

**DO CULTURE AND GOVERNANCE STRUCTURE INFLUENCE CSR
REPORTING QUALITY: EVIDENCE FROM CHINA, INDIA, MALAYSIA AND
THE UNITED KINGDOM**

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ABSTRACT

This study provides preliminary findings on CSR disclosure practices in various reporting media used by 70 big corporations in China, India, Malaysia and the UK. It also investigates whether national culture, corporate governance and the existence of a CSR committee on the board influence the quality of CSR. Results show that CSR disclosures on websites and stand-alone reports have better quality than annual reports. The quality of CSR disclosure varies across countries, with UK corporations being the best reporters, followed by India and Malaysia. Chinese corporations ranked last when annual reports were compared. However, they appeared as good as India when the websites and stand-alone reports were analysed. The quality of CSR disclosure increases with the existence of CSR committees on the board; and national culture partly influences the disclosure. Overall, the results suggest that CSR reporting in emerging markets could be enhanced through changes in companies' governance structure.

1. INTRODUCTION

'Corporate Social Responsibility' (CSR) has been the subject of substantial academic debate for over two decades (see Gray *et al.*, 1995a; Mathews, 1997; Gray, 2006; Owen, 2007). In recent years, more issues surrounding the CSR have emerged, resulting in widening gaps in the literature. For instance, even though research evidence provides consensus on the importance of size and industry in CSR reporting (e.g. Hackston and Milne, 1996; Owens, 2007; Belal, 2008), research evidence is still inconclusive on aspects of general contextual and internal factors influencing CSR reporting (i.e. country of origin, cultural context, corporate governance, corporate culture, adoption of environmental certification, environmental performance, to name a few) (Adams and Kuasirikun, 2000; Haniffa and Cooke, 2005; Sumiani *et al.* 2007; Archambault and Archambault, 2003; Clarkson *et al.*, 2008; Amran and Devi, 2008). Hence, we attempt to contribute to the CSR literature by offering substantive dataset in the CSR reporting model.

This study has 3 main objectives. First, we examine the nature, quality and extent of CSR reporting practices of big corporations across several emerging markets in Asia (China, India and Malaysia) and the UK. Since previous literature shows the use of only the annual report for measuring disclosure provides a distorted picture of CSR practices within companies (Unerman, 2000; Holland and Foo, 2003; Frost *et al.*, 2005), we obtained CSR information from various reporting media such as annual reports, stand alone CSR reports and websites. Accordingly, we predict that the quality of CSR information disclosed in annual reports is different from that on websites and stand-alone CSR reports.

Secondly, we investigate the effects of national culture on CSR reporting. Comparative studies between the UK and the USA (Holland and Foo, 2003), the UK and Germany (Adams and Kuasirikun, 2000), Britain and Germany (Silberhorn and Warren, 2007), Canada and the USA (Buhr and Freedman, 2001) show some evidence that CSR reporting practices vary between countries. Some inferences are also made, showing that culture is important in explaining the variation of CSR reporting practices across countries (e.g. Williams, 1999; Van Der Laan Smith *et al.*, 2005). Hence, we hypothesize that CSR reporting varies between countries and national culture influences the variation.

Finally, previous literature also documented that corporate governance influences corporate disclosure practice positively or negatively, depending on the country of origin (Kamla, 2007;

Xiao *et al.* 2005; Haniffa and Cooke, 2005; Wang *et al.* 2008; Eng and Mak, 2003). Accordingly, we investigate if national culture, board composition and the existence of a CSR committee on the board influence the quality of CSR disclosure.

Our study is pertinent for several reasons. Firstly, it contributes to the unresolved issues of CSR reporting, particularly pertaining to the importance of culture and internal contextual factors in influencing CSR disclosure. We analysed substantive datasets in the CSR reporting model by incorporating national social data such as national culture and country's environmental performance in addition to company-specific internal data such as assurance statement, ISO 14000 certification and the existence of a CSR committee. Secondly, this study provides comprehensive analysis on CSR reporting which encompasses annual reporting, stand alone reporting and company websites. Finally, since our data comprises of companies in India and China, it contributes to the literature on the CSR particularly in the Asian emerging markets.

The remainder of this paper is organized as follows. Section 2 provides theoretical frameworks, reviews literature and presents the hypotheses. Section 3 describes research design and Section 4 presents results. The final section discusses the findings and concludes.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

We attempt to explain the relationship between CSR reporting¹, culture and corporate governance using theories such as stakeholder, legitimacy and institutional. The followings briefly discuss these theories.

Stakeholder theory

Stakeholder theory defines a stakeholder as any group or individual who can affect, or is affected by, the achievement of the corporation's objectives (Freeman, 1984). The concept of the stakeholder implies that various stakeholder groups such as shareholders, employees, creditors, suppliers, customers, government and local community can have interest in a corporation's activities and behaviour (Qu and Leung, 2006, Deegan, 2006). Accordingly, these stakeholder groups expect an organization to report its activities and that they have implicit right to be provided with information about how organizational activities impact on them, even if they choose not to use the information, and even if they cannot directly play a constructive role in the survival of the organization (Deegan, 2006).

Deegan (2006) suggests that there are two branches of stakeholder theory: the ethical branch (moral) and the positive branch (managerial). The ethical branch argues that all stakeholders have the right to be treated fairly by an organization, and that managers should manage the organisation for the benefit of all stakeholders. Managers disclose information to stakeholders because it is their responsibility to do so. This branch of the theory expects that companies, due to their moral obligations, will disclose information to the stakeholders.

An opposite version of the ethical branch is the managerial or positive branch. This branch of the theory predicts that corporate disclosure is driven by the degree of power or control that the specific group of stakeholders have over the company's resources. Accordingly, an organization will not respond to all stakeholders equally, but to those who are deemed to be

¹ Although CSR encompass both activities and reporting, this research mainly focuses on the reporting aspect CSR reporting is viewed either as an addendum to conventional accounting activity which assumes the 'financial community' to be the main user, or as