the view of financial manager who believes that:

I believe, type of industry has a major impact on the amount of social information disclosed, particularly with regard to industrial companies, because the company possesses and discloses all kinds of CSR information.

However, one financial manager suggested that management policy plays an important role in how much CSR information is disclosed in annual reports and whether this information increases or not:

Yes, in addition to these elements, the policy of senior management and its orientation towards social disclosure significantly affects the quantity and quality of information disclosed in annual reports.

One financial manager suggested that private companies listed on the stock market disclose more detailed CSR information than public companies, because private companies are seeking to meet the requirements of a greater number of stakeholders:

Yes, but the private companies that possess shares in the stock market and have a larger number of stakeholders have a higher level of disclosure than the public companies regardless size, age, and type of industry.

6.3 Perceptions of Managers regarding the Relationship between CSRD and Organisational Performance

After carefully reading and reflecting on the transcripts, ordinal categories were developed by the researcher for responses related to key topics and questions. These findings are summarised in Tables 6.3, 6.4, and 6.5. These tables were used for ease of interpretation; one answer represents the view of each interviewee on a specific topic. Hence, the answers in these tables show the perceptions of financial managers and information managers in Libyan companies regarding the association between CSRD and organisational performance specifically in terms of financial performance, employee commitment, and corporate reputation.

Table 6.3: Responses of Interview Questions about CSRD and Financial Performance.

Questions	Answers	EMPD and financial performance		COMD and financial performance		COND and financial performance		ENVD and financial performance		CSRD and financial performance	
		No	%	No	%	No	%	No	%	No	%
First: CSRD and financial performance:											
The effect of CSRD on financial performance.											
Does information about CSR activities affect financial performance?	Yes, definitely. Yes, but not only a certain level of CSRD. Yes, in theory. Probably not.	13 of 31 13 of 31 1 of 31 4 of 31	42% 42% 3% 13%	8 of 31 9 of 31 2 of 31 12 of 31	26% 29% 6% 39%	23 of 31 4 of 31 0 of 31 4 of 31	74% 13% 0 13%	11 of 31 11 of 31 2 of 31 7 of 31	35% 35% 6% 23%		
The association between CSRD and financial performance.											
What is the extent of the association between levels of CSRD and financial performance?	Positive. Negative. No link.	26 of 31 0 of 31 5 of 31	84% 0 16%	19 of 31 0 of 31 12 of 31	61% 0 39%	27 of 31 0 of 31 4 of 31	87% 0 13%	22 of 31 0 of 31 9 of 31	71% 0 29%		
Does information about CSR activities improve financial performance?	Yes. Yes, but with positive information. No. Do not know.	10 of 31 17 of 31 3 of 31 1 of 31	32% 55% 10% 3%	6 of 31 11 of 31 8 of 31 6 of 31	19% 35% 26% 19%	12 of 31 13 of 31 3 of 31 3 of 31	39% 42% 10% 10%	8 of 31 11 of 31 7 of 31 5 of 31	26% 35% 23% 16%		
More details on association CSRD with financial performance.											
Does choice of accounting policy interact with the amount of CSRD policy to affect financial performance?	Yes. Possibly. No. Don't know.									12 of 31 8 of 31 7 of 31 4 of 31	39% 26% 23% 13%
Does the effect of CSRD on financial performance depend on establishing a sustained commitment to improve CSRD?	Yes. Possibly. No. Don't know.									20 of 31 4 of 31 4 of 31 3 of 31	65% 13% 13% 10%

Note. This table shows the results of the perceptions of financial managers and information managers about corporate social responsibility disclosure (CSRD) (environmental disclosure (ENVD), consumer disclosure (COND), community disclosure (COMD) and employee disclosure (EMPD)) and organisational performance in terms of financial performance in the Libyan context.

Table 6.4: Responses of Interview Questions about CSRD and Employee Commitment.

Questions	Answers	EMPD and employee commitment		COMD and employee commitment		COND and employee commitment		ENVD and employee commitment		CSRD and employee commitment	
		No	%	No	%	No	%	No	%	No	%
Second: CSRD and Employee Commitment:											
The effect of CSRD on employee commitment.											
Does information about CSR activities affect employee commitment?	Yes, definitely.	21 of 31	68%	5 of 31	16%	12 of 31	39%	4 of 31	13%		
	Yes, but not only a certain level of CSRD.	3 of 31	10%	6 of 31	19%	7 of 31	23%	9 of 31	29%		
	Yes, in theory.	3 of 31	10%	4 of 31	13%	4 of 31	13%	3 of 31	10%		
	Probably not.	4 of 31	13%	16 of 31	52%	8 of 31	26%	15 of 31	48%		
The association between CSRD and employee commitment.											
What is the extent of the association between levels of CSR information and employee commitment?	Positive.	26 of 31	84%	11 of 31	35%	21 of 31	68%	12 of 31	39%		
	Negative.	0 of 31	0	1 of 31	3%	0 of 31	0	0 of 31	0		
	No link.	5 of 31	16%	19 of 31	61%	10 of 31	32%	19 of 31	61%		
Does information about CSR activities improve employee commitment?	Yes.	11 of 31	35%	1 of 31	3%	6 of 31	19%	1 of 31	3%		
	Yes, but with positive information.	10 of 31	32%	7 of 31	23%	11 of 31	35%	9 of 31	29%		
	No.	9 of 31	29%	20 of 31	65%	13 of 31	42%	18 of 31	58%		
	Do not know.	1 of 31	3%	3 of 31	10%	1 of 31	3%	3 of 31	10%		
More details on association CSRD with employee commitment.											
Does choice of accounting policy interact with the amount of CSR information policy to affect employee commitment?	Yes.									4 of 28	14%
	Possibly.									11 of 28	39%
	No.									8 of 28	29%
	Don't know.									5 of 28	18%
Does the effect of CSRD on employee commitment depend on establishing a sustained commitment to improve CSRD?	Yes.									8 of 28	29%
	Possibly.									11 of 28	39%
	No.									6 of 28	21%
	Don't know.									3 of 28	11%

Note. This table shows the results of the perceptions of financial managers and information managers about corporate social responsibility disclosure (CSRD) (environmental disclosure (ENVD), consumer disclosure (COND), community disclosure (COMD) and employee disclosure (EMPD)) and organisational performance in terms of employee commitment in the Libyan context.

Table 6.5: Responses of Interview Questions about CSRD and Corporate Reputation.

Questions	Answers	EMPD and corporate reputation		COMD and corporate reputation		COND and corporate reputation		ENVD and corporate reputation		CSRD and corporate reputation	
		No	%	No	%	No	%	No	%	No	%
Third: CSRD and Corporate Reputation:											
The effect of CSRD on corporate reputation.											
Does information about CSR activities affect corporate reputation?	Yes, definitely.	9 of 31	29%	6 of 31	19%	12 of 31	39%	8 of 31	26%		
	Yes, but not only a certain level of CSRD.	18 of 31	58%	17 of 31	55%	15 of 31	48%	14 of 31	45%		
	Yes, in theory.	1 of 31	3%	1 of 31	3%	1 of 31	3%	1 of 31	3%		
	Probably not.	3 of 31	10%	7 of 31	23%	3 of 31	10%	7 of 31	23%		
The association between CSRD and corporate reputation.											
What is the extent of the association between levels of CSR information and corporate reputation?	Positive.	27 of 31	87 %	23 of 31	74%	27 of 31	87 %	23 of 31	74%		
	Negative.	0 of 31	0%	0 of 31	0%	0 of 31	0%	0 of 31	0%		
	No link.	4 of 31	13%	8 of 31	26%	4 of 31	13%	8 of 31	26%		
Does information about CSR activities improve corporate reputation?	Yes.	1 of 31	3%	1 of 31	3%	2 of 31	6%	1 of 31	3%		
	Yes, but with positive information.	26 of 31	84%	21 of 31	68%	24 of 31	77%	21 of 31	68%		
	No.	2 of 31	6%	7 of 31	23%	4 of 31	13%	7 of 31	23%		
	Do not know.	2 of 31	6%	2 of 31	6%	1 of 31	3%	2 of 31	6%		
More details on association CSRD with corporate reputation.											
Does choice of accounting policy interact with the amount of CSR information policy to affect corporate reputation?	Yes.									16 of 28	57%
	Possibly.									8 of 28	29%
	No.									1 of 28	4%
	Don't know.									3 of 28	11%
Does the effect of CSRD on corporate reputation depend on establishing a sustained commitment to improve CSRD?	Yes.									17 of 28	61%
	Possibly.									6 of 28	21%
	No.									2 of 28	7%
	Don't know.									3 of 28	11%

Note. This table shows the results of the perceptions of financial managers and information managers about corporate social responsibility disclosure (CSRD) (environmental disclosure (ENVD), consumer disclosure (COND), community disclosure (COMD) and employee disclosure (EMPD)) and organisational performance in terms of corporate reputation in the Libyan context.

6.3.1 The Relationship between CSRD and Financial Performance

6.3.1.1 The Effect of CSRD on Financial Performance

In theory, given that the level of CSRD positively impacts companies' financial performance, stakeholders seek assurances of high levels of CSRD. Saleh (2009) found that higher levels of CSRD help Malaysian companies improve their financial performance; managers also claim that a high level of CSRD may help improve financial performance. According to the accounting literature review, CSRD plays an important role in emerging economies and in some developed economies. Therefore, the question was asked, "Does CSRD affect financial performance in the Libyan context?"

There was general agreement among interviewees that the level of CSRD often has an indirect positive effect on financial performance in the Libyan context due to the lack of awareness by some stakeholders about the importance of CSRD for companies in such areas as employees, creditors, and lack of competition. In addition, this positive effect is strong, but when it is associated with CSR activities, this means that CSR and CSRD are working to find a strong impact on a company's performance in Libya. Furthermore, positive information has a positive impact on financial performance. The interviewees see that when CSRD is detailed and not so long in annual reports as well as meeting the expectation of stakeholders, these reasons create this effect. The following comments prove that:

There is no doubt that a disclosure of social and environmental activities affects financial performance ... (if this information is detailed and not *boring) ... by attracting investors, customers ... the interest of stakeholders. On the other hand, there is some sensitive information that cannot be disclosed by the company for a certain period due to the existence of competitors in some sectors.*

I believe the impact of social information on financial performance in Libyan companies is indirect or intangible as compared with companies in industrialized countries, because competition plays a role in highlighting the importance of this information in countries that have strong competition.

In this context, one interviewee mentioned that his company was subject to many performance problems in the previous period due to a lack of interest in social activities and their disclosure to stakeholders:

Yes, because the lack of commitment to social activities and disclosure of social information may lead to the following:

1) Labour migration.

2) Loss in confidence of customers about the product.

3) Minimising profitability of the company.

4) Lack of demand compared to firms that are committed.

5) Expenses increased to compensate the lost labour.

a) Employee Disclosure and Financial Performance

In terms of the effect of employee disclosure on financial performance, the majority of interviewees believe that this information can influence the financial performance of a company. Thirteen (42 percent) said that the financial performance of Libyan companies can definitely be influenced by a high level of employee disclosure. In addition, 13 managers (42 percent) think that this effect is more positive when a certain level of CSRD is associated with credibility, transparency, commitment, the awareness of management about the importance of employee disclosure, increasing pressure from stakeholders, increasing level of competition, mandatory requirements through application of international accounting standards, and company reputation. They also believe that employee disclosure is used to determine the status and financial ability of Libyan company, which is reflected in share price. Moreover, employee information provides strong motivation for employees to improve their effort and commitment, which in turn is reflected in financial performance:

> *I think employee information is important for most stakeholders to understand the financial position of the company and its value in the financial market. Employee information, such as stability of staff training and rewards, certainly indicates that the position of the company is healthy, which leads to an increase of share price in the financial market for this company ... also human resources information motivates and supports employee affiliation towards their company, which is reflected in maintaining the company's assets and increasing the commitment of the employee towards the company. This role will positively affect the company's financial performance.*

Only, one financial manager (3 percent) thought that there is an effect on financial performance in theory but not necessarily in practice. Four managers (13 percent) said the level of employee disclosure probably has no effect on financial performance.

> *Yes, in theory, through the Balanced Scorecard with the five dimensions of learning, the consumer or customer, the operational dimension, the financial dimension, and environmental dimension which confirms the spending of the company is one-dimensional, such as learning through training and qualification of staff will impact on productivity , which in turn will affect the consumer or customer, who will feel satisfied by increasing their purchases from this company, this will improve the company's financial performance. This means the financial performance of this company can be influenced by social information due to the interest of some stakeholders, such as customers and employees as well as company management.*

b) Community Involvements Disclosure and Financial Performance

There was a variety of opinions about this effect, but most interviewees agreed that although there is no clear indication of this effect in Libya, due to its indirect nature, community services and information about them can affect financial performance. Eight managers (26 percent) believe community involvement disclosure definitely effects financial performance. Nine financial managers (29 percent) said a certain level of community disclosure in Libyan companies can influence financial performance. They generally agreed about the existence of this effect. In addition, they believe stakeholders are the most decisive factor in producing this effect. Stakeholders often request that companies disclose all information and this disclosure helps attract new investors. They noticed that stakeholders realize the importance of CSR activities and its disclosure as well as the responsibility of a company towards society:

> *Information about community involvements has an indirect effect on the profitability of the company, which reflects on the financial performance of the company.*
>
> *I believe that the company has a role in contributing to community service; this has led to social interaction and pushed its customers to deal with the company through the purchase of their products as a kind of thanks ... for stakeholders, investors, and customers in the bank interested in the extent of the contribution of the bank in social service, and stakeholders encourage projects that are carrying out these activities, such as social grants to customers and financing of sporting activities and so on.*

Three of the previous eight interviewees said that community disclosure clearly affects financial performance. For example,

> *The company sponsored the competition of rally cars in the Libyan Desert. It provided free fuel to competitors and published this activity in its annual report. This then attracted some foreign investors who also sought the company's fuel services.*

On the other hand, two (6 percent) managers said community disclosure in theory can affect financial performance of Libyan companies, while 12 managers (39 percent) think this effect does not exist. These fourteen managers mentioned that their companies did community service and disclosed these activities, not to influence their financial performance but to contribute to society.

c) Consumer Disclosure and Financial Performance

To understand the effect of consumer disclosure on financial performance, the researcher asked interviewees whether this information can affect financial performance in Libyan companies. There was a clear consensus of opinion in answer to this question. Most interviewees said that such information impacts financial performance; 23 (74 percent) said consumer information could positively affect financial performance, either because this information would increase revenues, or in one case because the announcement of an intention to issue information about product quality, product safety, and product development would cause the share price to change and would thus change financial performance. Another four financial managers (13 percent) believe a certain level of credible and transparent consumer disclosure could play a direct role in influencing revenues and share prices, which would in turn further influence the financial performance of a company by attracting new customers and investors.

Yes, this information has the most impact on financial performance, as product safety and product quality could help increase the revenues of this company by attracting customers and investors to purchase this product whether or not ... a company obtained some of the certificates relating to the quality, such as ISO 9000.

Some interviewees think that consumer disclosure is sensitive information and, consequently, some stakeholders such as investors, shareholders, creditors, and management are interested in this kind of disclosure. Consumer disclosure would directly affect the performance of a company in the financial market and stock price as it could help attract many investors. For instance, one information managers stated that

A bank was concerned with activities relating to the quality and safety of the service provided, in order to improve the relationship between the bank and its customers. As well, the bank would use its annual report to achieve this goal; this report shows the interest of the bank in its quality service and integrity, in order to gain the trust of customers, investors, creditors and shareholders. Bank management could also use this information in making decisions regarding its product, which would consequently be reflected in the financial performance of the bank.

One interviewee said that adverse information about the quality and safety of a product in annual reports could have a negative impact on revenues and share price by increasing the cost of products:

Yes, for example, if there is information in the annual report which confirms that production or yield is rejected or is not good, this is lost money and did not generate any income and therefore is regarded as a loss to the company.

On the other hand, the remaining four managers (13 percent) said a high level of consumer disclosure would not likely affect all measurements of financial performance, in particular profits.

d) Environmental Disclosure and Financial Performance

Most interviewees confirmed that the level of environmental disclosure does affect financial performance. Eleven managers (35 percent) said that level of environmental disclosure can definitely affect financial performance, while another 11 financial managers (35 percent) said a certain level of credible environmental disclosure was enough to strongly impact the financial performance of a company. Therefore companies seek to avoid accidents related to environmental activities. In addition, managers generally believe companies pay a huge amount of money to engage in environmental activities in order to obtain economic benefits, attract investors and customers, and increase employee confidence; for example,

> *Without a doubt, every dinar the company pays to protect the environment that is disclosed in the annual report has an economic benefit, because losses in production and pollution cost the company huge amounts of money; therefore, it is prudent to pursue a policy of preservation of the environment and safety of the product and to try to avoid accidents resulting from industry practices ... For example, the company paid € 200,000 to a staff member due to an injury that occurred within the company and the company disclosed this information in its annual report. This information has increased staff confidence and motivated every effort to continue the policy, and this in turn gave the company a good image, which was reflected in its financial performance.*

Some of the previous interviewees also said there are some companies that use green instead of carbon energy and disclose this information to decrease their expenses and attract stakeholders as well as to provide this information to environment authorities.

> *Yes ... the company has used friendly energy (gas) instead of using heavy oils in the operation of its equipments for two years and disclosed this information in its annual report. This has reduced some expenses and*

attracted some investors and shareholders ... and provided greater information about environmental management.

In the other words, two information managers (6 percent) believe that in theory, environmental disclosure can influence financial performance while seven managers (23 percent) do not think community disclosure impacts financial performance.

6.3.3.2 The Association between CSRD and Financial Performance

Different opinions were expressed in answer to the central questions: whether there is an association between CSRD and financial performance, and whether companies use the amount of CSRD to improve their financial performance. Most interviewees observed a strong association between the amount of CSRD and financial performance, given the amount of CSRD of their companies. In addition, managers said that high levels of positive CSRD combined with nondisclosure of negative sensitive information are used to influence financial performance.

It is observed that the company's financial performance during the period reported in the annual report was less than its financial performance in the period that followed, because the company realized the importance of this information. So it installed accounting systems commensurate with the disclosure requirements in order to benefit from this information, whether this disclosure is quantity information or quality information due to their importance for stakeholders, in particular the process of decision-making and improve performance.

a) Employee Disclosure and Financial Performance

The findings show that 26 managers (84 percent) believe that there is a positive association between employee disclosure and financial performance. Another ten

(32 percent) confirm that high levels of employee disclosure definitely improve financial performance, and seventeen managers (55 percent) believe that the organizations use the positive employee disclosure for improving their financial performance. They believe that employee disclosure clarifies the interest of the company management towards their employees and allows stakeholders to determine the status of a company. Also they think that employee disclosure helps the company to attract good skills and experience, therefore this disclosure can influence company revenue through the type information published. The following comments illustrate that:

> *We believe that the link between level of social disclosure and financial performance is positive... because this information highlights the interest of the company's staff in terms of training, rehabilitation and the number of staff and expertise available in this company, the number of staff and the shortage in employment, and the possibility of disposal of surplus labour. This information and activities stimulate the staff to achieve their duties to the fullest to maintain the company's continued commitment to these activities... as well as the awareness of top management about the impact of employee activities and disclosure about employee information on the financial performance of the company... On the other hand, if it is sure of the existence of damage due to the result of this disclosure, the company will refrain, or reduce this information.*

However, only five managers (16 percent) believe that there is no link between the amount of employee disclosure and financial performance and not one of the interviewees mentioned the negative link between the two. Only three information managers (10 percent) believe that their organisations definitely do not utilize CSRD for supporting their financial performance. They think that there is little benefit in CSRD and a lack of interest from stakeholders in the importance of CSRD to a company as well as a lack of competition between some Libyan companies in terms of disseminating CSR information. Only one does not know if the company uses CSRD for improving its financial performance. The next comment shows that:

It is clear that the company does not face strong competition as there are just two pipe companies in Libya with the high level of demand in this product... the stakeholders in this company do not realize the importance of social information, so no link between social information and financial performance.

b) Community Involvement Disclosure and Financial Performance

There was a wide difference of opinion expressed, but most interviewees see a strong link between the amount of community involvement disclosure and financial performance. Nineteen financial managers (61 percent) believe that there is a positive association between the amount of community involvement disclosure and financial performance. In this regard, six (19 percent) think that level of community involvement disclosure is used to increase financial performance in the Libyan organisations. Eleven financial managers (35 percent) believe that positive community involvement disclosure can lead to increased revenue or profits. Most of them think that community involvement activities and this disclosure allow investors and consumers to know the extent of contribution of the company to community services influencing investment decisions. The contribution to community services and disclosing this information encourages some stakeholders such as investors, consumers, employees and the management of a company to continue with this company:

The company also contributes to community service and discloses such contributions in its annual report, for example, the company participated in some charity concerts and supported some of the sports clubs and disclosed these activities, which, in turn, reflected positively on the company's financial performance by attracting many consumers and investors.

On the other hand, some interviewees see no association between community involvement disclosure and financial performance. The findings show that the remaining twelve managers (39 percent) mentioned no link between community involvement disclosure and financial performance. Also, eight managers (26 percent) think that an increase in the amount of community involvement disclosure does not mean improved financial performance, but it may lead to improved company image or reputation in front of stakeholders. A further six managers (19 percent) stated that they do not know whether high levels of community involvement disclosure can improve financial performance of a company through increasing its revenue or its return on asset or its profits. All interviewees said that companies contribute to community activity and disclose this involvement, because these companies realize their responsibility towards society, but not solely to increase their profits.

> *The main objective is improving the performance of the Organization as a whole and financial performance is one of the most important parts of the performance. On the other hand, some companies contribute in the provision of such services to the community and disclose social information in order to advance and to contribute in community service, but not to maximize profit, because it recognizes the importance of the company's role in providing some services to the community, for example: the company has built some mosques and helped some staff and non-staff to contribute and provide an active role in community building, not only to maximize the profitability of the community or improve the company image.*

c) Consumer Disclosure and Financial Performance

There was no doubt about the association between consumer disclosure and financial performance. The majority of interviewees stated that a strong link between the amount of consumer disclosure and financial performance exists. Twenty seven managers (87 percent) mentioned that the relationship between consumer disclosure and financial performance is positive. Furthermore, another twelve (39 percent) think that consumer disclosure can improve financial performance. Importantly, thirteen (42 percent) of the financial managers believe that positive information about consumer activities with a high level of disclosure can increase financial performance such as revenue, profit, return on assets or return on equity. A number of interviewees mentioned that the companies that are listed in the stock market are providing a best-practice level of CSRD or better than others, because this information positively or negatively impacts on share price in accordance with the nature of this information. All of them confirmed that consumer disclosure is more effective and important than other CSRD, thus management relies on it more to attract some stakeholders such as creditors, shareholders, consumers and investors to improve financial performance. They believe that the majority of Libyan companies are interested in quality, safety, and product development, because these help to increase the level of demand for these products and this meets the interests of consumers and investors and increases financial performance of the company. Furthermore, twenty interviewees (65 percent) believe that the application of international accounting standards will allow management to determine negative and positive deviations; this will lead to modification of these deviations to improve financial performance.

> *The relationship between the information about consumer activities and financial performance is more significant in the listed companies in the financial market than others because the listed companies in the financial market have many stakeholders.*

> *Yes, because this report reflects the status of the company and when the report contains positive information about consumer activities, it gives incentive to management and stakeholders in the buying and attracting other*

investors to contribute to the company by acquiring shares... These determinants reflect positively on the company's financial performance.

In my opinion, The Company’s commitment towards social disclosure through the application of international accounting standards will reduce the cost and disclose negative deviations. This helps the company management to take the appropriate decision to correct negative deviations and support the positive initiatives.

However, few of the interviewees see no link between consumer disclosure and financial performance. Four (13 percent) believe that a non-significant link between the two exists. In this context, three managers (10 percent) think that the improvement of financial performance in a company does not depend on providing consumer disclosure. The findings also show that three of the interviewees (10 percent) are undecided about whether consumer disclosure improves financial performance.

d) Environmental Disclosure and Financial Performance

Interviewees see a strong link between environmental disclosure and financial performance. Twenty two of the interviewees (71 percent) believe that the relationship between the two is positive. In this vein, eight of the financial managers (26 percent) said that providing more environmental disclosure would probably improve financial performance. Another eleven of the financial managers (35 percent) mentioned that improvement in the level of financial performance is likely to depend on environmental activities and the level of environmental disclosure if this information is positive. Most of them indicated that most stakeholders use environmental information in annual reports for making investment decisions, because failure of a company to follow the methods of environmental protection and safety often cost huge amounts of money as there are some laws that obligate the company to assume its responsibilities as a result of damage caused to the environment and safety. In this context, they commented that positive environmental information could improve return on assets, because it would improve financial performance, but negative environmental information could decrease return on assets, because the announcement of a negative impact of an environmental issue would drop the share price. They also focus on credibility of this disclosure compared with what happens in a company and quantity and amount of this disclosure.

> *Certainly, the relationship between environmental information and financial performance is positive if the information disclosed is positive... The Environment Public Authority, management and some investors follow up these reports in order to know the extent of the company's commitment to apply the Libya's environmental regulations, hence this information has positive or negative effects on financial performance. Sometimes this information is promising in a report submitted to the external and the Environment Public Authority. In addition to the company in case of any environmental problem that requires the public body in changed environment to help them get rid of this damage by providing some necessary equipment for it.*

> *Improving financial performance depends not only on the quantity and amount of environmental information, but the credibility of this information is having a greater role in maximizing the profit of the company in addition to the type of information (positive or negative) and the extent of the impact on the interests of stakeholders that helps in improving the financial performance of the company.*

> *I think that there is a relationship between social disclosure and financial performance, but the improvement of financial performance helps to increase the amount of social disclosure rather than vice versa.*

In the other words, some interviewees see no link between environmental disclosure and financial performance. Nine of the interviewees (29 percent) stated no significant link between environmental disclosure and financial performance; with only seven (23 percent) saying it would have no improvement and five (16 percent) who did not know.

6.3.3.3 More Details on Association CSRD with Financial Performance

The researcher asked about whether choice of accounting policy interacts with the amount of CSRD policy to affect financial performance. There was a clear variation between the interviewees about this association. Twelve of the interviewees (39 percent) said that choice of accounting policy would definitely work together with the levels of CSRD to influence financial performance of a company, while eight (26 percent) thought that it would have an effect, if choice of accounting policy interacts with the levels of CSRD. They think that the application of the principles of accounting in Libyan companies allow these managements to disclose some data about most CSR activities by using quantity disclosure in their annual reports. For instance, Libyan companies disclose the majority of employee disclosure such as the cost of employee ways, training costs, employee health and safety costs, employee benefits, etc, and consumer disclosure such as product quality and product safety. Also this policy allows companies to use qualitative disclosure to show CSR activities in their annual reports. In this context, the companies try to choose an appropriate accounting policy which provides transparency and meets the requirement of their stakeholders. This occurred when the Libyan government started to privatize most government companies and establish the stock market in 2006 to attract foreign investors. At present, Libyan companies seek to apply international accounting standards. The following comments from eleven financial managers and one information manager confirm that:

> *Yes, there are some main accounts and sub-accounts which show in the income statement and balance sheet , these accounts help or play a large role in the process of disclosure, such as the expense of social contributions, worker training, bonuses, environmental expenses etc.*

> *The company discloses all the information that had occurred during the period in accordance with the principles of accounting. In addition to that, the annual report shows the basis of accounting that is used for the preparation of this information as the principles determine revenues and expenses, etc... Emerging foreign investors as result of privatizing the government companies, establishing the stock market ... and the possibility of application of international accounting standards help these companies to improve their accounting policies... so we can say that the role of disclosure and transparency required to be provided in the information and social interaction with the accounting policies applied. This interaction helps the company to find a significantly positive relationship with financial performance.*

However, there are some interviewees who think that choice of accounting policy does not interact with the amount of CSRD to affect financial performance. Seven of the financial managers (23 percent) said that the current accounting policy would have no connection with the levels of disclosure for increasing profit. Four interviewees (13 percent) do not have any idea about it. They believe that application of international accounting standards in the future may create this interaction to affect financial performance as supporting a choice of appropriate accounting policy.

> *The accounting policy that is used in the company does not fit enough with the CSRD policy, because the company does not apply international accounting standards as well as the need to modify these standards to fit with the Libyan environment.*

A question was asked about whether the impact of CSRD depends on establishing a sustained commitment for improving financial performance and if so, how is this commitment established. Healy and Palepu (2001, p. 425) mentioned that an explicit commitment may help credibility, because the credibility of disclosure plays an important role in achieving the interests of stakeholders. There was a clear agreement between the interviewees about the answer to this question. Most of the financial managers believe that the commitment and improvement of CSR and its disclosure help and support a company to improve its financial performance. They also see that a company's disclosure should build on the basis of credibility and should provide all information to stakeholders. Twenty of the interviewees (65 percent) note that the effect of CSR and its disclosure on financial performance depend on establishing sustained commitment to improve CSRD. They confirmed that the financial performance of a company had improved as a result of its commitment to issue annual reports when compared to previous years. In addition to that, quarterly reporting is now used by some companies to benefit from this information. This commitment enabled some stakeholders to gain information about the status of the company and make decisions for the future. Moreover, this commitment was established due to the application of some environmental laws, meeting the needs of some stakeholders. In this vein, few financial managers think that the application of international accounting standards in their companies can affect the levels of CSRD. They think that the reports add benefit to a company in any sector.

Frankly, yes, whenever the amount and nature of social information are greater, financial performance is better, this has been observed during the period between the years of 2003 to 2010 compared to the period which *preceded it, which was abbreviated to just the level of disclosure on the balance sheet and income statement... this commitment was established due to meeting the requirements of stakeholders in access to information about each company's activities... and using international accounting standards ... as well as has been based on the management attention as the management is trying to do this, even though this commitment is not in the written policies of the company's goals, but at the same time the company seeks to develop a disclosure from year to year in order to achieve the benefits of disclosure.*

Yes, as a result there are some laws that require the company to disclose some of the social information, particularly with regard to employee activities, environmental activities and consumers activities as well as voluntary disclosure, the impact of social information on the financial performance depended on the establishment of a sustained commitment to improving disclosure.

However, two financial managers and two information managers (13 percent) think that it is possible to gain commitment to disclosing CSR information in the annual reports to improve the financial performance of the company, if the company wants to meet the requirements of stakeholders, in particular internal stakeholders. Four managers (13 percent) perceive that this commitment does not add anything and three do not know the extent of the effect of this commitment on the link between CSR and its disclosure on financial performance.

To sum up, the findings of the interviews support research hypothesis (1) which says that higher levels of CSRD provided by firms are positively associated with higher financial performance of firms in Libya. First of all, the findings reveal that a certain level of CSRD can affect financial performance. Second, there is a positive relationship between level of CSRD and financial performance. Third, a choice of appropriate accounting policy plays an important role to interact with level of CSRD to affect financial performance. Fourth, establishing a sustained commitment for improving level of CSRD raises the effect of CSRD on financial performance in Libyan companies. Finally, these findings also support the quantitative study of this research.

6.3.2 The Relationship between CSRD and Employee Commitment

6.3.3.1 The Effect of CSRD on Employee Commitment

The current study investigates the effect of CSR and CSRD on employee commitment when considering the responsibilities and the interests to different stakeholders. Some prior studies have identified how CSR and CSRD can affect employees in terms of the commitment (Branco & Rodrigues 2009; Hsu 2006; Kleiner & Morris 1988; Peccei et al. 2005). These studies supported the notion that CSR and CSRD can increase the attractiveness of an employer for employees.

The researcher asked whether level of each category (employee, consumer, community involvement and environment) of CSRD affects employee commitment to a company. There were different opinions about the effect of each category on employees. With regards to the effect of both employee disclosure and consumer disclosure on employee commitment, the majority of interviewees were in agreement about the existence of this effect. Twenty one managers (68 percent) confirmed that employee activities and level of employee disclosure have the biggest impact on employees via increasing their commitment towards their companies and three (10 percent) said that a certain level of employee disclosure would affect employee commitment. Credibility, transparency and employee activities were mentioned:

When employees provided with this information as well as have the bank really performed, this information about social activities will give them satisfaction which leads to fulfilling their duties in the bank... also, although some services did not provide for all employees, such as treatment of difficult cases, which require large amounts of money for a small group of employees, we noted that the publication of this information ensured increasing employees understanding about the extent of the company's interest, which gave them the incentive to perform their jobs.

In addition, disclosure about the interest of a company towards their employees such as employees training, employees rewards, employees safety, salary value, and so on could push some persons who have high skills and long experience to prefer a job in this company as well as increasing its attractiveness as an employer. Furthermore, employee disclosure gives most employees good motivation to use all their abilities for achieving company goals.

Informing employees about activities of the bank, especially employee activities, such as employee training, employee health and employee remuneration have given an incentive and motivation to employees for committing and improving their performance in order to get these benefits... Also disclosure of these activities attracted some employees with skills and experiences to work in the company...for example, when the company has prepared the annual report 2009, which showed the information about employee remuneration, this information motivated the employees to say, 'we could work all day and at any time determined by the company for achieving the company goals'.

While twelve (39 percent) managers believe that providing more consumer disclosure would definitely affect employee commitment, because this information would give employees confidence and obtain their sense of belonging and pride towards the products that were offered by the company. This, in turn, is reflected in the employee's commitment.

Employees in this company had a feeling of satisfaction and belonging for their company as a result of providing products with a high degree of quality and greater benefit to the consumer,... this led to increasing their attention about the interests of the company and their performance, *improving their discipline in work and motivating the performance of the employees... that reflected in their level of commitment for the continuation of the company in producing, developing and maintaining the quality of this product.*

Furthermore, seven managers (23 percent) said that an identified level of consumer disclosure could influence employee commitment, based on certain of factors. The credibility of disclosure about product quality and product development would be the biggest effect followed by product safety. Moreover, positive information about consumer activities would have an effective impact upon employee commitment as well as reputation.

For example, the company has replaced some idle machines with new ones and disclosed this activity in its annual report. This gave a good image and increased employee's satisfaction, because of the important role that performed their company, its interest to satisfy customers, providing a good product and maintaining its good reputation.

Most interviewees see that both employee and consumer disclosure are more important and useful than other categories, because most stakeholders, in particular shareholders and employees, did not perverie benefit from environmental and community disclosure. Whereas, information about employee and consumers activities did affect employee commitment:

It is noticeable in the company, most shareholders supported expense and disclosure of employee and consumer activities, while some stakeholders (employees) are reluctant or hesitant in spending some money on both community and environment activities, because they consider it squandering of their money.

Seven managers (23 percent) believe that this effect on employee commitment would not exist in a company, because employees did not realize the importance of employee disclosure and they focus only on the amount of their salaries and continued employment due to the difference in their level of culture and education.

We think that some employees are primarily interested in the continuation of obtaining their salary, regardless of other things and this is due to the different level of the culture and education between the employees.

While eight (26 percent) managers believe that the application of labour laws, the effect of religion, level of culture, level of education and interests of stakeholders drive employees to commit to achieve their work to the fullest. Some of them found difficulties in measuring employee commitment due to a multiplicity and overlap of the above mentioned causes. In theory, the companies can notice the effect of consumer disclosure on employee commitment. Four (13 percent) interviewees believe that both employee and consumer activities affect employee commitment, but not level of disclosure of them.

The difficulties to measure employee commitment and Multiplicity of its causes have made it difficult to determine the impact of the level of social disclosure, therefore the company did not measure this effect in the past, but I think that all of the Libyan environment determinants such as religion, level of culture, level of education, laws, and interests of stakeholders have a greater role to affect the commitment of the employee...more specifically, it is noted in these companies that employees that do not have sufficient knowledge and do not have high education about employee activities and consumer activities did not care about the situation of their company, do not have a good feeling towards their company, therefore this is reflected negatively on their performance within the company such as leaving work.

There was a wide variety of opinion expressed when the researcher asked whether a greater level of community disclosure and environmental disclosure would affect employee commitment. The majority of interviewees do not see the effect of community disclosure and environmental disclosure on employee commitment. Twenty managers (65 percent) said that employee commitment would not be affected by level of community disclosure by the companies, because of a lack of awareness by employees towards the importance of this disclosure. Fifteen (48 percent) think that environmental disclosure is unlikely to affect employee commitment, because companies do not inform their employees about this information. This result also was proved by Ahmad (2005). He presented quantitative evidence from Libya that most Libyan companies did not tell their employees about environmental information disclosed through all the channels. They confirmed that the Libyan law sanctions play a main role in improving employee commitment in Libyan companies more so than other reasons.

> *In fact, we do not care greatly about the impact of the dissemination of information about community and environmental activities in the preparation of the annual report on the commitment of the employees, because we believe the law of sanctions and rewards may have more impact on them.*

In this context, three financial managers (10 percent) mentioned that this effect between environmental information disclosed and employee commitment exists and can affect financial performance and reputation of a company, but only in theory.

> *Theoretically, the management of this company does not realize the importance of activities related to the community service contributions, especially donations probably do not enable the bank to obtain the benefits of disclosure regarding this activity and thus it affects negatively on employees in addition to its impact on the financial performance of the bank and the reputation of the bank.*

In the other hand, five financial managers (16 percent) see that there would be an effect on employee commitment as a result of the level of community disclosure.

Six managers (19 percent) said that community disclosure could be an impact on employee commitment. However, four financial managers (13 percent) note that providing a great-practice level of environmental disclosure or better would allow employees to know about the extent of the importance of environmental activities for a company, in particular inside a company, this in turn would be reflected on level of their commitment toward a company. The remaining nine (29 percent) believe that a certain level of environmental disclosure would not be adequate to affect employee commitment, because it is considered to be a minor factor.

> *Yes, there is an impact on the commitment of the employee because the Islamic culture has a great role in the culture of the environment surrounding the company. So the impact is positive and as a result of the employee can accept to continue working for the company and continue to contribute to society despite the lack of salary compared to other companies because he was proud to work at this company.*
>
> *Employees' recognition about the negative effects of company on the environment and its employees, particular who work in the management of production could create negative impact on their health and their level of satisfaction and on their performance in the company and… some employees may leave their jobs to keep their health safety.*
>
> *I think that the company does not take into account the protection of the environment through greenhouse gas emissions that have a negative effect and its disclosure would lead to reduced employee commitment and the inability of the employee to continue within the company and vice versa.*

6.3.3.2 The Association between CSRD and Employee Commitment

The researcher asked whether greater levels of CSRD would be associated with employee commitment. The answers were identical with the majority of interviewees about the relationship between each category of CSRD and employee commitment.

For identifying the association between employee disclosure and consumer disclosure with employee commitment, the findings found that twenty six (84 percent) and twenty one of the interviewees (68 percent) indicted a positive link between high level of both employee and consumer information disclosed and employee commitment. All of them said that disclosing of both employee and consumer disclosure in annual reports would give a type of loyalty to a company and would obtain loyalty to the company.

> *We think that emerging information about the extent of interest companies related to quality and development of our products as well as employees training, employee safety and health and employee rewards through all canals stimulates and increases belonging and attracting employees towards their company.*

However, only five managers (16 percent) think that there is no link between levels of CSRD about employee and commitment information due to a lack of interest by most employees to read this disclosure. Ten (32 percent) see that there is no association between consumer disclosure and employee commitment for the same reason. They asserted that these employees were affected by the activities performed by their companies but not by what a company said in its annual reports.

> *We do not think that there is a relationship between both employee and consumer information with employee commitment... because most employees do not care about this information... but increasing both employee and consumer activities reflects positively with the commitment of employee.*

One the other hand, the majority of interviewees believe that there is no link between both community and environmental information disclosed with employee commitment. Nineteen of thirty one managers (61 percent) think that employees in the Libyan companies are not interested in information disclosed about both community and environmental activities which are prepared in their annual reports, but more their focus is on the activities that give some direct benefits such as employee activities. However, there were two opinions about the type of the association between community disclosure and employee commitment, one of interviewees (3 percent) said that there is a negative association between them, but eleven managers (35 percent) mentioned a positive association.

> *Disclosure about the company contributions in the community service would be a negative effect on employee's performance, when the company spent its money on outside the company without the employee's interest, because the employees get only small salaries.*

Regarding the link between environmental disclosure and employee commitment, there is a general agreement between twelve of interviewees (39 percent) that indicated a positive link.

> *Sure I think there is a positive relationship, because, in the one of previous years a company disseminated both financial and social information and some employees interacted with this information to be more effective and important. This led to developing this report and increasing the amount of information as compared to the annual report in the past was not exceed five pages and now is not less than fifty pages. In addition, this information stimulated the employees who work in departments, particular that are issued this information in the report (such as financial section), as well, the company provided the letters of thanks and rewards for the preparation of this report. Moreover, there was clearly evidence during the preparation of the report that all employees in the departments presented full cooperation so that each department sent its information to a competent administration in preparing the report quickly in order not to delay publication of this information.*

Two of twelve interviewees said that the sort of the relationship between CSRD regardless of the type of category used and employee commitment depended on the extent of the relationship between financial performance and CSRD, if positive, the relationship was positive and vice versa. They think that a level of financial performance of a company would play an important role to identify attitude of employees, because high level of financial performance of a company would attract employees and would motivate employees to improve their ability to maintain company performance.

> *Some employees are focused on the relationship between social disclosure and financial performance, and they think that this relationship has a positive interaction with employee commitment, when employee find social disclosure impact on the profitability and revenues and sales of the company, this creates a friendly kind of confidence and safety, and this in turn reflects on the loyalty towards their company because the company is financially stable and the relationships is interlocking between the company's interest and the interest of the employee.*

The researcher also asked whether information disclosed about CSR activities can improve employee commitment. Approximately the same findings were expressed by most interviewees; two categories were used to improve the commitment of employees.

In respect of both of employee disclosure and consumer disclosure with employee commitment, most interviewees confirmed that both of them could increase employee commitment. Eleven of thirty one (35 percent) stated that greater levels of employee disclosure would help to increase loyalty to the company and intention to remain the company. This increase would lead to an improvement of employee commitment, because employees in these companies are interested in the benefits that are offered. In this regard, most employees seek to obtain these benefits such as remunerations, training, loans without any interests, etc. All of these benefits stimulate employees to perform their duties to the fullest for their company, consequently, improving employee commitment. Six managers (19 percent) believe that most employees feel proud when reading information about the quality of their products, good services or facilities provided to consumers of their company through the annual report or other channels. Ten (32 percent) asserted that positive information about employee benefits would create a good image/reputation which in turn was reflected through employee performing of responsibilities towards their company. Similarly, eleven managers (35 percent) also confirmed the importance of disclosure of consumer information.

> *Yes, one of the reasons for the process of disclosure is to target employees in order to gains their satisfaction and to gives a full picture of social activities provided by the company, thus this improves their commitment to the company... also providing positive information and detailed information about staff and quality products activities as well as products safety would reflect positively in increasing sales and this means that there is no goods stacked in warehouses which ensures continuing to benefit from the company in the form of salaries and other features, such as training and so on. All of these would stimulate and increase association between a company and its employees... also they would support an image and reputation of a company.*

However, nine of the interviewees (29 percent) said that employee disclosure could not improve employee commitment and thirteen (42 percent) mentioned that there is no improvement in employee commitment due to providing information about good-practice in terms of consumer disclosure. They commented that the reason may be the result of a lack of information or a lack of interest by both employees and consumers about this information.

> *The main objective is to increase the share price, but the improvement of employee commitment is implicit in the dissemination of this information but the effect of employee and consumer information is not obvious due to a lack of informing of employees and a lack of employee interest.*

Most interviewees were in general agreement that Libyan companies did not use information disclosed about community and environmental activities for improving employee commitment. Twenty (65 percent) and eighteen (58 percent) managers believe that employees in their companies do not care with disclosure about both community and environmental activities and there is little information disclosed about both of these activities published in their annual reports. Therefore increasing a level of information disclosed about both of these activities does not improve employee commitment in the Libyan companies.

> *Yes, a company presented some services to the community, for example, a company has opened branches in many urban and rural areas for the purpose of profitability and create jobs, this reflected positively on the employees in a company through improved performance. But I do not think that the amount of disclosure of this information increase or increased commitment to the employee in a company... and employees did not care with environmental information in particular if these activities did not affect their health.*

On the other hand, few interviewees confirmed that a high level of both community and environmental disclosure could improve employee commitment in their companies. Only one information manager (3 percent) believed that a certain level of both community and environmental disclosure regardless of the type of this information disclosed may improve employee commitment, while seven (23 percent) see that the type of disclosure plays an important role to improve employee commitment and nine (29 percent) also noticed the same thing. They believe that positive information about both community and environmental information disclosed may interact with employees' behaviours; this would lead to improve their commitment.

6.3.3.3 More Details on Association CSRD with Employee Commitment

The researcher also asked whether choice of accounting policy interact with the amount of CSRD policy to affect employee commitment. There were some variations about this question; most interviews see that accounting policy used (accounting principles) in their companies is not sufficient to interact with a level of CSRD for improving employee commitment. Eight managers of twenty eight (29 percent) believe that accounting policy used in their companies would not interrelate with this information to affect the commitment of employee, with five (18 percent) were not aware whether accounting policy used in their companies plays an important role with a level of CSRD to influence employee commitment. They think that the obligation of Libyan companies to apply international accounting standards and privatize public companies as well as realizing the importance of CSR activities and its disclosure may create an effect on employee commitment through its interaction with the amount of CSRD.

> *Not enough, but intention is to attempt to apply international accounting standards... privatize public companies...and realize the importance of social activities... that provide and enable the Libyan companies to disclose more about social information.*

However, few managers see accounting policy used in their companies is adequate to interact with this relationship. Four (14 percent) managers believe that accounting policy used covered most employee and consumer items in terms of quantity of disclosure. For example, all companies show employment costs which include employee salaries, employee health, employee training, employee remuneration, quality expenses, research and development expenses, etc. in the income statement. In addition, annual reports provide qualitative details about employee and consumer activities such as employee benefits, number of employees, service type and so on. While they noticed that accounting policy used to did not affect employee commitment. Eleven managers (39 percent) said that there is possibility that accounting policy to disclose information about employee and consumer activities can influence employee commitment.

> *We show employee information and consumers information through applying accounting principles in the statement income such training costs, salaries costs, loans cost and quality costs of product, etc... This indicates that this policy works with these principles that are in turn reflected on the link between this information and employee commitment.*

The researcher asked whether the effect of CSRD on employee commitment relied on establishing a sustained commitment to improving CSRD. Eight of the twenty eight interviewees (29 percent) see that the company's commitment to disclosing CSR activities in its annual reports would allow this information to affect employee commitment. One of the financial managers stated that:

> *Yes, improving or obligation for disclosing social information helps to confirm the impact of this information on the commitment of the employee because of the increased attention to human resources, products and contributions to community service as well as disclosing CSRD could obtain most benefits to employees, whether the benefits are tangible such as bonuses, training etc. or intangible such as gaining motivation, pride and increasing loyalty with the employee of the bank.*

Most of the thirty one interviewees mentioned that most companies in Libya companies are committed to showing information relevant to employees and consumers and this information increases from year to year which in turn may lead to improving employee commitment.

> *I think that there is an indirect effect due to the commitment to social disclosure through the improvement of the amount of social information*

from year to year in the annual report and especially the human resources information on employee commitment.

They also think that non-disclosure of CSR activities would be a negative for their employees and could lead to decreasing employee commitment. Eleven (39 percent) think that the impact of CSRD on employee commitment may rely on establishing sustained commitment to improve CSRD.

Yes, to some extent, because the lack of commitment for disclosing social information would be given the justification or reason to the employee that there is a problem in the company, it therefore leads to reduce the commitment of the employee.

On the other hand, six managers (21 percent) believe that establishing a sustained commitment in a company to improved CSRD did not result in an impact on employee commitment. They think that employee commitment was not the main objective to improve CSRD; therefore companies increase a level of CSRD for improving their financial performance and gaining a good reputation or maintaining their reputation. In addition, the remaining three (11 percent) did not know whether this commitment led to the effect of CSRD on employee commitment.

Perhaps the company is seeking to achieve other goals in order to obtain a greater share or increase sales, maximize profits or to obtain a good reputation, but it is not intended to increase or improve the employee's commitment through increasing social disclosure in the annual report... because employees consider publishing social information, especially which related to human resources to serve their interests, so they seek to increase their skills and improve its performance in order to take advantage of these activities provided by the company.

In summary, the findings support research hypothesis (2) which says that higher levels of CSRD provided by firms are positively associated with higher employee commitment of firms in Libya. The findings explain that there is a positive relationship between level of CSRD in terms of both employee and consumer disclosure with employee commitment level. On the other hand, the non-significant relationship between both the levels of environmental disclosure and community disclosure with employee commitment measures in the sample. A similar conclusion has been drawn from the quantitative results of this study, the association between community and environmental disclosure and employee commitment does not exist.

6.3.3 The Relationship between CSRD and Corporate Reputation

6.3.3.1 The Effect of CSRD on Corporate Reputation

Pressure from internal and external stakeholders strongly influences companies to maintain a positive, CSR reputation (Aguilera, R.V. et al. 2007; Gioia et al. 2000). A strategic-level decision that influences management behaviour affects the reactions of stakeholders through control of a company's reputation (Brown et al. 2006; Gioia et al. 2000). Top management control a company's reputation by communication. In this regard, Hatch and Schultz (1997, p. 359) stated that top management make ''deliberate attempts to influence public impression.'' Companies are aware of the positive association between CSRD and a strong company reputation through pressure from external stakeholders. On the other hand, there is a negative association between poor CSRD and corporate reputation through stakeholder's reactions, in particular with company's products (Sen & Bhattacharya 2001). Therefore, the current study investigates the impact of CSR and CSRD on corporate reputation by considering the interests of different stakeholders.

The researcher asked whether level of each category (employee, consumer, community involvement and environment) of CSRD affects reputation of a company. There were similar opinions about the effect of each category on a company's reputation. For example:

> *A financial manager of each company can get an idea about the status and reputation of each company through reading their annual reports.*

Therefore, most companies are trying to highlight all information, especially the positive information, in order to give a good image and present it to users or stakeholders in the company.

A deeper understanding of the effect of each category of disclosure on a company's reputation is provided in the following subsections.

a) Employee Disclosure and Corporate Reputation

The majority of managers believe that employee disclosure can affect the reputation of a company. Nine (29 percent) said that employee disclosure definitely influences the reputation of their companies. In addition, eighteen managers (58 percent) see that companies use employee disclosure with other factors to affect their reputation. They confirmed that the credibility and transparency of information and the high level of financial performance of the company could also be considered the most important factors to obtain a good reputation and to increase the level of competitive advantage. In addition, this type of disclosure in the annual reports plays a major role in enhancing the company's reputation.

We think that the kind of social information that is disclosed in the annual reports ...credibility and transparency... and good financial performance... can affect the reputation of the bank... For example, the bank provided information about the apartments provided to employees. This information reflected on the reputation of the bank through stimulation and an increase of employee loyalty to their bank.

They also believe that having good quality employee disclosure fosters a good reputation. Providing information about the extent of company training, employee remuneration and employee benefits could allow the companies to attract experienced employees from other companies. Therefore, good reputation leads to obtaining employees who have good experience and skills to enable the company to achieve objectives accurately and quickly.

> *We think this is affecting the reputation. Information regarding human resources, this is a factor influencing the company's reputation by attracting many of the staff with good experience... increasing the number of trainees from year to year signals to the stakeholders that the company is interested in improving the professional capabilities of the employees.*

Furthermore, they see that investors are interested in employee disclosure such as the number of trainees and employee benefits, because this information illustrates the financial ability of the company to invest some money to improve skills of its employees and the extent of the company's interest in its employees.

> *In addition, investors pay attention to such information as the number of trainees and the value of bonuses reflect the financial performance of the company and the reputation of the company. Also, employee information reflects the company's ability to bear the financial burden in order to train and encourage workers through bonuses.*

One of the financial managers (3 percent) mentioned that employee disclosure absolutely has an effect on the company's reputation, but some stakeholders place greater focus on financial information. This focus is restricted in terms of its effect on the financial performance of the company.

> *Certainly, employee information affects the reputation of the company. However, the shareholders are interested in financial information more than other information and the interest of social information depends on the extent of its impact on the performance of the company.*

Three managers (10 percent) think that there is no effect of employee disclosure on a company reputation. They believe that employee disclosure has an impact on the company's employees, but not on the company's reputation.

> *We believe that this effect is limited to employees and not on the company's reputation when compared to consumer and environmental information... or*

employee information may have a limited impact, because the number of employees is limited compared to the community.

b) Community Disclosure and Corporate Reputation

Most interviewees believe that the level of community disclosure does affect a company's reputation. Six (19 percent) said that company reputation is definitely affected by the level of community disclosure. In this regard, seventeen (55 percent) believe that company reputation cannot only be influenced by the amount of community disclosure, but also the type of information about community activities in order to gain good support from the government and achieve social goals and boosts profits. In addition, this disclosure permits these companies to attract more clients and investors.

> *With regard to information about contributions to community service, disclosure leads to greater support from the government as such disclosure is aimed at social goals as well as profitability. For example, the company contributed and disclosed about what it offered for the care of orphans and gifts for the underprivileged, this interest gave the company a good reputation, which in turn reflected in a greater number of clients... and attracted foreign parties to invest in the company.*

In addition, managers think that more than one channel is used by most companies to benefit from the disclosure regardless of the kind of disclosure (financial or non-financial). One of the financial managers gave the following example:

> *Because social information is important for the bank, the bank has used channels other than annual reports for the disclosure of community, employee and consumer information. A video clarifies the activities to all stakeholders and the bank's role in encouraging these activities and their importance in the performance and their impact on the reputation of the company.*

Moreover, they see that the companies are more focussed on the commitment to credibility and transparency of this disclosure regardless of the sort of information, when the companies show this information in their annual report, because these factors have more effect on the company's reputation than the nature of information used. They also think that stakeholders use this information to make investment decision and this disclosure could have a positive or negative influence on the company's reputation.

> *Good Disclosure about negative activities could both adversely affect and positively influence the company's reputation. However, the company is committed to transparency and credibility, regardless of the type of information as there are stakeholders that evaluate this information. Therefore, the company would provide accurate data in order to maintain the reputation of the company, enable stakeholders to make appropriate decisions, and to attract investors and shareholders through the publication of the annual report.*

However, seven (23 percent) believe that there is no evidence about the effect of community disclosure on a company reputation. They believe that most stakeholders are not very interested in community disclosure, because there is no direct impact on the company's reputation.

c) Consumer Disclosure and Corporate Reputation

There was general agreement about the effect of consumer disclosure on a company's reputation. Most interviewees see that consumer disclosure has an impact on company reputation. Twelve (39 percent) confirmed that disclosure about product development, product safety and product quality could influence the company's reputation. Fifteen managers (48 percent) believe that a certain level of consumer disclosure affects company reputation. Consumer activities and competitive advantage are also significant factors which affect the good reputation of a company and increase the company's profit. The following comment illustrates that:

> *The Company's commitment to improving, developing, maintaining product quality, competition and disclosure of this information immediately leads to ...attracts new customers... increase in company's profits and improving a company's reputation.*

Furthermore, one of them thinks that the absence of disclosure regarding consumer disclosure or credibility gives a bad image through changing the reaction of some stakeholders. This in turn affects negatively on the company's reputation.

> *We believe that the Company which fails to disclose social information or incomplete information or gives incorrect information adversely affects the reputation of the company through the continued refusal of banks, investors, suppliers, customers and the society to deal with this company. For example, the absence of social information could give most stakeholders an unknown and unclear image for the company. Therefore this could create and support the negative impact on performance, especially the company's reputation.*

Another one believes that the strong effect of consumer disclosure on the company's reputation does not depend only on awareness of the importance of this information. It also depends on the level of per capita income into the Libyan society.

> *Regarding the quality of products, it is linked to consumer welfare and the level of per capita income within the community. Whenever the income per capita was high, they will be looking for the quality of the product. Therefore, the awareness of the importance of this information is a catalyst in order to affect the company performance's reputation.*

Only three managers perceive that this disclosure does not influence company reputation.

d) Environmental Disclosure and Corporate Reputation

Most interviewees believe that environmental disclosure can influence the company's reputation. Eight (26 percent) said that environmental disclosure definitely affects the reputation of their companies. In addition, fourteen (45 percent) see that the companies use other factors such as competitive advantage with environmental disclosure in order to affect their company's reputation. They believe that the amount of environmental disclosure about environmental performance, the credibility and transparency of this information has a major effect on the company's reputation, thus the company should disclose the environmental activities that are performed.

> *Another reason which affects the reputation of the company is the credibility and transparency of social and environmental information disclosed with the presentation of the company's actual social activities, positive or negative that has a greater impact on reputation... For example, accidents manufacturing operations fell to a good level. In addition, we have no manufacturing problems that can affect the environment compared to other industrial companies. This in turn could influence positively the reputation of the company.*

They also confirmed that ignoring the influence of environmental disclosure undertaken by the company would lead to losing reputation of the company. Therefore, some companies have attempted to avoid past mistakes related to environmental disclosure to maintain their good reputation. The companies have also used their annual reports to include environmental disclosure to clarify the extent of the company's interest in this type of activity. For example:

> *The bank presented a number of facilities (loans) that were illegal to some customers. These facilities had a negative impact on the preservation of the environment in previous years, which in turn impacted negatively on the reputation. Therefore, the bank requires customers or beneficiaries applying for loans to obtain the approval of the legislators to protect the environment in order to obtain loans in the current time.*

> *The annual reports include significant evidence about the company's commitment to preserving the environment and reducing the level of waste which damages the environment. This information affects the company's reputation and performance.*

Five (16 percent) of the above interviewees mentioned that companies have enough knowledge about the importance of environmental disclosure and its effects on performance in particular company reputation. Therefore, these companies allocate a part of their money to preserve the environment and avoid the negative effect on the company. In addition to that, they are interested in disclosing about environmental disclosure in their annual reports in order to obtain or maintain their reputation.

> *The company has a good reputation due to its interest in the preservation of the environment and following rules. This interest is reflected in the performance of the company. For example, farms that are surrounding the company are not affected. Sea product (fish) was also unaffected by the activities of the company.*

Three of these interviewees stated that the environmental laws in Libyan have also obligated Libyan companies to be responsible about any negative effect on the environment due to their activities. Libyan environmental law imposes some sanctions on companies in the Libyan environment that cause pollution as mentioned in the following comment:

> *I believe that environmental laws have a greater role and are decisive in the company's commitment to safeguarding the environment and disclosure of environmental information in order to affect positively on the reputation of the company. However, the failure of the company's commitment to these laws will cause the company to pay a fine and damage the reputation of the company.*

One of eight interviewees believes that some companies do not present adequate details about their environmental activities, when these activities have negative effects on the surrounding environment. Therefore, the companies only briefly mention negative environmental disclosure in order to maintain good reputation.

> *There are some companies that are trying not to give detailed information on the negative activities in particular environmental and consumer*

information, because this reduces the negative impact on the company's performance and reputation.

However, seven managers (23 percent) think that the company’s reputation cannot be affected by environmental disclosure in the annual reports for a number of reasons. First, stakeholders in these companies are not aware of the importance of environmental disclosure and its impact on a company’s reputation. Second, the culture of stakeholders is considered to be one of the most important factors that can influence a company’s reputation such as Libyan or overseas stakeholders. Third, some stakeholders are only interested in financial disclosure.

The culture and the awareness of the stakeholder have a great role in the importance of environmental information. In practice, it refers to the lack of interest of stakeholders such as customers and investors to information of these company activities.

6.3.3.2 The Association between CSRD and Corporate Reputation

There was clear agreement expressed about whether there is an association between CSRD and company reputation and whether the companies use the amount of CSRD for improving their reputation. The majority of interviewees said that there is a strong association between the amount of CSRD and company reputation.

All the published information on human resources, contributions to community service and product or service give a good impression and reflect good views about the role and the importance of disclosure for the company, which in turn is reflected in the company's reputation.

a) Employee Disclosure and Corporate Reputation

The findings show that twenty seven (87 percent) believe that there is a positive relationship between employee disclosure and company reputation. Another twenty six (84 percent) confirmed that the companies use positive employee disclosure for maintaining or enhancing their reputation. Employee benefits which are obtained from a company, such as training, help a company to increase employee skills. These skills could enable a company to improve the quality of company's performance in terms of accurate and quick work. Therefore, disclosing employee activities in the annual reports illustrates the extent of a company's interest toward these activities as one of the most important tools used to improve performance, in particular a company's reputation.

> *Disclosure about human resources information helps in improving the quality of the company performance through what is offered to the employee, such as training, bonuses and advances to employees and others.*

Moreover, they mentioned that stakeholders consider employee activities and disclosure of them are of the main elements to develop and improve company performance, because improving the work of employees reflects positively on performance. Companies care about the perception of their stakeholders, because the actions of stakeholders can enhance and diminish a company's reputation. The following comment proves that:

> *Show or dissemination of social activities provides positive and negative indicators. The negative are modified, while the positive are supported to improve the reputation of the company, which is clearly due to the actions of employees, customers, shareholders, investors, etc. towards their company.*

On the other hand, four of thirty one (13 percent) stated that there is no link between employee disclosure and company reputation, and two (6 percent) mentioned that such disclosure could not improve corporate reputation, while another two have no idea about the relationship between this disclosure and the reputation of the company.

b) Community Disclosure and Corporate Reputation

Twenty three of the interviewees (74 percent) believe that there is a positive relationship between community disclosure and a company reputation, and one mentioned that a level of community disclosure would definitely improve a company's reputation. A further twenty one (68 percent) believed that positive community information could enhance a company's reputation. They stated that although companies place more importance on financial disclosure rather than non-financial disclosure due to the interest of stakeholders, nonetheless companies did not disregard the importance of employee information to some stakeholders as non-financial employee disclosure would support and improve a company's reputation.

> *Yes, we are trying to provide all information, whether financial or non-financial regardless of their intended target, but it actually improves the reputation of the company...Generally, there are some shareholders primarily interested in financial information, while others seem interested in both financial and social information due to the awareness of the importance of this information for the company.*
>
> *Although there are different types of users other than financial users who do not have awareness of the importance of community information, there is a positive relationship between the positive community information and reputation of the company.*

However, eight (26 percent) stated that there is no association between community disclosure and company reputation and seven managers (23 percent) confirmed that this disclosure could not enable a company to improve or enhance its reputation, while the remaining two said that they do not know if this disclosure links with corporate reputation or not.

c) Consumer Disclosure and Corporate Reputation

Twenty seven (87 percent) mentioned that the relationship between consumer disclosure and company reputation is positive, two of the interviewees (6 percent) confirmed that this disclosure could enhance and improve reputation of a company, while twenty four (77 percent) believe that consumer disclosure would enhance company reputation. They think that companies would attempt to provide more positive information disclosed about consumer activities as the most important factors that could enhance and improve a company's reputation. The positive information disclosed about quality, development and safety of products have taken more interest from stakeholders compared to other information, because it could affect a company's performance and it could attract a greater number of customers who are searching to satisfy their clients. The following comment stated that:

> *We try to provide more and better information to the stakeholder in order to attract some investors and give a good idea of what the extent of the importance of this information for the stakeholders... For example, the bank got the amount of 440000000 Dinars during the previous 9 months due to several factors, including the dissemination of this information to the stakeholders which impact on the number of customers and investors, thus it is positively impact on the reputation of the bank.*

In this regard, other factors which have good relationship with a company's reputation are credibility, realism, transparency and a level of consumer disclosure. First, credibility and realism of consumer information are considered an effective factor in the level of a company's performance, in particular company reputation. These interviewees believe that whenever consumer disclosure in terms of quality, safety and development of product are credible and reliable, a company's stakeholders will be more confident about this product which in turn attracts greater customer, investors and clients to buy this product.

Second, a company should be transparent by providing all information about consumer activities in its annual report regardless of whether it is positive or negative, because stakeholders use this disclosure to make their decision. For example, investors use consumer disclosure to make their investment decision. Third, the amount of consumer disclosure has an important role in improving a company's reputation. Stakeholders need all the information about consumer activities which include quantity and quality information.

> *Credibility, realism, transparency and the amount of the detailed consumer information reflected directly proportional to the reputation of the company. The use of quantitative and qualitative disclosure has a role as some stakeholders need some detailed information on some social issues, for example financial analyst.*

However, four (13 percent) believe that there is no link between consumer disclosure and company reputation. In addition, another four managers (13 percent) think that this disclosure would enhance and improve a company's reputation, while one of the interviewees (3 percent) does not know if consumer disclosure associates with a company reputation. These interviewees were in agreement about the reason for the non-relationship between consumer disclosure and company reputation as mentioned in the following three sentences. Some Libyan companies are still under privatised that means that most of the companies are controlled by the government. The numbers of stakeholders are limited compared to private companies and the lack of expansion of ownership. Public companies are not listed in the stock market. All these reasons prevent a company from using consumer disclosure to improve company reputation:

> *We believe that the lack of expansion ownership of the company... and a lack companies listed in the stock market... reduce the importance of consumer information contained in the annual report, which in turn adversely affect*

the limited number of stakeholders of the bank. The expansion of ownership of the company will increase the number and diversity of stakeholders. Also, the company is required to provide all information that is expected to take advantage of them by stakeholders.

d) Environmental Disclosure and Corporate Reputation

Most interviewees confirmed that the level of environmental disclosure is associated with company reputation. Twenty three managers (74 percent) said that there is a positive relationship between the level of environmental disclosure and company reputation. Furthermore, one believes that this disclosure could enhance and improve company reputation, while another twenty one financial managers (68 percent) stated that positive environmental information disclosed is adequate to improve a company's reputation. They see that most companies have presented the positive environmental information disclosed as leading to enhance and improve their reputation; however these companies have attempted to avoid the disclosure of the negative environmental information such as the percentage of pollution that was caused by the company. The negative information disclosed gives bad image about the nature of this product that presents a company to its consumer.

We believe that most companies disclose about the positive environmental information, which have a role in improving the company's reputation, but in the case of negative information, the company will try not to publish it because it would adversely affects the reputation of the company.

The strongly perceived positive relationship between environmental disclosure and a company reputation is not only restricted to the amount of environmental disclosure, but also the quality of that disclosure. This means that both quality and quantity of environmental disclosure have a positive impact on a company reputation. Some stakeholders use this disclosure to identify whether environmental disclosure of a company has a positive or negative effect on its reputation before making an investment decision.

> *We believe that most stakeholders can be affected by the positive of environmental information, but not only the amount of environmental information. This information is the most impact on the reputation, because most stakeholders focus on practical issues and not only interested to disclose the details.*

Some of these financial managers stated that there is a different relationship between environmental disclosure and the reputation of a company before and after it is listed on the stock market. First, a company became more interested in environmental disclosure than before 2006. Second, it recognised the importance of environmental information to improve its performance through improving level of environmental disclosure. Third, stakeholders require a company to provide all financial and non-financial information to the stock market. These reasons contributed to enhance and improve a company's reputation. One financial manger presented the following example:

> *This effect was clearly evident in the last four years after the listing of the company in the stock market. The company has more information disclosed and become more interested in environmental aspects through the installation of some devices to eliminate or reduce industrial pollution, participation in planting trees and the use of environmentally friendly equipment instead of heavy oil as well as banning smoking in the plant. This disclosure and performance reflected positively on the company's reputation... and the company's share price.*

In the other words, eight managers (26 percent) think that there is no association between environmental disclosure and a company reputation. A further seven managers (23 percent) say that it would have not result in improvement, while two (6 percent) did not know. As mentioned in the previous comments, they believe that the level of awareness and culture of most stakeholders did not allow an understanding of the extent of the relationship between environmental disclosure and a company reputation.

6.3.3.3 More Details on Association CSRD with Corporate Reputation

The researcher asked about whether choice of accounting policy interacts with the amount of CSRD policy to affect company reputation. There was a clear variation between the interviewees about this association. Sixteen of twenty eight interviewees (57 percent) said that choice of accounting policy would definitely work together with the levels of CSRD to influence reputation of a company. Eight managers (29 percent) said that it would have an effect, if the choice of accounting policy interacts with the levels of CSRD. They also mentioned that accounting policy in Libyan companies discloses all information about CSR activities, specifically employee information, consumer information, and little information about environmental activities in financial and services sectors. In addition, they see that most companies provide quantity and quality information in their annual reports. The extent of developing and using appropriate accounting policy allows CSRD to affect a company reputation. Moreover, a level of competition and expanding the ownership base of a company are considered one of the most important motivations in a company to select good accounting policy that fits to maintain a company reputation.

> *Yes, the extent of developing of social disclosure in a company from year to year increases the reputation of the company... through using an appropriate accounting policy in accordance with scientific and professional principles, this in turn give the disclosure more accurate and clear... We also believe that competition and the database where are available in the company have a significant role in the level of social*

disclosure in addition to expanding the ownership base of the company and the need for disclosure.

The research also asked whether the effect of CSRD on a company reputation depends on establishing a sustained commitment to improve CSRD. Seventeen of interviewees (61 percent) see that company's commitment to disclosing CSR activities in its annual reports would affect a company's reputation with eight (29 percent) saying it would probably affect a company's reputation. In addition, the commitment of a company to disclose CSR activities that have high level of credibility and transparency would lead to enhance and improve a company's reputation. One of the financial managers stated that:

We believe that the impact of social disclosure... that has credible and a high transparency... on reputation depends on the establishment of a sustained commitment to improving disclosure, as the social activities advertised assess the status of the company, for example:... the company has committed to train the employees of the reports Department in order to benefit from preparation and presentation of social information to stakeholders and their impact on performance... In addition, spending and disclosure of contributions to the community service clarify what extent of the allocation and the interest of the company to spend some money in order to improve or community service... Also, spending and disclosure regarding environmental activities and a product give the idea to stakeholders such as customer and investor about what extent of the company interest to preserve the environment, develop and improve the quality of the product in order to attract and maintain the largest number of customers and employees who have good experience and high skills.

One of the financial managers stated that shareholders depend on the continuity of this information where is included in the annual reports in order to evaluate their companies. Therefore, they require their companies to present these reports on time and they often read this information before and after publication as this information can affect a company's performance, specifically reputation.

Shareholders as stakeholders are interested in the information contained within the annual report. They read the information before publication and after, then debate about the extent stated in the annual report.

One the other hand, two (7 percent) see that this commitment does not add anything and three (10 percent) do not know the extent of the effect of this commitment on the link between CSR and its disclosure on a company reputation.

In conclusion, the findings of the interviews support the research hypothesis (3). First of all, the findings reveal that a certain level of CSRD can affect corporate reputation. Second, there are a positive relationship between level of CSRD and corporate reputation. Third, a choice of appropriate accounting policy plays an important role to interact with level of CSRD to affect corporate reputation. Fourth, establishing a sustained commitment for improving level of CSRD raises the effect of CSRD on corporate reputation in the Libyan companies. Finally, these findings also support the quantitative study of this research in terms of the relationship between both employee disclosure and consumer disclosure with a company reputation.

6.4 Summary

This chapter has examined the perceptions, opinions and attitudes of financial managers and information managers towards the importance of CSR and CSRD. The discussion has examined the benefits and reasons for disclosing CSRD. In addition, this chapter has clarified the extent of effect of some factors (size, age and industry type) on the level of CSRD. The discussion then moved to examine the main part of this chapter which is the relationship between CSRD and organisational performance through the perceptions of financial managers and information managers. First of all, this chapter has examined the perceptions of these managers about the relationship between CSRD and financial performance. Second, it has examined the relationship between CSRD and employee commitment via the opinion of these managers. Third, it has examined the perceptions of these managers about the relationship between CSRD and corporate reputation. The review of these managers perspective on the relationship between CSRD and organisational performance indicates that there is a positive relationship between the four types of CSRD and both financial performance and corporate reputation. Moreover, the review indicates that there is a positive relationship between level of CSRD in terms of both employee and consumer information and employee commitment level. This means that the level of CSRD plays a key role in order to improve a company’s performance.

So, in summary, the findings support all hypotheses which say that higher levels of CSRD provided by firms are positively associated with higher financial performance, employee commitment and corporate reputation of firms in Libya.

CHAPTER 7: CONCLUSION

7.1 Introduction

The previous chapter presented the qualitative findings from this study. This chapter draws together the results from the quantitative and qualitative studies, and refers to the literature and the research questions to address the key focus of the study. Finally, contributions made by this study to theory and practice are highlighted. The thesis concludes by identifying the limitations of this study and proposing areas for future research.

7.2 Discussion of Findings

The main findings from this research are best examined by returning to the purpose and questions underpinning this research. The purpose of this research was to explore whether the level of CSRD affects organisational performance in terms of financial performance, employee commitment, and corporate reputation using stakeholder theory in the Libyan context. The general research problem addressed in this study is:

What is the strength of the association between levels of corporate social responsibility disclosure (CSRD) and organisational performance among Libyan companies within the manufacturing, banks and insurance, services, and mining sectors?

The following three research questions have been formulated in order to investigate the general research problem:

1. Is there a positive association between higher levels of corporate social responsibility disclosure (CSRD) and higher financial performance?

2. Is there a positive association between higher levels of corporate social responsibility disclosure (CSRD) and higher employee commitment?

3. Is there a positive association between higher levels of corporate social responsibility disclosure (CSRD) and higher corporate reputation?

7.2.1 CSRD and Financial Performance

The results of the study indicate that there is growing support for CSRD and the importance of communication between a company and its stakeholders. This communication has led companies to be more committed and responsible to stakeholders. In addition, a good relationship between a company and its stakeholders can positively affect financial performance and vice versa. The extent and nature of communication can also influence environmental and social performance and CSRD.

Companies have become interested in preparing annual reports which contain their environmental and social activities to affect their financial performance. Stakeholder groups claim that their companies should provide all the information relating to their firm’s performance in spite of competing interests. Stakeholders consider that information about CSR activities in annual reports plays an important role in increasing the financial performance of a company. For example, investors and employees prefer to work in Libyan companies that engage in CSR activities. The pressures or claims of stakeholders on their companies have led to an increased level of CSRD in order to improve revenues.

Because the benefits of CSRD are more than CSR costs in Libyan companies and Libyan companies are aware of the importance of CSRD, they are prepared to pay to engage in CSR activities in order to obtain the benefits of CSRD. More specifically, Libyan companies think that CSRD is more likely to have a positive effect on the company's short-term and long-term profitability. By reporting CSR activities, these companies can increase their financial performance but by not doing so leads to negative ramifications. These results agree with stakeholder theory and previous research as outlined in the literature review chapter.

The quantitative results of this study found that there is a significant and positive relationship between CSRD and financial performance. More specifically, these positive results in the quantitative study were between environmental disclosure and return on assets, consumer disclosure and revenues, community disclosure and return on assets, and employee disclosure and return on equity. There are a number of studies which support these results. The quantitative results of Shauki (2011) found that the relationship between CSR contents, format, public confidence, incentives, and effect on financial performance through investment decisions is directly and positively related. In addition, investment decisions via CSR contents, formats, and changes in public confidence are affected by incentives. The quantitative study of Kang et al. (2010) examines the extent of different impacts of positive and negative CSRD on financial performance of some service companies. They revealed that the positive relationship enables companies to make appropriate strategic decisions about CSR activities by providing more precise information regarding the effects of each type of CSR activity on financial performance. Inoue and Lee (2010) revealed that each type of CSRD had a different impact on both short-term and future financial performance and the relation varied across different industries. They indicated that providing information about types of CSR activities to stakeholders such as managers improves their companies' financial performance. Montabon et al. (2007) examined environmental management practices and company performance by using a comprehensive set of practices, and suggests that environmental management practices are associated with company performance. This positive relationship confirms that Libyan companies seek to have a good relation with their stakeholders through providing CSR information in their annual reports. It also may seek to attract foreign investors to the Libyan context for the investment. Thus, the quantitative results of this study help to define and relate the nature of CSR and CSRD to different aspects of financial performance.

The qualitative study presented more details to promote a deeper understanding of the positive relationship between higher level of CSRD and financial performance results. The perceptions of the financial managers and information managers included in the study align with stakeholder theory that predicts a positive relationship between the four types of CSRD and financial performance. The qualitative results of this study found that there is a positive association between the four types of CSRD and financial performance. In addition, an increase in the level of CSRD could lead to an improvement in the financial performance of companies in Libya, thereby Libyan companies paid significant amounts of money for activities beneficial to the environment that resulted in economic benefits, attracting investors and customers, and increasing employee confidence. This means that the qualitative results support the quantitative results in this study in the following ways.

First, this study revealed that increasing pressure from stakeholders is considered one the most decisive factors association with the level of CSRD and the impact on financial performance of a company in Libya. This pressure is related to the expectations of a global community that in turn drives the industry's social policies and related CSRD practices and impacts on financial performance. Stakeholders often request their company to disclose all information and this disclosure helps to attract new investors and employees and to increase the shareholders' wealth. Moreover, stakeholders use this information for making decisions, in particular investment decisions. In this regard, Clarkson et al. (2008) revealed that disclosures may reveal important information about a firm's future environmental liability and investors and other stakeholders need this information to assess the firm's performance. In addition, stakeholders seek assurance that a high level of CSRD will facilitate continuation of a company in the future given that there is an impact of the level of CSRD on financial performance. Stakeholders also realize the importance of CSR activities and its disclosure as well as the responsibility of a company towards society in general. The results of this study indicated that stakeholder pressure groups are acknowledged as one of the potential users of CSRD and they have a positive or negative impact on financial performance, therefore all information should be provided to all stakeholders. Furthermore, stakeholders require their companies to audit CSR information disclosure and they consider managers should be accountable for the social and environmental impacts of these companies, because most stakeholders use information about CSR activities (de Villiers & van Staden 2010).

Second, the qualitative results of this study indicate the effect on competitive advantage and company reputation of the positive relationship between the level of CSRD and financial performance. This means that increasing the level of competition between companies helps to improve the level of CSRD which in turn affects the financial performance of a company. This finding is consistent with the results of Clarkson et al. (2008) which found that companies should enjoy enhanced competitive advantages in the form of lower operating costs and these competitive advantages should translate into improved future company performance. Using CSR reporting by Libyan companies could increase financial performance through better reputation, increased product recognition, increased sales as consumers perceive these companies with a positive attitude, increased employee motivation which, all in turn, increase revenues.

Third, the level of CSRD is associated with credibility and transparency and can play a direct role in increasing return on assets, return on equity and revenues which in turn is reflected in the financial performance of a company via attracting customers and investors. A company’s credibility can also be affected by the level of CSRD provided in its annual reports. This finding supports the results of Cheung and Mak (2010) who found that a high level of CSRD can improve a firm’s credibility when they examined the association between level of CSRD and financial performance.

Fourth, the qualitative results of this study found that having a positive relation between level of CSRD and financial performance depends on the comprehension of the Libyan management about the importance and role of CSRD to improve financial performance. Managers in Libyan firms who have the knowledge to make a firm profitable also have the knowledge and comprehension of CSR activities, which could lead to more CSRD. Belkaoui and Karpik (1989) also explain that management's knowledge can lead to obtaining a positive association between CSRD policy and profitability. Public visibility, quality of management and the availability of economic resources support the argument that a positive relationship exists between CSRD and the firm‘s financial performance. On the other hand, an organisation that has less economic resources and management is likely to focus less on the production of CSRD (Roberts 1992; Ullmann 1985).

Fifth, the results of this study indicated that sensitive information and mandatory requirements are considered the most important factors that can affect the level of CSRD in the annual reports of Libyan companies. Studies about the disclosure of sensitive information are interesting. The results of this study found a high level of CSRD, however, firms are still not disclosing sensitive information. Regarding mandatory requirements, the results indicated that applying international accounting standards in Libyan companies improves the positive link between level of CSRD and financial performance. The level of voluntary disclosure varies between companies, while mandatory disclosure decreases the cost of equity (by increasing financial performance) in the market and thus results in different costs of equity for companies in the market (Hail & Leuz 2006). The results of this study differ from Daske (2006) who found no link between a lower cost of equity (by increasing financial performance) and corporate disclosure as a result of the adoption of internal accounting standards.

A wide range of studies have investigated the relationship between CSRD and financial outcomes. The financial outcomes examined include lower cost of debt capital, better price-to-book ratios and perceptions of corporate governance (Botosan 1997; Patel et al. 2002; Sengupta 1998). Gray et al. (2001) explored the relationship between CSRD and the financial performance of the UK’s largest companies, and found no convincing relationship between share returns and disclosure. In addition, Cheung and Mak (2010) examined the association between level of CSRD and financial performance. They reveal that a high level of CSRD can improve a firm‘s credibility but it can also incur extra cost and reduce firm’s profit. Through the above discussion, it is clear that Libyan companies seek to meet all requires of their stakeholders for two reason. First, Libyan companies seek to maintain a good relation with their stakeholders. Second, Libyan companies seek to improve their financial performance through disclosing of CSR information in their annual reports. This study indicates that there is a positive association between higher levels of CSRD with financial performance in terms of return on assets, return on equity and revenues.

7.2.2 CSRD and Employee Commitment

The results of this study have highlighted there is a positive association between CSRD and employee commitment, despite the fact that there is no motivation for most developing countries such as Libya to disclose CSR activities in their annual reports because the disclosure of CSR activities is voluntary. Quarter reports have emerged due to pressure from stakeholders, in particular employees and management. The impact of CSR activities and CSRD also creates more pressure on firms from stakeholders to enhance their organisational performance. Companies attempt to have good relations with their stakeholders by using appropriate communication channels. This communication can also influence their environmental and social performance.

Companies have become aware of the importance of CSR information in their annual reports and the extent of the relation between this information and employee commitment. They realize that the success of a firm relies on the extent to which the firm is capable of managing its relationship with many stakeholder groups, such as shareholders, debt holders, and employees. Libyan companies seek to develop their employee ability by some CSR activities such as training and awards. These activities are considered as the most important requires having good relationships with the companies' stakeholders.

The quantitative results of this study found that there is a neutral relationship between CSRD and employee commitment, however the qualitative results revealed a number of issues in relation to CSRD and employee commitment. In the qualitative results, it became clear that level of employee and consumer disclosure have a positive relationship with employee commitment. The perceptions of the financial managers and information managers correspond with stakeholder theory that predicts a positive relationship between the two types of CSRD and employee commitment.

This finding relates strongly to the perception of managers about level of employee information disclosure, consumer information disclosure and employee commitment in the Libyan context. It is clear that level of employee and consumer disclosure can affect employee commitment for the following reasons. First, Libyan companies disclose employee and consumer activities to attract and retain good employees. Both of them can also attract better job applicants and lead to increasing organisational commitment on the employee's part if they are aware of the importance of CSR to the Libyan businesses. In addition, employee and consumer information disclosure may increase current employees' morale and motivation and their commitment and loyalty to the company, which in turn may lead to the achieving company's goals such as financial outcomes. Furthermore, Libyan companies that disclose CSR activities in their annual reports may give confidence and obtain from employees a sense of belonging and pride towards the company's products. The results of this study are consistent with the concept of stakeholder theory and the results of Peccei et al. (2005), Lawler et al. (1995), Lawler et al. (2001) and Pfeffer (1996) who indicated that disclosure is seen as an important factor in management transparency, motivation, yielding benefits in employee satisfaction and management, and therefore in business performance. The results of Peccei et al. (2005) found that there is a significant positive direct and direct relationship between the types of information disclosed, the level of employee organisational commitment and the performance outcome involved, but both direct and direct relationship depends on the differences between the levels of employee organisational commitment and the performance outcome involved. In this regard, information disclosed about wage levels is positively related to employee commitment, but unrelated to productivity. These findings are consistent with some studies indicated in the literature review section and stakeholder theory (Branco & Rodrigues 2006).

Second, a high level of employee and consumer information disclosure can improve a company's reputation which in turn, affects employee commitment level. The positive information about these activities creates a good image/reputation which in turn may be reflected through employees performing their responsibilities towards their companies. The results of Branco and Rodrigues (2009) suggested that companies which have a good CSR reputation and CSR performance have better relations with their employees, and recognize the need to use CSRD to affect employees' perception of company reputation. This means that having good communication channels between companies and their employees' leads to improving employee commitment and company reputation.

Third, the transparency and level of information disclosure about items of employee and consumer activities has a major effect on employee commitment. More specifically, information disclosure about salaries, training, rewards, product quality and product development are considered as the most important factors which in turn reflect positively on employee's performance. In effect, both relationship and effect refer to pressure from stakeholders. Pressure from internal and external stakeholders strongly influences companies to maintain a positive employee commitment (Branco & Rodrigues 2006). Further information in CSR activities has internal benefits to help a company in developing new human resources.

Finally, the results of this study revealed that management is aware of the importance CSRD plays in improving CSRD and employee commitment in a company. Top management control employee commitment through good communication. In this regard, Hatch and Schultz (1997, p. 359) stated that top management make ''deliberate attempts to influence public impression.'' Companies are aware of the positive association between CSRD and a strong employee commitment. On the other hand, there is a negative association between poor CSRD and employee commitment through stakeholder's reactions, in particular to company's products. The stakeholders' pressures, not only external stakeholder in Libyan companies could create a positive relationship between CSR and CSRD with employee commitment. This study has found a positive association between higher levels of employee and consumer disclosure with employee commitment.

7.2.3 CSRD and Corporate Reputation

The results of this study indicated that stakeholder groups play a major role in identifying the nature of the relationship between level of CSRD and a company's reputation. The results of Branco and Rodrigues (2009) expected that companies use CSRD to affect the perception of CSR reputation by external and internal stakeholders such as consumers and employees. The results also revealed that companies are requested to provide all information related to financial and non-financial results to stakeholder groups to avoid the negative reactions of stakeholders towards company reputation. Pressure from internal and external stakeholders strongly influences companies to maintain a positive, CSR reputation (Aguilera, R.V. et al. 2007; Gioia et al. 2000).

Top management in Libyan companies' controls a company's reputation by providing CSR information disclosure to stakeholder groups (Brown et al. 2006; Gioia et al. 2000). Although there is mixed findings in the literature about the relationship between information disclosure and a company's reputation, the findings of both the quantitative and the qualitative research in this study are consistent with the concept of stakeholder theory, which predicts a positive relation between a high level of CSRD and company reputation.

The quantitative results of this study revealed that there is a significant and positive relationship between level of CSRD and a company's reputation. Specifically, the positive association between both employee and consumer disclosure with a company's reputation is found, after controlling for accounting signals indicating the company size (total of assets), the company age (number of years since establishment in Libya) and the industry type (a dummy variable). The results of this study are consistent with stakeholder theory and the suggestion of Hasseldine et al. (2005) that quality of environmental disclosure has a strong impact on the environmental reputation of a company amongst executive and investor stakeholder groups.

The result of this study also agrees with the suggestion of Landgraf and Riahi-Belkaoui (2003) that corporate audiences construct the reputation of companies by interpreting information signals about the company's' corporate disclosure quality. They found that corporate disclosure measures are positively related to corporate reputation measures after using two controlling for both market and accounting measures which were the market assessment of the value of the assets in place, assets size and rate of return on assets.

The qualitative results confirmed the positive relationship between higher levels of CSRD and a company's reputation for the following reasons. First, the majority of both financial managers and information managers think that changing the level of CSRD in Libyan companies can lead to changing the level of a company's reputation; this means that a high level of CSRD does increase/improve a company's reputation. Most quantitative studies in the literature review find such a relationship in the data. Stakeholder group in Libyan context focuses on increasing their wealth through improving their companies' reputation, therefore they require their companies to engage in CSR activities and to disclose these activities in annual reports.

CSRD is particularly important in enhancing the impacts of CSR on a company reputation (Branco & Rodrigues 2006). CSRD is used to protect, enhance or create a competitive advantage and company image or reputation, because CSRD is a communication instrument (Hooghiemstra 2000). In this regard, companies probably use CSRD to assess their reputation under conditions of incomplete information through their stakeholder groups, because CSRD is considered as one of the informational signals (Teece et al. 1997). Besides the previous reason, "creating a positive image may imply that people are to a great extent prepared to do business with the firm and buy its products" (Branco & Rodrigues 2006, p. 125). Toms (2002) reveals that companies that implement, monitor, and disclose environmental activities in their annual reports could create and contribute to a good environmental reputation.

Second, the majority of interviewees confirmed the importance of the benefits of CSRD to stakeholder groups in this study to support a company reputation in Libyan companies. They believe that stakeholders are interested in both qualitative and quantitative disclosure about their companies. These findings are consistent with the following results of the study. Providing information about CSRD such as the extent of training, employee remuneration and employee benefits could permit the companies to attract experienced employees from other companies. CSRD has important consequences to create or deplete a company reputation, because this is associated with employees (Branco & Rodrigues 2006). The external benefits of CSR are related to its effect on a company reputation, thus companies with good CSR reputation may improve relations with external actors. The interviewees believe that stakeholder groups such as investors, managers and employees could benefit from CSRD in their decision making.

In addition to that, companies that have a good CSR reputation could improve relations with external stakeholders such as customers, investors, bankers, suppliers and competitors. Furthermore, information about outcomes regarding CSRD can help build a positive image with stakeholders. The quantitative study of Branco and Rodrigues (2006) agrees with the previous result that companies need to create CSR values, which are shared to some extent by consumers, investors, employees and other stakeholders, and considered in their decision making. Toms (2002) and Hasseldine et al. (2005) suggest that the qualitative nature of environmental disclosure is more likely to enhance a company's reputation than quantitative disclosure. The qualitative results of this study confirmed the importance and benefits of the Libyan environmental laws which obligate Libyan companies to be responsible about any negative impact on the environment due to their activities. It has been seen that the perception of stakeholders group can affect the association between CSRD and a company's reputation in Libya.

Finally, the qualitative results of this study indicated that Libyan companies use CSRD with other factors to influence their reputation. The credibility, transparency of information and the high level of financial performance of the company are considered as the most important factors to gain and improve a good reputation and to increase the level of competition. As mentioned in the literature review chapter, previous studies clarify the importance and benefits of the quality and the quantity CSRD with these factors towards the creation, enhancement and improvement a company's reputation.

Therefore, CSRD can be considered as the most important factors that can lead to improving a company's reputation as a signal of creation, enhancement of relation with stakeholders because CSRD affects the external and internal perception of reputation. However, it is difficult for companies to realise the value of this reputation, if companies invest in CSR activities without making associated disclosures (Hasseldine et al. 2005; Toms 2002). In addition, most financial managers view enhancement of the company's reputation for transparency as the number one motive for CSRD. This study indicates that there is a positive association between higher levels of CSRD with corporate reputation.

7. 3 Contributions of the Research

7. 3.1 Contribution to Theory

The extensive literature review in chapter 3 outlines the existing theory relating to CSRD and to the broader area of its relationship with organisational performance in terms of financial performance, employee commitment, and corporate reputation. Given the limited number of studies that have focused on CSR disclosure and organisational performance to date, this research makes a contribution to stakeholder theory and CSRD literature in the following ways:

This study developed a conceptual model based on the three aspects of stakeholder theory to examine the association between higher level of CSRD and organisational performance (Donaldson & Preston 1995). First, the descriptive aspect describes and explains the theory. This conceptual model builds on previous empirical studies mentioned in the literature review chapter. Therefore, this study used the descriptive aspect for identifying the key stakeholders who have an effect on the relationship between higher levels of CSRD on organisational performance.

Second, the instrumental aspect focuses on the cause and effect relationships between corporate performance and stakeholder management practices (Marom 2006). The instrumental focus is inferred from the proposition that practicing stakeholder management will improve organisational performance. Therefore, the instrumental aspect was employed to understand the cause and effect relationship between a high level of CSRD and corporate performance as perceived by stakeholder groups.

Third, the normative aspect stresses the moral imperatives for practicing stakeholder management, rather than the business benefits it may provide. The normative aspect of stakeholder theory revised the CSR pyramid for the context of information in general. This conceptual model builds on previous studies which considered the importance and benefits of CSR and CSRD in the business context. These aspects assume that there is a relationship between information disclosure and organisational performance which is inferred from the link between corporate performance and stakeholder management practices.

This research provides key insights into CSR and CSRD in the Libyan context. It clarifies the importance of CSR and CSRD in Libya. The key insights give a deeper understanding about the benefits of CSR and CSRD in the Libyan context. It also explores the nature of the relationship between CSRD and organisational performance in Libya.

Importantly, the contribution of this research is not only restricted to the Libyan context, it also contributes to the wider field of CSR research. The results of this study can be used to understand the extent of importance of CSR and CSRD in Libya. In addition the findings can be utilized by foreign investors for making their decision. This contribution allows researcher to make comparative between developing countries and developed countries in CSR research.

In addition, the findings are relevant for both developed countries, and developing countries. This research also extends previous research that links CSR and CSRD with financial performance, employee commitment, and corporate reputation by investigating the association between CSR and CSRD and organisational performance.

Besides the above contributions, this study provides insights into the relationship between CSR and CSRD with organisational performance and whether this relationship in the Libyan context is positive, negative, or mixed. Thus, this research makes an important contribution to the growing body of literature in the area of CSR and CSRD in emerging and developing countries.

The research complements previous studies, which have predominately been developed in liberal market contexts, and adds to the theoretical basis of CSR disclosure. This research contributes to the limited studies on CSR conducted in developing economies in general, and within the Arabic countries in particular. It is the first study to address the extent of the relationship between CSR and CSRD with organisational performance in Libya, which has so far been mostly neglected in the CSR literature.

The study also provides one of the most detailed longitudinal assessments of CSRD practice among Libyan companies and its impact on organisational performance. This analysis provides the basis for a comparison with other Arabic and developing economies, as well as with developed economies. The results have shown that the highlighting of a lack of academic research in CSRD and its relationship with organisational performance stimulated the Libyan respondents to recognise what has prevented the Libyan companies from making CSRD.

7. 3.2 Contribution to Practice

In the prior section, the contributions to theory were addressed. This section outlines the practical contributions for the management of Libyan companies. In effect, this research outlines the diversity of external and internal stakeholders that can influence the management of Libyan companies in order to impact positively or negatively as well as directly or indirectly on their organisational performance. The key purpose of this project is to provide an explanation for the relationship between CSR disclosure and organisational performance in terms of financial performance, employee commitment, and corporate reputation. Hence, the findings of this research are expected to contribute to practice in a number of ways.

There is growing concern about the role of CSR disclosure from stakeholders in the Libyan context (Pratten & Mashat 2009). Therefore, stakeholders, scholars and organisations such as the Arabic society of certified accounts (ASCA) can employ this study to know to what extent firms in the Libyan context are considering and disclosing CSR activities and how the CSRD of firms can affect their performance. In addition, these findings are expected to help scholars, regulators and stakeholders in Libya to comprehend the role of CSR information in a stock market and its impacts on performance of a firm.

Libya established environmental regulation in order to measure and reduce the negative effects of environmental factors. Therefore, the findings of this research are expected to provide information to these regulating bodies about the effects of activities of Libyan firms on the Libyan environment. These findings give important information to understand whether the Libyan companies seek to achieve the economic goals and social goal or the Libyan companies solely seek to achieve economic goals. Also the findings may provide some solutions to push the Libyan companies to improve their social contributions in society.

The findings of this research also gives strong motivation to Libyan firms in the Libyan context to increase levels of CSRD disclosure, because this research provides evidences that illustrate the positive relationship between CSRD and a company's performance in particular financial performance and corporate reputation.   and therefore to improve the organisational performance of the firm in the future.

These findings encourage Libyan companies to distribute their annual reports to both internal and external stakeholders. As stakeholders in Libyan companies are interested in CSR reporting, Libyan companies seek to improve their reports for having good relations with their stakeholders and to improve their profits and their reputation. Libyan companies may seek to find other channels such as internet to maintain on good relations with their stakeholders. The findings of this research also increase transparency in organisations regardless of the types of CSR information to all stakeholders, including customers, employees, and the public at large. These findings encourage Libyan companies to apply international accounting standards to improve their performance.

7. 4 Research Limitations

In any study, there are some limitations that should be acknowledged when interpreting the reported results. It is also essential that readers realize and appreciate the boundaries of the research. In particular, although many studies have emerged concerning the relationship between CSR practices and organisational performance (Margolis & Walsh 2003; McWilliams et al. 2006), there is limited published research that examines the relationship between CSRD and business performance in Arabic countries. The focus of this research was on the relationship between CSRD and organisational performance in terms of financial performance, employee commitment and corporate reputation in Libya. It is also important to highlight that there is a positive association between the amount of CSRD and organisational performance. The points that follow will clarify the limitations of this research in a number of ways:

This research used annual reports as one of the most important data sources in the Libyan four sectors. Unerman (2000) and Zeghal and Ahmed (1990) argue that only a small proportion of an organisation's total CSRD might be captured exclusively through the annual reports. This research did not use other mass communication mechanisms, such as advertising, interim reports, promotional leaflets, websites, and separate reports. Therefore, the data used does not fully capture CSRD practices in Libyan companies related to the four sectors.

The content analysis method used to collect the data from the annual reports can have limitations. According to Tilt (1998), using this technique to analyse the same document can yield wholly different results to different analysts. There are also probably content analysis issues related to the level of subjectivity that are entailed in the coding process. However, this research has overcome these issues through a combined method of collecting data (i.e. content analysis method and interview).

Other limitations can be identified in the following points. First of all, this researcher used stakeholder theory to conduct this research, but this theory may not be enough to explain the relationship between CSRD and organisational performance in Libyan companies. Second, although it consists of most of the relevant Libyan companies, the sample of this research is likely to be considered small; hence the use of a larger sample of Libyan companies is likely to add new insights to the analysis of CSRD. Third, because of budgetary constraints and limited time, this research only focussed on the perception of the managers and employees about CSR and CSRD. Finally, although this research used guidelines of Huber and Power (1985) to minimize bias and gain quality data, this research may lead to biased results due to a high focus on internal stakeholders.

7.5 Directions for Future Research

It can be seen that theories often focus on different core concepts. Although there is some difficulty to find appropriate theory used to study the relationship between CSR and CSRD with determinants of organisational performance, some studies have attempted to use other theories such as legitimacy theory and stakeholder theory in developed counties. Consequently, future research should focus on legitimacy, stakeholder and agency theory in developing countries through a focus on different core concepts of these theories.

Some limitations of this research should be investigated in the future research. This research only focuses on annual reports, future research should use other mass communication mechanisms, such as advertising, interim reports, promotional leaflets, websites, and separate reports. This research uses three annual reports for each company, future research should use more than three years. Because this research investigated the relationship between CSRD and organisational performance before the Libyan revolution 2011, future research should investigate this relationship after this revolution.

The quantitative research used a range of data analysis techniques to identify these findings. This phase used some control variables such as company size, company age and industry type on a small and less diverse sample, therefore future research would require adding / using other variables such as culture and regulations on a larger and more diverse sample. In addition, because of the potentiality of content analysis issues associated with the level of subjectivity involved in the coding process, future research should use more refined content analysis methods.

Additionally, the categories of CSRD should be analysed by taken individually in future research. For example, employee disclosure items of this category can be analysed and identify the level of each item and its relationship with organisational performance. Also, future research should undergo the comparison of CSRD practices by Libyan companies with foreign counterparts and the use of larger samples of companies. In this qualitative research, data was collected from internal stakeholders such as financial managers and information managers. Gathering data from external stakeholders such consumers, investors and creditors may give a deeper understanding to identify the relationship between CSRD and organisational performance. Therefore, future research should use external stakeholders or both of them to understand the relationship between CSRD and determinants of organisational performance. It can also compare perceptions of internal stakeholders and external stakeholders to comprehend the link between CSRD and organisational performance.

7.6 Summary

This chapter has discussed and compared the literature and findings of the three research issues, which are CSRD and financial performance, CSRD and employee commitment and CSRD and corporate reputation. It also presented the contribution of the research to theory and to practice and discussed the research limitations. Finally, directions for future research were suggested.

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APPENDICES

Appendix 1: Prior Empirical Studies

Appendix 1. A: Prior Empirical Studies of CSRD

Author(s)	Objective(s)	Research method	Conclusion
Ahmad, Sulaiman, and Siswantoro (2003)	Examines the extent of CSR practice in Malaysian firms in their annual reports in five categories: environment, energy, human resources, products, and community involvement.	Annual reports of 200 industrial firms in Malaysian were examined using content analysis. The number of sentences measured the amount of CSRD.	Findings revealed extreme diversity in format and information provided. On the other hand, these companies provide information related to products and consumers, employees, and community involvement, as well as a little quantifiable data.
Rizk, Dixon, and Woodhead (2008)	Examines CSR reporting practices of Egyptian corporations in developing countries.	Content analysis of a 34-item disclosure index was used, covering environmental, energy, human resources, customer, and community involvement issues.	A review of a random sample of 60 annual reports for the 2002 financial year explored significant differences in reporting practices among the members of the nine industry segments surveyed and also lends support to the significance of ownership structure on reporting decisions.
Pratten and Mashat (2009)	Examines CSRD in Libyan companies to determine if it follows the Western capitalist model or has developed its own distinct characteristics resulting from influences of the Islamic and socialist environment in which it operates.	Content Analysis was used to measure the amount of CSR of 56 firms operating in Libya (manufacturing sector, services sector, and bank and insurance sector).	This study emphasizes the importance of CSRD in Libya and the different levels of CSRD in Libyan companies (manufacturing sector, services sector, and bank and insurance sector).
Ite (2004)	Investigates whether CSR has significant potential to help address the needs of disadvantaged communities in developing countries.	Analysis of the role of Shell Oil Company performed with the aim of supporting social and environmental activities in the Niger Delta, Nigeria.	Lack of national macro-economic planning and management, backed by equitable resource allocation, and an enabling environment, have significant implications for the overall performance of CSR initiatives by multinational corporations (MNCs) in developing countries.

Author(s)	Objective(s)	Research method	Conclusion
Ahmad, M.(2004)	Examines corporate environmental disclosure (CED) in Libya with a view toward testing the applicability of environmental determinism.	Content analysis of 1999 and 2001 annual reports of the top 15 manufacturing firms in Libya was used to measure the amount of CED.	Libyan companies provide some statements in their annual reports, and the political, economic, and social (external) environment indirectly influence the disclosure environment. Whereas, internal factors (perception and cognition) directly impact those involved in disclosure.
Branco and Rodrigues (2008b)	Compares the Internet (corporate Web pages) and annual reports as media of CSRD and analyses what influences disclosure.	Statistical analysis used includes the use of multiple linear between total CSRD and each one of its categories, in annual reports and on the Internet.	Portuguese companies attribute greater importance to annual reports as disclosure media than to the Internet. Noticeable differences are attributed to the much higher amount of human resources information in annual reports than on the Internet and the higher amount of community involvement information on the Internet than in annual reports.
Weber (2008)	Focuses on the question of how to measure the business impact of CSR activities from a company perspective.	Using a theoretical approach, a multi-step measurement model is developed that allows managers to evaluate their company-specific CSR.	A conclusion about the value of one CSR activity or a decision between alternative CSR actions is only possible by evaluating the strategic relevance of business benefits.
Belal (2000)	Examines environmental reporting in developing countries, with empirical evidence from Bangladesh.	Content analysis of the annual reports of 30 Bangladesh companies was used to examine environmental reporting.	Efforts made by Bangladesh firms to make environmental disclosures are noteworthy and deserve appreciation, but it is observed that in most cases the quantity and quality of disclosures were less than satisfactory and poor.
Overland (2007)	Discussion and analysis of sustainability disclosure requirements for listed public companies in Australia in relation to environmental impacts, taking into account the findings of recent reviews of CSR issues.	Content analysis of the annual reports of Australian public companies was used to discuss and analyse sustainability disclosure requirements.	Because of the importance of sustainability disclosure, it is likely to become necessary in the future to mandate sustainability reporting so that Australia remains internationally competitive and to protect the local financial market.

Author(s)	Objective(s)	Research method	Conclusion
Naser et al. (2006)	Attempts to test the validity of theories employed in the literature to explain variation in the extent of corporate voluntary disclosure within the CSRD context.	Content analysis of the annual reports of 21 out of the 22 companies listed on the Doha Stack Exchange in Qatar was used.	Large companies are more likely to voluntary disclose CSR information, because they are under more political pressure than small companies. The support or otherwise of various theories advanced in the literature to explain why companies voluntary disclose information that reflects their involvement in society is related to the stage of economic development of the country under study. The theories obtain support in developed economies more than in emerging economies.
Abdulhamid et al. (2005a)	Explores views and perceptions amongst members of the accounting community in Libya regarding the perceived basic features of the current corporate reporting and disclosure practices of the Libyan Business Organisations (LBOs). Extends these practices to embrace reporting and disclosure of social and environmental related information (CSR) and examines the extent to which notions of corporate social responsibility and accountability are acceptable in Libya.	Survey questionnaires of 469 out of the 703 members of the accounting community in Libya were employed. To analyse data, this study used the Kruskal-Wallis test scale.	Most Libyan organisations communicate limited information to a limited set of stakeholders. The disclosure of more CSR information was widely accepted and viewed as potentially leading to some beneficial socio-economic effects at the macro level. There was general agreement that Libyan firms' annual reports should reflect the interaction between their operations and the society in which they operate, recognizing the right of different stakeholders to information about the actions for which Libyan firms could be held responsible. The law, rather than professional guidelines, was viewed as the key source for establishing such responsibilities.

Author(s)	Objective(s)	Research method	Conclusion
Tilt (1994)	The main objectives of the study can be divided into four. The first three objectives can be stated as propositions to be tested: *P1:* Pressure groups are a user group of CSRD. *P2:* Pressure groups attempt to exert influence over companies' disclosure practices through direct and indirect action for or against them. *P3:* Pressure groups believe that legislation or standards requiring minimum levels of disclosure by companies should be introduced. The final objective of the study is to ascertain how pressure groups view current CSRD.	Survey research was employed to obtain responses from Australian organisations.	Pressure groups are one of the key user groups of CSRD. The study also supports the contention made by some researchers in social accounting that legislation, or at least standards, are needed to ensure that companies are disclosing information about their activities that affect society. There is also support for the view that external audits are the most appropriate way of enforcing such regulations.
Perrini (2005)	Compares and contrasts CSRD practices among 90 European companies with respect to the amount and kind of information released (*CSR themes and topics*) by stakeholder-based categories.	Analysis of CSR reports was conducted by using a checklist instrument that categorizes CSRD into a multi-criteria grid, with a wide-ranging coverage of CSR issues and in agreement with stakeholder theory.	Firms' disclosure is currently restricted to specific CSR themes. The resulting CSR portrait is linked to seven major themes: operational efficiency, maximum safety, environmental protection, quality and innovation, open dialogue, skill development, and responsible citizenship.
Jenkins and Yakovleva (2006)	Explores recent trends in the reporting of impacts and issues in the global mining industry. Offers a detailed review of the development of the media of social and environmental disclosure in the mining industry and of the factors driving the development of such disclosure.	Content analysis of the annual reports of the top10 mining companies and stand-alone global social and environmental reports was used.	A recent reporting trend within the top 10 mining companies is the incorporation of information on the economic impacts of mining operations in stand-alone CSR reports.

Author(s)	Objective(s)	Research method	Conclusion
van der Laan Smith, Adhikari and Tondkar (2005)	Argues that how the roles of a corporation and its stakeholders are defined in a society will affect the extent and quality of CSR in annual reports.	Content analysis of 1998 and 1999 annual reports for 32 Norwegian/Danish companies and 26 U.S. companies in the electric power generation industry was used.	Results provide evidence for the use of stakeholder theory to explain cross-national differences in CSRD practices. Results suggest companies will face differential CSRD pressures in different countries and will have to adjust their disclosure strategy accordingly.
Branco and Rodrigues (2008a)	Examines CSRD on the Internet by Portuguese banks in 2004 and 2005. Compares these disclosures with those made in annual reports in 2003 and 2004.	Content analysis of the annual reports of 12 Portuguese banks was used.	Results suggest that the perspective adopted explains CSRD by Portuguese banks and that the new measure proposed should be explored further in CSRD empirical research.
Waller and Lanis (2009)	(1) Promotes discourse and theory development in the area of CSRD in the annual reports of advertising agencies. (2) Analyses the annual reports of the top companies in the global advertising industry to observe which advertising companies disclose their CSR activities and what activities they undertake.(3) Paves the way for the development of a formal disclosure index for advertising agencies.	Content analysis of the annual reports of the top 6 advertising agencies in the world was used.	Results indicate that some advertising companies engage in CSR activities and disclose them in their annual reports, but the level of this CSRD differs between organisations.

Author(s)	Objective(s)	Research method	Conclusion
Newson and Deegan (2002)	Explores CSRD policies of large Australian, Singaporean, and South Korean multinational corporations. Researchers advanced arguments about why large multinational corporations respond to "global expectations" rather than simply to the expectations of those people residing in the corporation's "home" country.	Two large international surveys conducted in 1998 and 1999 used to determine global expectations.	Results indicate that multinational organisations are not providing information sufficient to allow people to monitor corporate performance against these concerns. With the lack of any relevant global legislative forces, this deficiency is likely to remain.
Abu-Baker and Naser (2000)	Offers empirical evidence on CSRD practices in Jordan.	Content analysis of the annual reports of 143 companies was used.	Finds that CSRD received modest attention from most surveyed companies in terms of space devoted and subjects covered in such disclosure in the annual reports.
Dawkins and Ngunjiri (2008)	Compares the CSR reporting of companies' environment, human relations, community, human rights, and diversity in the emerging market economy of South Africa with that of companies in the leading economies represented by the Fortune Global 100.	Descriptive analysis extends earlier empirical work on CSR reporting in emerging market economies and the impact of culture on CSR reporting by examining annual report data from the top 100 companies listed on the Johannesburg Stock Index and the Fortune Global 100.	Frequency and level of CSR reporting in South African companies was significantly higher than that of the Fortune Global 100, which indicates a greater willingness to convey CSR in CSRD practices. This lends credence to the notion that emerging market economies may be more receptive to stakeholder concerns and social responsibility than peer institutions in leading economies.
Danastas and Gadenne (2006)	Examines social and environmental non-government organisation use of CSRD in Australia.	Survey of 59 companies is used to examine social and environmental NGO use of CSRD and measures the data with a five-point Likert scale.	Exploring a relative consistency in NGO viewpoints regarding CSRD across time, and NGO viewpoints of CSRD as low in credibility and insufficient even when relevant.

Author(s)	Objective(s)	Research method	Conclusion
Jamil, A and Mohamed (2001)	Examines and investigates the development of CSR practices in the annual reports of Malaysian companies.	Content analysis of 1995 and 1999 annual reports for 100 companies was employed.	Level of CSRD is low in Malaysia because less than 30% of companies studied made CSRD every year and they preferred to disclose CSR in the Chairman‘s Statement, Financial Statement, and Director’s Reporting in the form of narrative information. They also disclosed information about human resources, community involvement, and environment most often.
Holder-Webb et al. (2009)	Examines CSR disclosure patterns among U.S. firms.	Content analysis of the annual reports and a survey of 50 companies were used.	CSR reporting is common among U.S. firms in the study, and the most common kinds of data disclosed related to community involvements and human resources.
Aribi & Gao (2011)	Examines the influence of Islam on corporate social responsibility (CSR) and corporate social responsibility disclosure (CSRD) in Islamic financial institutions	Content analysis was used to analyses the narrative disclosures of corporate social responsibility of 21 operating in the Gulf region.	The largest part of CSRD produced by the Islamic financial institutions is the disclosure of reports of the Shari'a Supervisory Board.
Ahmad & Mousa (2011)	Examines to what extent current environmental disclosure practice in Libya has been improved.	Content analysis of 2001 and 2007 annual reports for 18 largest industrial companies was employed.	Environmental disclosure in term of its quantity and quality has been developed between 2001 and 2007 in Libya.

Appendix 1. B: Prior Empirical Studies of CSRD and Financial Performance

Author(s)	Objective(s)	Research method	Conclusion
May and Khare (2008)	Explores the relationship between CSRD and financial performance in Canada.	Used the following: (i) CSRD (e.g., annual report content analyses); (ii) CSR reputation ratings (e.g., use of indices that assume CSR reputations accurately reflect underlying practices). (iii) Social audits (based on objective data). (iv) Assessment of a firm's values and principles (Orlitzky et al., 2003).	Found a positive CSRD–financial performance relationship, typically with financial performance preceding CSRD when it used accounting-based measures of financial performance and as employed by the Top 1,000 firms in Canada as ranked by profitability.
Saleh (2009)	Attempts to address question of whether CSRD is linked to financial performance in Malaysia.	Content analysis of 2000 and 2005 annual reports of the large 200 companies was employed.	A positive relationship was found between CSRD and financial performance in large Malaysian companies. In addition, the study confirms that there is limited evidence of a significant impact of CSRD on financial performance in a long-term relationship.
Simpson and Kohers (2002)	Aims to extend earlier research on the relationship between CSRD, and financial performance.	Survey and content analysis of 1993 and 1994 annual reports of 284 banks was employed.	Results indicate that the relationship between CSRD and financial performance was positive among banks.
Park and Lee (2009)	Examines the impact of CSRD on financial performance measures: accounting performance (return on equity) and value performance (total shareholder return) in publicly traded U.S. restaurant companies.	Regression model was employed to analyse data collection from the annual reports of 30 companies listed in the Standard and Poor's 500 (1991–2006).	CSRD has a U-shaped impact on accounting performance (return on equity and total shareholder return), whereas it has no effect on a companies' value performance.

Author(s)	Objective(s)	Research method	Conclusion
Kang, Lee and Huh (2009)	Examines different effects of positive and negative CSR and CSRD on the financial performance of hotel, casino, restaurant, and airline firms.	Pooled linear regression model and annual reports of 1991–2007 of 500 companies were used to measure the impact of CSR and CSRD on financial performance indicators (return on asset and return on equity).	Findings indicate that positive and negative results across different industries contribute to firms' appropriate strategic decision making for CSR activities by providing more precise information regarding the effects of each directional CSR activity on financial performance.
Brammer and Millington (2008)	Explores the link between CSRD and financial performance within the context of a specific component of CSR: corporate charitable giving.	Empirical analysis was conducted using a longitudinal data sample extracted from annual reports from 1990–1999 from a sample of 537 companies quoted on the London Stock Exchange in 1999. To analyses data, content analysis and linear regression were used.	Found that companies with both unusually high and low CSRD have higher financial than other performance, whereas with these poor CSRD does best in the short run and unusually good CSRD does best over longer time horizons.
Al-Tuwaijri, Christensen and Hughes (2004)	Provides an integrated analysis of how management's overall strategy jointly affects (1) environmental disclosure, (2) environmental performance, and (3) economic performance.	Content analysis of annual reports of 1994, descriptive analysis, regression analysis, and sensitivity analysis were employed to investigate the relations among economic performance, environmental performance, and environmental disclosure in 531 firms.	Results suggest that "good" environmental performance is significantly associated with "good" economic performance, and also with more extensive quantifiable environmental disclosures of specific pollution measures and occurrences.
Gelb and Strawser (2001)	Examines relationship between CSRD and financial disclosure.	Content analysis of annual reports of 1989–1992 of 233 firms; quarterly reports and other voluntarily published materials and descriptive statistics were used.	A positive relationship between financial disclosure level and CSRD was found.

Author(s)	Objective(s)	Research method	Conclusion
Pava and Krausz (1996)	Reviews over 20 empirical studies that have attempted to measure the direction and the degree of association between CSRD and financial performance. Also explores association between CSRD and traditional financial performance, and the statistical link between CSRD and financial performance to shed additional light on both the benefits and the costs associated with CSR actions.	Content analysis of annual reports of 1985–1991 of 53 firms and annual surveys were used to achieve the objectives. Used market-based and accounting -based measures of performance.	Relationship between CSRD and financial performance is complex and nuanced. Companies that have been perceived as having met social-responsibility criteria generally have financial performance at least on a par, if not better, than other companies.
Moore (2001)	Examines link between CSRD and financial performance.	Content analysis of annual reports of 1997/1998–1999/2000, ethical investment research service, the advertising standards authority, Christian aid (1999), and the ethical trading initiative were employed to achieve these objectives.	Found no relationship between CSRD and financial performance.
McWilliams and Siegel (2000)	Discusses relationship between CSRD and R&D, and estimates the effect of CSRD and financial performance.	Descriptive analysis, correlation matrix, and content analysis of 524 firms were used to examine link between the two through the period 1991–1996.	Results confirm that CSR and R&D are highly correlated, and that, when R&D intensity is included in the equation, CSRD is shown to have a neutral effect on profitability.

Author(s)	Objective(s)	Research method	Conclusion
Filbeck and Gorman (2004)	Explores relationship between environmental performance and financial performance of public utilities.	Content analysis of the Investor Responsibility Research Centre (IRRC)’s 2000 corporate environmental profiles database of 1996–1998 of 24 firms was used to explore the relationship between the two.	A negative relationship between financial return and environmental performance was found.
Stanwick and Stanwick (1998)	Examines relationship between corporate social performance, organisational size, financial performance, and environmental performance.	Collected data from firms listed on the Fortune Corporate Reputation Index, the top 500 companies of pollution emissions in the U.S. Environmental Protection Agency’s Toxic Release Inventory Report, and the Fortune 500 listing. Sample was 121 firms for each year from 1987 through 1992.	CSR in these firms was impacted by organisational size, level of profitability, and amount of pollution emissions released.
Hannon and Milkovich (1996)	Examines whether human resource reputation announcements in the business press (such as companies being cited as the “Best for Women”) affect share prices of companies.	An event study methodology was employed to examine the relationship between HR reputation (Best for Blacks, Most Preferred, 100 Best to Work For, Best for Working Mothers, Best for Women, and Best for Black Engineers) and share prices.	Findings support assertion that favourable HR reputation signals have a positive effect on share prices. Best company for working single mothers was associated with a positive return around the announcement date indicating that this signal affects estimates of the future earnings of the company.
Mahoney and Roberts (2007)	Examines causal relation of CSRD to financial performance and institutional ownership in Canadian firms.	Four separate regressions using panel data of the TSE 300 firms for the years 1996–1999 were employed to examine the relationship of CSRD to financial performance and institutional ownership in Canadian firms.	Results show a significant relationship between firms’ composite CSRD measure and the number of institutions investing in firms’ stock. In addition, it found significant relationships between firms’ CSRD ratings regarding their international activities and product quality and the number of institutions investing in firms’ stock. These results, while subject to the limitations inherent in the use of specific CSRD measures, provide mixed support for the business case for CSRD.

Author(s)	Objective(s)	Research method	Conclusion
Lee and Park (2009)	Examines relationship between CSRD firm value and profitability for hotels and casinos.	Descriptive statistics, multiple regression analysis, and content analysis of annual reports of 1991–2006 of 85 firms were employed to examine the relationship between the two. Total assets, total debts, sales, and total equities were used to measure financial performance.	Results indicate that hotel firms can confidently and strategically increase CSR investment to enhance both short-term (profitability) and long-term performance (firm value). Casino firms need to carefully examine the effects of CSRD on financial performance, when making CSRD-related decisions.
Lu, Lin and Tu (2009)	Examines relationships between CSR and organisational performance in terms of financial performance and nonfinancial performance in container shipping in Taiwan.	Questionnaire of 432 firms designed according to the stages outlined by Churchill and Iacobucci (2002) was used to collect data. A multiple regression model analysis was conducted to test whether CSR had any significant impact on organisational performance.	Findings indicate that the “community involvement and environment” as well as “disclosure” dimensions have a positive effect on financial performance, while “community involvement and environment” as well as “employee and consumer interests” have a positive effect on non-financial performance.
Balabanis, Phillips and Lyall (1998)	Investigates relationship between CSRD and economic performance of corporations.	Semi-partial correlation analysis and hierarchical regression analysis of 56 firms of the period 1988–1989 were employed to examine the relationship between economic performance and CSRD.	Results found that CSRD and high disclosure have positive effects on firms’ overall profitability. In contrast, high CSRD combined with poor CSR performance or low CSRD combined with good CSR performance were not found to be economically-rewarding strategies.

Author(s)	Objective(s)	Research method	Conclusion
Montabon et al. (2007)	Explores environmental management practices and its relationship with company performance.	Content analysis used to collect data from 45 web page version of the reports.	The results indicated that environmental management practices are associated with company performance.
Inoue and Lee (2010)	Examines how each type of CSRD has an effect on financial performance among firms within four tourism-related industries	a multiple regression analysis used to test the impacts of each type of CSR on both short-term profitability (return on assets), and the market's evaluation of future profitability by Tobin's q.	This study revealed that each type of CSRD had different impact on both short-term and future financial performance that varied across different industries.
Kang et al. (2010)	Examines different effects of negative and positive CSR on financial performance of some services companies.	The study uses a pooled linear regression model through collected CSR data from Hospitality industry. This study used accounting profitability to measure short-term financial performance and firm value to measure long-term financial performance.	The results suggest that it contribute to companies' appropriate strategic decision-making for CSR activities by providing more precise information regarding the impacts of each directional CSR activity on financial performance.
Cheung and Mak (2010)	Examines the relationship between CSRD and financial performance from Europe and North America.	This study used content analysis for collect CSRD data from the bank's annual reports between the periods of 2006-2009.	The results found that non-relationship between CSRD and financial performance in commercial banks.
Shauki (2011)	Examines the perceptions and expectations of the stakeholders of CSRD practices in Indonesia.	Questionnaire survey data on CSRD on Indonesia.	He found that the association between CSR contents, incentives, format, public confidence, and impact on investment decisions is positively and directly related. Incentives also affect investment decisions via CSR information and changes in public confidence.

Appendix 1. C: Prior Empirical Studies of CSRD and Employee Commitment.

Author(s)	Objective(s)	Research method	Conclusion
Peccei et al. (2005)	Explores effect of information disclosure on organisational performance in terms of employee commitment.	Multivariate analysis of survey of 937 employees and managers was used.	There is a significant impact, both direct and indirect, and this varies depending on the level of employee organisational commitment, the type of information disclosed, and the performance outcome involved.
Branco and Rodrigues (2009)	Examines CSRD on the Internet by Portuguese companies that are engaged in obtaining or enhancing a good CSR reputation and are confident of having a good social performance pertaining to the human resources area—the best companies to work for (BCWF).	Matched-pair approach was used to address the empirical question of whether CSRD on the Internet of the BCWF differs from that of a benchmark group of 800 companies and 6,559 employees selected by matching industry and size. Using a resource-based perspective (RBP) the hypothesis that the BCWF disclose more CSR information was analysed.	Results suggest that BCWF do disclose more items of CSR information than control firms, which supports the idea that companies that want to have a good CSR reputation and think their social performance relating to their employees is good, should recognize the need to use CSRD to influence their reputation.
Rodrigo and Arenas (2008)	Examines employees' reactions to CSR programs in their annual reports at the attitudinal level.	The coding and analysis of a triangulation of data sources with 35 recorded in-depth interviews, analysis of reports and other documents, and field notes taken during direct observation in two firms were applied to examine employees' reactions to CSR programs at the attitudinal level. Interviews were with members of the board of directors or top managers, middle managers, or low-level Workers.	Findings indicate that implementation of CSR programs generates two types of attitudes in employees: attitudes towards the organisation and attitudes towards society; acceptance of the new role of the organisation, identification with the organisation, importance attached to the work performed, and a sense of social justice. Each of these categories groups many different concepts, some of which have at first glance little to do with CSR. Finally, the analysis explores an attitudinal employee typology: the committed worker, the indifferent worker, and the dissident worker.

Appendix 1. D: Prior Empirical studies of CSRD and Corporate Reputation.

Author(s)	Objective(s)	Research method	Conclusion
Toms (2002)	Investigates link between investment in intangible resources, voluntary environmental disclosures, and the creation of CSR reputation; assumes propositions from the RBV and positive accounting theory.	Content analysis of 1996 –1997 annual reports and survey of 215 companies and regression model were used.	Results explore whether voluntary environmental disclosures have a significant influence on creating a corporate reputation.
Landgraf and Riahi-Belkaoui (2003)	Investigates the relationship between a firm's overall disclosure quality and its corporate reputation.	Content analysis of annual reports of 1986–1990 and regression model were applied to examine the link between disclosure and corporate reputation.	Findings show that the measure of corporate reputation is positively related to the disclosure measure, after controlling for market and accounting signals indicating the size of assets, market assessment of the value of the assets in place, and rate of return on assets.
Espinosa and Trombetta (2004)	Focuses on the determinants of reputation and, in particular, on the link between the quality of annual report disclosures of firms and their reputation.	Content analysis of 2000–2001 annual reports and regression model of the top 50 national companies were used to determine relationship between quality of annual report disclosures and firms' reputation.	Results confirms that the quality of annual report disclosures have a strong effect on firms' reputation.
Hasseldine, Salama and Toms (2005)	Compares impacts of quantity and quality of environmental disclosures and other factors on environmental reputation of UK firms.	Content analysis of 1999 annual reports and regression model of 239 UK firms were used.	Results reveal that quantity disclosures have less impact than qualitative for all firms although large firms are more likely to make them.
Brammer and Millington (2005)	Examines relationship between corporate reputation and social philanthropy.	Content analysis of Annual reports and questionnaire and interview were used.	Results indicate that firms with higher levels of philanthropic expenditures have better reputations than others across industries.

Bebbington, Larrinaga and Moneva (2008)	Explores whether CSR reporting could be viewed as both an outcome of, and a part of, reputation risk management processes.	Content analysis of 2002 Shell report was used.	Findings reveal that the concept of reputation risk management could help in understanding CSR reporting practice.
Shauki (2011)	Examines the perceptions of stakeholders related to CSRD in Indonesia.	Using Survey data on CSRD in Indonesia.	He found that there is no significant link between expectations, importance of CSR reporting, CSR reputation, and level of public confidence in both direct and mediating models.

Appendix 2: Decision Rules for Corporate Social Responsibility Disclosure (CSRD)

All disclosures must be related to the company and its actions.

All disclosures must be specifically stated and they cannot be implied.

Qualitative and quantitative of CSRD were used to determine whether a company disclose this information or no.

If any text has more than one possible category, the text would be classified according to the activity most emphasised in the text.

Any disclosure that will be repeated shall be recorded as corporate social responsibility disclosure scales each time they will be discussed.

To ensure this, 15 annual reports from each of the sample groups in different sectors will be checked at different times.

Appendix 3: The Measurement of Corporate Social Responsibility Disclosure (CSRD)

Categories and items of disclosure	Annual Report	
	No Disclosure (Scale 0)	Disclosure (Scale 1)
Environmental disclosure: Environmental policy or company concern for the environment. Environmental management, systems and Environmental audit. Environmental-product and process. Environmental financially. Sustainability. Energy. Environmental other.		
Consumer disclosure Product and consumer safety Consumer complaints Prevision for disabled Prevision for difficult-to- reach customers.		
Community involvement disclosure Charity and political donations Support for education. Support for public health. Support for the arts and culture. Sponsoring sporting or recreational projects.		
Employee disclosure Employee data Pension data Consultation with employees Employment of disabled Value added statement Health and safety Share ownership Equal opportunities Employee other Employee other.		
Total of scales of each a firm	**22**	

Appendix 4: List of the Libyan Surveyed Business Enterprises

1	Al- Gafela Company	21	Water Company
2	Inma Company for Buying Cars	22	Development Bank
3	National Commercial Bank	23	Libya Insurance Company
4	Trust Company for The Import and Process	24	The Agricultural Bank
5	Sahara Company for Insurance	25	The national post & Telecommunication Co
6	Savings Bank and Real Estate Investment	26	Libyana Mobile Company
7	National Company For Trade and Development	27	The Libyan Iron and Steel Company
8	The General Electronic Company	28	AL-Jamhoria Bank
9	Libya Telecom of Technology (LTT)	29	The Arabian Cement Company
10	The Libyan Arab Foreign Bank	30	General National Maritime Transport Comp
11	Al-Medar Communication Company	31	The Libyan Tractor Company
12	Bank of Commerce and Development	32	Inma Company for Engineering Industries
13	Al- Sahara Bank	33	Inma Company for Pipe Industries
14	Sharara Company for Oil Services	34	National Company for Flour Mills and Fo
15	Rahela Company for Oil Services	35	The General Tobacco Company
16	National Company for Furniture Industries	36	The Libyan Truck and Bus Company
17	Wehda Bank	37	The General Company for Chemical Industry
18	United Bank For Commerance and Investment	38	Brega for oil selling
19	The National Trailer Company	39	The National Electricity Company
20	Serafa Company for Financial Services	40	Acacus Company For Oil Operating

Appendix 5: Information and Consent Form for Interview and Questionnaire Participants

USQ

AUSTRALIA

University of Southern Queensland

INFORMATION AND CONSENT FORM FOR INTERVIEW AND QUESTIONNAIRE PARTICIPANTS

Full Project Title: Corporate Social Responsibility Disclosure (CSRD) and Organisational Performance

Student Researcher: Nagib Salem M. Bayoud

The objective of this study is to explore and investigate whether levels of CSR disclosure affect organisational performance in terms of financial performance, employee commitment and corporate reputation. The objective of the questionnaire is to measure the level of employee commitment and corporate reputation. The objective of the interview is to investigate the perception of the financial managers who are in charge of producing corporate reports to comprehend the relationship between levels of CSR disclosure and organisational performance. This consent form details what process will be followed and your rights. It will be collected at the commencement of the interview and the questionnaire after signed it.

With your permission, we wish to audio-tape and take notes of the interview to assist with transcription of your responses. Confidentiality of all business information in the interview and the questionnaire is assured. No identifying information about you and your company will be made at any stage. No questions of a personal nature will be asked, and I will attempt to minimise any inconvenience. You are free to withdraw your consent and to discontinue participation at any time. Should you not want the interview audio recorded or notes taken from the start or during the interview please say so and the recording will be stopped.

In the short term (up to two years) information and data gathered will be stored in a locked filing cabinet in the researcher's office. In the long term (up to four years) and for the purpose of publication data will be delivered to the Office of Research & Higher Degree, Faculty of Business.

This research is part of PhD study program managed by the University of Southern Queensland, Toowoomba 4350 Qld, Australia. Any question related to this study can be directed to either Prof, Marie Kavanagh on (07) 34704514; email: Kavanagh@usq.edu.au or to USQ Ethics via Email ethics@usq.edu.au.

Your cooperation and generosity in participating in this study is highly valued and appreciated.

Consent

I, the participant, have read the information contained in this form, and any questions I have asked have been answered to my satisfaction. I agree to participate in this meeting, realizing that I may withdraw at any time. I agree that information and research data gathered for this study will be used to identify the objectives of this study. No personal identifying data will be used.

Name of participant………………………… Organisation Name……………………

Signed…………………………………………………Date……………………….

Appendix 6: Plain Language Statement

USQ
AUSTRALIA

University of Southern Queensland

Plain Language Statement

TO: ***Participants***

Full Project Title: Corporate Social Responsibility Disclosure (CSRD) and Organisational Performance, the Case of Libya.

Student Researcher: Nagib Salem .M. Bayoud

I am Nagib Salem Bayoud, a PhD student, in the School of Accounting, Economics and Finance, Faculty of Business, University of Southern Queensland, Australia. My research project is about 'An Empirical Study of the Relationship between Corporate Social Responsibility Disclosure and Organisational Performance, the Case of Libya'. I have handed or attached two copies from the questionnaire and the interview one in English language and another in Arabic, and so I would like to invite you to take part in this research project.

For Survey (Questionnaire): You are invited to participate in this project because you are employee or manager in this company. The selection of you as a participant is completely random. More precisely, I obtained a list of all companies in Libya through three major authorities: (a) the Secretary of Production Affairs; (b) the Public Control Office; and (c) Central Bank of Libya. In addition, I obtained a list of all employees and managers from the management department in your company and then you have been selected randomly. Your answers will measure level of employee commitment and corporate reputation in your company through the questionnaire.

For interview (Semi-Structured interview): You have been randomly selected to present your perception about the relationship between levels of CSR disclosure and organisational performance in your company.

Please read this Plain Language Statement carefully. Its purpose is to explain to you as openly and clearly as possible all the procedures involved so that you can make a fully informed decision as to whether you are going to participate. Feel free to ask questions about any information in the document.

Once you understand what the project is about and if you agree to take part in it, it is asked that you sign the Consent Form. By signing the Consent Form, you indicate that you understand the information and that you give your consent to participate in the research project.

1. <u>Purpose of Research</u>

The purpose of this project is to explore and explain whether CSRD affects organisational performance in terms of financial performance, employee commitment and corporate reputation. In addition, it will investigate CSRD practices and organisational performance using stakeholder theory. Finally, this study will provide insights into assisting firms by informing them about the link between CSRD and organisational performance. The researcher of this project is expected to receive a PhD degree as a part of this research.

2. Procedures

Participation in this project will involve:

- Face-to-face semi-structured interview. Financial managers will be interviewed.
- Unstructured questionnaire with mostly close-ended questions will be used for the survey.
- Stakeholders are the key participants in this research. I will explore how levels of CSR disclosure affect organisational performance. Therefore, this research will directly benefit the participants and contribute to the accounting literature review.
- The purpose of this study is to collect vital information regarding whether the companies in Libya disclose CSR activities in order to increase organisational performance.
- This study will look into the extent of importance of CSR disclosure in annual reports in the companies (where are working in Libya) and its impacts on their business outcomes.
-

3. Confidentiality

The completed questionnaire will be locked in a personal filing cabinet. On the other hand, the digital data and take notes will be stored on a special disk with encryption. According to the rules of the University of Southern Queensland, all data will be stored for 5 years and then destroyed.

Any information obtained in connection with this project and that can identify you will remain confidential. It will only be disclosed with your permission, subject to legal requirements. If you give us your permission by signing the Consent Form, I plan to publish the results in the forms of conference and journal papers, in addition to the submission as a PhD dissertation.

In any publication, information will be provided in such a way that you cannot be identified. While analysing information, I will use code numbers instead of real names and your names will not be appeared in any documents.

4. Voluntary Participation

Participation is entirely voluntary. **If you do not wish to take part, you are not obliged to.** If you decide to take part and later change your mind, you are free to withdraw from the project at any stage. Any information already obtained from you will be destroyed.

Your decision whether to take part or not to take part, or to take part and then withdraw, will not affect your ***relationship with*** the University of Southern Queensland.

Before you make your decision, a member of the research team will be available to answer any questions you have about the research project. You can ask for any information you want. Sign the Consent Form only after you have had a chance to ask your questions and have received satisfactory answers.

If you decide to withdraw from this project, please notify the researcher.

5. Queries or Concerns

Should you have any queries regarding the progress or conduct of this research, you can contact the principal researcher:

This research is part of PhD study program managed by the University of Southern Queensland, Toowoomba 4350 Qld, Australia. Any question related to this study can be

directed to either Prof, Marie Kavanagh on (07) 34704514; email: Kavanagh@usq.edu.au or to USQ Ethics via Email ethics@usq.edu.au.

Nagib Salem Bayoud
School of Accounting, Economics and Finance
P.O. Box 238 Darling Heights/ Toowoomba/ QLD-4350, Australia

Phone: +61 7 4687 5760 +61 (0)411309964 (after hours)

Appendix 7: A survey Instrument of Employee Commitment and Corporate Reputation Indicators Used for Managers.

7. A: The Questionnaire English

To answer the questions of this questionnaire, please circle the numbers or the letters that best describes your response. In some questions you might need to write down your answer.

Part One: General information

Current occupation:

a. Company manager. b. Other, please specify:---

Period of experience:

a. Less than 5 years. b. 5-10 years. c. More than 10 years.

The last educational qualification:

a. Less than secondary school. b. Secondary school.

c. Intermediate diploma. d. Higher diploma.

e. Bachelor degree. f. Master degree (or its equivalent).

g. PhD. Degree (or its equivalent

Place of education for the last degree:

a. Libya. b. Other Arab countries.

c. The U.K. d. The U.S.A.

e. Other, please specify: --

Part two: Employee commitment indicators:

5) The following is a list of items relating to employee commitment indicators. Using the scale below,

1 ⟶ **5**

Strongly disagree **Strongly agree**

Employee commitment indicators	Your assessment				
Employees feel as though their future is intimately linked to that of this organization.	1	2	3	4	5
Employees would be happy to make personal sacrifices if it were important for the well belling of the organization	1	2	3	4	5
The bonds between this organization and its employees are very strong	1	2	3	4	5
Employees are proud to work for this organization	1	2	3	4	5
Employees often go above and beyond their regular responsibilities to ensure the organizations well being.	1	2	3	4	5
Our people are very committed to this organization.	1	2	3	4	5
It is clear that employees are found of this organization.	1	2	3	4	5

Part Three: Corporate Reputation Indicators

5) **The following is a list of items relating to corporate reputation indicators**.
Using the scale below,

1 ⟶ **5**

Strongly disagree **Strongly agree**

Emotional Appeal indicators	Your assessment				
I have a good feeling about the organization.	1	2	3	4	5
I admire and respect the organization.	1	2	3	4	5
I trust this organization.	1	2	3	4	5
Product and Services	Your assessment				
This organization stands behind its products and services.	1	2	3	4	5
This organization develops innovative products and services.	1	2	3	4	5
This organization offers high quality products and services.	1	2	3	4	5
This organization offers products and services that are good value for the money.	1	2	3	4	5
Vision and Leadership	Your assessment				
This organization has excellent leadership.	1	2	3	4	5
This organization has clear vision for its future.	1	2	3	4	5
This organization recognizes and take advantage of market opportunities	1	2	3	4	5
Workplace Environment	Your assessment				
This organization is well managed.	1	2	3	4	5
This organization is a good company to work for.	1	2	3	4	5
This organization is a company that would have good employees.	1	2	3	4	5

Social and Environmental Responsibility	Your assessment				
This organization engages in support of community activities.	1	2	3	4	5
This organization is an environmentally responsible company.	1	2	3	4	5
This organization maintains high standards in the way it treats people.	1	2	3	4	5
Financial performance	Your assessment				
This organization has a strong record of profitability	1	2	3	4	5
This organization is a low risk investment.	1	2	3	4	5
This organization tends to outperform its competitor.	1	2	3	4	5
This organization is a company with strong prospects for future growth.	1	2	3	4	5

7. B: The Questionnaire Arabic

للإِجابة على الأسئلة التي يتضمنها هذا الاستبيان؛ الرجاء التكرم بوضع دائرة حول الأرقام أو الحروف التي ترى أنها تمثل الإِجابة المناسبة. (قد تحتاج أحيانا إِلي كتابة إِجابتك).

الجزء الأول: معلومات عامة

1- الوظيفة الحالية:

أ) مدير الشركة ب) أخرى؛ حدد من فضلك: ---

2- مدة الخبرة:

أ) أقل من 5 سنوات. ب) 5- 10 سنوات. جـ) أكثر من 10 سنوات.

3- آخر مؤهل دراسي حصلت عليه:

أ) أقل من الثانوية العامة. ب) الثانوية العامة.

جـ) دبلوم متوسط . د) دبلوم عالي.

هـ) درجة البكالوريوس(أو مايعادلها). و) درجة الماجستير (أومايعادلها).

ز) درجة الإِجازة الدقيقة (الدكتوراة أو مايعادلها).

4- البلد الذي حصلت فيه على مؤهلك الدراسي:

أ) ليبيـــا. ب) بلد عـربي آخر.

جـ) أستراليا. د) المملكة المتحدة.

هـ) أخرى، حدد من فضلك: --

الجزء الثانى: مؤشرات التزام الموظفين

5 - وفيما يلي قائمة بمؤشرات التزام الموظفين. باستخدام الجدول أدناه،

1 ——————————→ 5

لأاوافق بشدة **أوافق بشدة**

مؤشرات التزام الموظفين :	درجة تقييميك				
الموظفين يشعرون كما لو أن مستقبلهم مرتبط ارتباطاً وثيقا بهذه المنظمة.	1	2	3	4	5
الموظفين سيكونون سعيدين بتقديم تضحيات شخصية لو كانت مهمة لصالح المنظمة	1	2	3	4	5
الرابط (الصلة) بين هذه المنظمة وموظفيها قوية جداً	1	2	3	4	5
الموظفين فخورون بالعمل من أجل هذه المنظمة	1	2	3	4	5
الموظفين غالباً يتجاوزو مسؤولياتهم العادية من اجل ضمان سير عمل المنظمات بشكل جيد.	1	2	3	4	5
الموظفين ملتزمون جداً بهذه المنظمة.	1	2	3	4	5
من الواضح ان الموظفين يعتبرون العنصر الاساسى فى هذه المنظمة.	1	2	3	4	5

الجزء الثالث: مؤشرات سمعة المنظمة

6 - وفيما يلي قائمة بمؤشرات مؤشرات سمعة المنظمة. باستخدام الجدول أدناه،

1 ——————————→ 5

لأاوافق بشدة **أوافق بشدة**

مؤشرات المطالب العاطفية	درجة تقييميك				
أنا أملك شعور جيد اتجاه هذه المنظمة.	1	2	3	4	5
أنا آجل واحترام هذه المنظمة.	1	2	3	4	5
أنا أ ثق بهذه المنظمة.	1	2	3	4	5
المنتجات والخدمات	درجة تقييميك				

5	4	3	2	1	هذه المنظمة تقف وراء منتجاتها وخدماتها.
5	4	3	2	1	هذه المنظمة تقدم منتجات وخدمات مبتكرة.
5	4	3	2	1	هذه المنظمة تقدم خدمات ومنتجات عالية الجودة.
5	4	3	2	1	هذه المنظمة تقدم منتجات وخدمات ذات قيمة جيدة للحصول على المال.
درجة تقييميك					**الرؤية والقيادة**
5	4	3	2	1	هذه المنظمة تملك قيادة ممتازة.
5	4	3	2	1	هذه المنظمة تملك رؤية واضحة لمستقبلها.
5	4	3	2	1	هذه المنظمة تدرك وتستفيد من الفرص المتاحة في السوق.
درجة تقييميك					**بيئة مكان العمل**
5	4	3	2	1	هذه المنظمة تدار على نحو جيد.
5	4	3	2	1	هذه المنظمة شركة جيدة للعمل فيها.
5	4	3	2	1	هذه المنظمة هي الشركة التي تملك موظفيون جيدون.
درجة تقييميك					**المسؤولية الاجتماعية والبيئية**
5	4	3	2	1	هذه المنظمة تشارك/ تساهم فى دعم أنشطة المجتمع.
5	4	3	2	1	هذه المنظمة تكون شركة مسؤولة بيئياً.
5	4	3	2	1	هذه المنظمة تحافظ / تمتلك على معايير عالية في طريقة تعاملها مع الناس.
درجة تقييميك					**الأداء المالي**
5	4	3	2	1	هذه المنظمة تملك سجلاً قويا فى الربحية
5	4	3	2	1	هذه المنظمة تكون استثمار منخفض المخاطر.
5	4	3	2	1	هذه المنظمة تميل إلى التفوق في الأداء على منافسيها.
5	4	3	2	1	هذه المنظمة تكون شركة ذات إمكانيات قوية للنمو في المستقبل.

Appendix 8: A survey Instrument of Employee Commitment and Corporate Reputation Indicators Used for Employees.

8. A: The Questionnaire English

To answer the questions of this questionnaire, please circle the numbers or the letters that best describes your response. In some questions you might need to write down your answer.

***Part One**: General information*

1.Current occupation:

a. Employee in a financial department.

b. Employee in an audit department.

c. Employee in a sales department.

d. Employee in a product department.

e. Employee in a public relations department.

f. Other, please specify:-------------------

2.Period of experience:

a. Less than 5 years.

b. 5-10 years.

c. More than 10 years.

3.The last educational qualification:

a. Less than secondary school.

b. Secondary school.

c. Intermediate diploma.

d. Higher diploma.

e. Bachelor degree.

f. Master degree (or its equivalent).

g. PhD degree (or its equivalent).

4. Place of education for the last degree:

a. Libya.

b. Other Arab countries.

c. Australia.

d. The U.K.

e. Other, please specify:--

Part Two: Employee Commitment indicators

5. The following is a list of employee commitment indicators. Using the scale below,

1 ⟶ **5**

Strongly disagree **Strongly agree**

Employee commitment indicators	Your assessment				
I am willing to put in a great deal of effort beyond that normally expected in order to help this organization be successful.	1	2	3	4	5
I talk up this organization to my friends as a great organization to work for	1	2	3	4	5
I feel very much loyalty to this organization.	1	2	3	4	5
I would accept almost any type of job assignment in order to keep working for this organization.	1	2	3	4	5
I find that my values and the organization's values are very similar.	1	2	3	4	5
I am proud to tell others that I am part of this organization.	1	2	3	4	5
I could just as well be working for a different organization as long as the type of work was similar.	1	2	3	4	5
This organization really inspires the very best in me in the way of job performance.	1	2	3	4	5
It would take very little change in my present circumstances to cause me to leave this organization.	1	2	3	4	5
I am extremely glad that I chose this organization to work for over others I was considering at the time I joined.	1	2	3	4	5
I feel there is too much to be gained by sticking with this organization indefinitely.	1	2	3	4	5

I find it easy to agree with this organization's policies on important matters relating to this organization.	1	2	3	4	5
I really care about the fate of this organization.	1	2	3	4	5
For me, this is the best of all possible organizations for which to work.	1	2	3	4	5
Deciding to work for this organization was in my best interests.	1	2	3	4	5

Part Three: Corporate Reputation Indicators

6) The following is a list of items relating to corporate reputation indicators. Usin the scale below,

1 ⟶ **5**

Strongly disagree **Strongly agree**

Emotional Appeal indicators	Your assessment				
I have a good feeling about the organization.	1	2	3	4	5
I admire and respect the organization.	1	2	3	4	5
I trust this organization.	1	2	3	4	5
Product and Services	Your assessment				
This organization stands behind its products and services.	1	2	3	4	5
This organization develops innovative products and services.	1	2	3	4	5
This organization offers high quality products and services.	1	2	3	4	5
This organization offers products and services that are good value for the money.	1	2	3	4	5
Vision and Leadership	Your assessment				
This organization has excellent leadership.	1	2	3	4	5

This organization has clear vision for its future.	1	2	3	4	5
This organization recognizes and take advantage of market opportunities	1	2	3	4	5
Workplace Environment	Your assessment				
This organization is well managed.	1	2	3	4	5
This organization is a good company to work for.	1	2	3	4	5
This organization is a company that would have good employees.	1	2	3	4	5
Social and Environmental Responsibility	Your assessment				
This organization engages in support of community activities.	1	2	3	4	5
This organization is an environmentally responsible company.	1	2	3	4	5
This organization maintains high standards in the way it treats people.	1	2	3	4	5
Financial performance	Your assessment				
This organization has a strong record of profitability	1	2	3	4	5
This organization is a low risk investment.	1	2	3	4	5
This organization tends to outperform its competitor.	1	2	3	4	5
This organization is a company with strong prospects for future growth.	1	2	3	4	5

8. B: The Questionnaire Arabic

للإ جابة على الأسئلة التي يتضمنها هذا الاستبيان؛ الرجاء التكرم بوضع دائرة حول الأرقام أو الحروف التي ترى أنها تمثل الإجابة المناسبة. (قد تحتاج أحيانا إلي كتابة إجابتك).

الجزء الأول: معلومات عامة

1- الوظيفة الحالية:

أ) موظف بالقسم المالي. ب) موظف بقسم المراجعة.

ج) موظف بقسم المبيعات د) موظف بقسم الأنتاج.

هـ) موظف بقسم العلاقات العامة. و) أخرى، حدد من فضلك: --------------------------------

2- مدة الخبرة:

أ) أقل من 5 سنوات. ب) 5-10 سنوات. جـ) أكثر من 10 سنوات.

3- آخر مؤهل دراسي حصلت عليه:

أ) أقل من الثانوية العامة. ب) الثانوية العامة. جـ) دبلوم متوسط. د) دبلوم عالي.

هـ) درجة البكالوريوس(أو مايعادلها). و) درجة الماجستير (أومايعادلها).

ز) درجة الإجازة الدقيقة (الدكتوراة أو مايعادلها).

4- البلد الذي حصلت فيه على مؤهلك الدراسي:

أ) ليـبيـــا. ب) بلد عـربي آخر.

جـ) أستراليا. د) المملكة المتحدة.

هـ) أخرى، حدد من فضلك: --

الجزء الثاني: مؤشرات التزام الموظفين

5 - وفيما يلي قائمة بمؤشرات التزام الموظفين. باستخدام الجدول أدناه،

1 ⟵ **5**

لأاوافق بشدة **أوافق بشدة**

مؤشرات التزام الموظفين :	درجة تقييميك				
أنا على استعداد لوضع قدر كبير من الجهد تتجاوز حد التوقعات العادية من أجل مساعده هذه المنظمة على النجاح.	1	2	3	4	5
أنا تحدثث عن هذه المنظمة لاصدقائي كمنظمة كبيرة تعمل من أجلها.	1	2	3	4	5
أنا أشعر كثيرا بالولاء لهذه المنظمة.	1	2	3	4	5
أنا سوف أقبل تقريبا أي نوع من المهام فى الوظيفة على مواصلة العمل فى هذه المنظمة.	1	2	3	4	5
أنا أجد قيمتى وقيمه منظمتى متشابهة جداً.	1	2	3	4	5
أنا فخور بأن أقول للآخرين أنا جزء من هذه المنظمة.	1	2	3	4	5
أنا أ فضل العمل لاجل منظمة مختلفة (آخرى) طالما كان نوع العمل متشابه.	1	2	3	4	5
هذه المنظمة حقا تلهم (توحى) لي الافضل من حيث الأداء الوظيفي.	1	2	3	4	5
تغير بسيط جداً في وضعى المادى سوف يتسبب لي بمغادرة هذه المنظمة.	1	2	3	4	5
أنا سعيد جداً أنى اخترت هذه المنظمة للعمل فيها أكثر من الآخريات لأنها كانت من اولويات اختيارى عندما انضممت اليها.	1	2	3	4	5
أنا أشعر أن هناك الكثير من الخلافات مع هذه المنظمة إلى أجل غير مسمى.	1	2	3	4	5
أنا أجد من السهل أن نتفق مع سياسات هذه المنظمة بشأن المسائل الهامة المتصلة بهذه المنظمة.	1	2	3	4	5
انا يهمني حقا مصير هذه المنظمة.	1	2	3	4	5
بالنسبة لي، هذه المنظمة تكون الأفضل مقارنتا مع جميع المنظمات المحتملة التي تعمل.	1	2	3	4	5
اتخاذ قرار بالعمل لأجل هذه المنظمة كان في مصلحة هذة المنظمة.	1	2	3	4	5

الجزء الثالث: مؤشرات سمعه المنظمة

6 - وفيما يلي قائمة بمؤشرات *مؤشرات سمعه المنظمة*. باستخدام الجدول أدناه،

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لأاوافق بشدة   **أوافق بشدة**

مؤشرات المطالب العاطفية	درجة تقييميك				
أنا أملك شعور جيد اتجاه هذه المنظمة.	1	2	3	4	5
أنا آجل واحترام هذه المنظمة.	1	2	3	4	5
أنا أ ثق بهذه المنظمة.	1	2	3	4	5
المنتجات والخدمات	درجة تقييميك				
هذه المنظمة تقف وراء منتجاتها وخدماتها.	1	2	3	4	5
هذه المنظمة تقدم منتجات وخدمات مبتكرة.	1	2	3	4	5
هذه المنظمة تقدم خدمات ومنتجات عالية الجودة.	1	2	3	4	5
هذه المنظمة تقدم منتجات وخدمات ذات قيمة جيدة للحصول على المال.	1	2	3	4	5
الرؤية والقيادة	درجة تقييميك				
هذه المنظمة تملك قيادة ممتازة.	1	2	3	4	5
هذه المنظمة تملك رؤية واضحة لمستقبلها.	1	2	3	4	5
هذه المنظمة تدرك وتستفيد من الفرص المتاحة في السوق.	1	2	3	4	5
بيئة مكان العمل	درجة تقييميك				
هذه المنظمة تدار على نحو جيد.	1	2	3	4	5
هذه المنظمة شركة جيدة للعمل فيها.	1	2	3	4	5
هذه المنظمة هي الشركة التي تملك موظفيون جيدون.	1	2	3	4	5

المسؤولية الاجتماعية والبيئية	درجة تقييميك				
هذه المنظمة تشارك/ تساهم فى دعم أنشطة المجتمع.	1	2	3	4	5
هذه المنظمة تكون شركة مسؤولة بيئياً.	1	2	3	4	5
هذه المنظمة تحافظ / تمتلك على معايير عالية في طريقة تعاملها مع الناس.	1	2	3	4	5
الأداء المالي	درجة تقييميك				
هذه المنظمة تملك سجلاً قويا فى الربحية	1	2	3	4	5
هذه المنظمة تكون استثمار منخفض المخاطر.	1	2	3	4	5
هذه المنظمة تميل إلى التفوق في الأداء على منافسيها.	1	2	3	4	5
هذه المنظمة تكون شركة ذات إمكانيات قوية للنمو في المستقبل.	1	2	3	4	5

Appendix 9: Interview list of Corporate Social Responsibility Disclosure and Organisational Performance

9. A: Interview English

❖ Part one: General information.

1. What are the standards which relate to corporate disclosure that are used in annual reports in your organisation?
2. What is the extent of the importance of disclosure of CSR activities information for stakeholders?
3. What are the potential benefits to your organisation that can be obtained from disseminating CSR information?
4. What factors make most difference in practice? For example, is it the case that a decision to improve CSR disclosure is more likely to be taken when your organisation performance is expected to improve?
5. Do you believe that size, age of your organisation, industry type, culture and regulations affect level of CSR disclosure in your organisation? If yes, how?

❖ Part two: The impact of information about CSR activities on Organisational Performance.

Firstly: Information about CSR activities and Financial Performance

1. Do you think that information about CSR activities in terms of employees, community involvements, consumers and environmental activities affect financial performance in your organization? If yes, how?
2. What is the extent of the association between information about CSR activities in terms of employee, community involvements, consumers and environmental activities and financial performance in the organization?
3. Do you think that the organization utilize information about CSR activities in terms of employees, community involvements, consumer and environmental activities to improve its financial performance? If yes, how do you believe that the link works?
4. Does choice of accounting policy interacted with CSR disclosure policy to affect the financial performance?
5. Does the effect of CSR disclosure on financial performance depend on establishing a sustained commitment to improved disclosure? If yes, how is such a commitment established?

Secondly: Information about CSR activities and Employee Commitment

1. Do you think that information about CSR activities in terms of employees, community involvements, consumers and environmental activities affect employee commitment in your organizations? If yes, how?
2. What is the extent of the association between information about CSR activities in terms of employees, community involvements, consumers and environmental activities and employee commitment in the organization?
3. Do you think that the organization utilize information about CSR activities in terms of employees, community involvements, consumers and environmental activities to improve its employee commitment? If yes, how do you believe that the link works?
4. Does choice of accounting policy interacted with CSR disclosure policy to affect the employee commitment?
5. Does the effect of CSR disclosure on employee commitment depend on establishing a sustained commitment to improved disclosure? If yes, how is such a commitment established?

Thirdly: Information about CSR activities and Corporate Reputation

1. Do you think that information about CSR activities in terms of employees, community involvements, consumers and environmental activities affect corporate reputation in your organization? If yes, how?
2. What is the extent of the association between information about CSR activities in terms of employees, community involvements, consumers and environmental activities and corporate reputation in the organization?
3. Do you think that the organization utilizes information about CSR activities in terms of employees, community involvements, consumers and environmental activities to improve its corporate reputation? If yes, how do you believe that the link works?
4. Does choice of accounting policy interacted with CSR disclosure policy to affect the corporate reputation?
5. Does the effect of CSR disclosure on corporate reputation depend on establishing a sustained commitment to improved disclosure? If yes, how is such a commitment established?

Examples of (Social Responsibility Related Information)

1)Employee/Human resources related information:	2) Community involvements related information:
- Employee health and safety. - Employee training; - Employment of women; - Employment of minorities; - Employee assistance/benefits. - Employee remuneration. - Employee profiles. - Employee share purchase schemes. - Employee morale. - Industrial relations. - Other information.	- Donations of cash, products, or employee services to support established community activities, events, organizations, education and the arts. - Summer or part-time employment of students. - Sponsoring public health projects. - Aiding medical health projects - sponsoring educational conferences, seminars or art exhibits. - Funding scholarship programmes or activities. - Other special community related activities, e.g. opining the company's facilities to the public. - Supporting national pride/government sponsored campaigns. - Supporting the development or local industries or community programmes and activities.
3) Products/Consumers related information	**4) Environment related information:**
- Product development. - Product safety. - Product quality.	- Environment pollution. - Aesthetics. - Other Environment related information. - Conservation of energy in the conduct of business operations. - Using energy more efficiently. - Utilizing waste materials for energy production. - Disclosing energy savings resulting from product. - Discussing the company's efforts to reduce energy consumption. - Disclosing increased energy efficiency of products. - Research aimed at improving energy efficiencies of products. - Disclosing the company's energy policies. - Voicing the company's concern with respect to the energy shortage. - Other energy related information.

9. B: Interview Arabic

❖ الجزء الأول : معلومات عامة

1. ما هي معايير الأفصاح التي تستخدم في التقارير السنوية في منظمتكم ؟
2. ما هو مدى أهمية الأفصاح عن معلومات أنشطة المسؤولية الاجتماعية للشركات بالنسبة لأصحاب المصلحة فى المنظمة ؟
3. ما هي الفوائد المحتملة للمنظمتكم التى يمكن الحصول عليها من نشر المعلومات المسؤولية الاجتماعية للشركات ؟
4. ما هي العوامل التي تؤثر فى الممارسة العملية لافصاح عن الانشطة الاجتماعية والبيئية فى منظمتك ؟ على سبيل المثال، هو أن منظمتكم من الأرجح أن تقرر بتحسين/ زيادة الأفصاح عن المسؤولية الاجتماعية للشركات عندما تتوقع تحسن/ زيادة أداء المظمة ؟
5. هل أنتم تعتقدو أن حجم المنظمة؛ عمر المنظمة؛ نوع الصناعة فى المنظمة؛ ثقافة المنظمة والأنظمة المستخدمة تؤثر على مستوى الإفصاح عن المسؤولية الاجتماعية للشركات في منظمتك؟ إذا كان الجواب نعم، كيف؟

الجزء الثاني: أثر الأفصاح عن أنشطة المسؤولية الاجتماعية للشركات على الأداء التنظيمي

أولاً: الأفصاح عن أنشطة المسؤولية الاجتماعية للشركات والأداء المالي

1. هل تعتقد أن الافصاح عن معلومات أنشطة المسؤولية الاجتماعية للشركات المرتبطة بالموارد البشرية / العاملين ؛بالأسهامات فى خدمة المجتمع ؛بالمنتجات/الزبائن والأنشطة البيئية تؤثر على الأداء المالي في منظمتك ؟ إذا كان الجواب نعم، كيف؟
2. ما مدى العلاقة ما بين المعلومات المتعلقة بأنشطة المسؤولية الاجتماعية للشركات المرتبطة بالموارد البشرية / العاملين ؛بالأسهامات فى خدمة المجتمع ؛بالمنتجات/الزبائن والأنشطة البيئية والأداء المالي في منظمتكم؟
3. هل تعتقد أن المنظمة تستخدم معلومات أنشطة المسؤولية الاجتماعية للشركات المرتبطة بالموارد البشرية / العاملين ؛بالأسهامات فى خدمة المجتمع ؛بالمنتجات/الزبائن والأنشطة البيئية لتحسين أدائه المالي؟ إذا كان الجواب نعم، كيف تعتقد أن العلاقة تعمل ؟
4. هل اختيار السياسات المحاسبية تتفاعل/ تتلأئم مع سياسات الإفصاح عن المسؤولية الاجتماعية للشركات من أجل أن تؤثر على الأداء المالي للمنظمة؟
5. هل أثر الافصاح عن المسؤولية الاجتماعية للشركات على الأداء المالي يعتمد على إنشاء التزام متواصل بتحسين الأفصاح ؟ إذا كان الجواب نعم، كيف ينشأ مثل هذا الالتزام؟

ثانيا: الأفصاح عن أنشطة المسؤولية الاجتماعية للشركات و التزام الموظفين

1. هل تعتقد أن الافصاح عن معلومات أنشطة المسؤولية الاجتماعية للشركات المرتبطة بالموارد البشرية / العاملين ؛بالأسهامات فى خدمة المجتمع ؛بالمنتجات/الزبائن والأنشطة البيئية تؤثر على التزام الموظفين في منظمتك ؟ إذا كان الجواب نعم، كيف؟
2. ما مدى العلاقة ما بين المعلومات المتعلقة بأنشطة المسؤولية الاجتماعية للشركات المرتبطة بالموارد البشرية / العاملين ؛بالأسهامات فى خدمة المجتمع ؛بالمنتجات/الزبائن والأنشطة البيئية و التزام الموظفين في منظمتكم؟

3. هل تعتقد أن المنظمة تستخدم معلومات أنشطة المسؤولية الاجتماعية للشركات المرتبطة بالموارد البشرية / العاملين ؛بالأسهامات فى خدمة المجتمع ؛بالمنتجات/الزبائن والأنشطة البيئية لتحسين التزام الموظفين ؟ إذا كان الجواب نعم، كيف تعتقد أن العلاقة تعمل ؟
4. هل اختيار السياسات المحاسبية تتفاعل/ تتلأئم مع سياسات الإفصاح عن المسؤولية الاجتماعية للشركات من أجل أن تؤثر على التزام الموظفين للمنظمة؟
5. هل أثر الافصاح عن المسؤولية الاجتماعية للشركات على التزام الموظفين يعتمد على إنشاء التزام متواصل بتحسين الأفصاح ؟ إذا كان الجواب نعم، كيف ينشأ مثل هذا الالتزام؟

ثالثا: الأفصاح عن أنشطة المسؤولية الاجتماعية للشركات وسمعة الشركات

1. هل تعتقد أن الافصاح عن معلومات أنشطة المسؤولية الاجتماعية للشركات المرتبطة بالموارد البشرية / العاملين ؛بالأسهامات فى خدمة المجتمع ؛بالمنتجات/الزبائن والأنشطة البيئية تؤثر على سمعة الشركة في منظمتك ؟ إذا كان الجواب نعم، كيف؟
2. ما مدى العلاقة ما بين المعلومات المتعلقة بأنشطة المسؤولية الاجتماعية للشركات المرتبطة بالموارد البشرية / العاملين ؛بالأسهامات فى خدمة المجتمع ؛بالمنتجات/الزبائن والأنشطة البيئية و سمعة الشركة في منظمتكم؟
3. هل تعتقد أن المنظمة تستخدم معلومات أنشطة المسؤولية الاجتماعية للشركات المرتبطة بالموارد البشرية / العاملين ؛بالأسهامات فى خدمة المجتمع ؛بالمنتجات/الزبائن والأنشطة البيئية لتحسين سمعة الشركة ؟ إذا كان الجواب نعم، كيف تعتقد أن العلاقة تعمل ؟
4. هل اختيار السياسات المحاسبية تتفاعل/ تتلأئم مع سياسات الإفصاح عن المسؤولية الاجتماعية للشركات من أجل أن تؤثر على سمعة الشركة للمنظمة؟
5. هل أثر الافصاح عن المسؤولية الاجتماعية للشركات على سمعة الشركة يعتمد على إنشاء التزام متواصل بتحسين الأفصاح ؟ إذا كان الجواب نعم، كيف ينشأ مثل هذا الالتزام؟

ملحق : أمثلة توضيحية عن بعض المعلومات المرتبطة بأنشطة المسؤولية الإجتماعية:

(1) معلومات تتعلق بالموارد البشرية / العاملين:	**(2) معلومات متعلقة بالإسهامات في خدمة المجتمع**
- صحة وسلامة العاملين. - تدريب وتطوير العاملين. - توظيف العنصر النسائي (العمالة النسائية). - توظيف الأقليات (العرقية). - المساعدات والإعانات الخاصة بالعاملين. - المكافآت والتعويضات الخاصة بالعاملين. - معلومات شخصية عن العاملين "المستخدمين" (لمحة عن كل عامل). - برامج مشتريات أسهم للعاملين. - مايتعلق بمعنويات العاملين. - العلاقات الصناعية. - ومعلومات أخرى.	- التبرعات النقدية أوالعينية (بما تنتجه المنشأة) وكذلك بخدمات موظفيها، لأحداث ونشاطات المجتمع وكذلك منظماته وفنونه ونظامه التعليمي. - الوظائف الصيفية وذات الدوام الجزئي-Part time) للطلاب. - التكفل برعاية مشروعات الصحة العامة. - المعونات الطبية للمشاريع الصحية. - رعاية المؤتمرات التعليمية، الحلقات الدراسية والمعارض الفنية. - تمويل البرامج والأنشطة المتعلقة بالمنح الدراسية. - أنشطة معينة أخرى تتعلق بالإسهامات في خدمة المجتمع، كأن تقوم المنشأة مثلا بفتح مرافقها(تسهيلاتها) الخاصة لاستقبال العامة "الجمهور", (أي أن يستفيد الجمهور من هذه المرافق و التسهيلات). - تشجيع ودعم الحملات الداعية الي الافتخار والاعتزاز بالوطن (المناسبات الوطنية مثلا). تشجيع التطوير أو الصناعات المحلية أو أنشطة وبرامج المجتمع.
(2) معلومات تتعلق بالبيئة:	**(4) معلومات تتعلق بالمنتجات/الزبائن:**
- تلوث البيئة. - الجماليات (مايتعلق بتجميل المدن وما إلى ذلك). - ومعلومات أخرى لها علاقة بالبيئة. - المحافظة على الطاقة - اسغلال الطاقة بشكل أكثر كفاءة. - استغلال المخلفات لأغراض إنتاج الطاقة. - الإفصاح عن (بيان) الوفر في الطاقة الناتج عن المنتج. - بيان ما تبذله المنشأة من جهود في سبيل تخفيض استهلاك الطاقة. - الأبحاث الهادفة الى رفع كفاءة الطاقة من المنتجات. - الإفصاح عن سياسات الطاقة الخاصة بالمنشأة. - التعبير عن اهتمام وقلق المنشأة فيما يتعلق بمشكلة نقص (العجز في) الطاقة. - ومعلومات أخرى تتعلق بالطاقة.	- تطوير المنتج. - سلامة المنتج. - جودة المنتج.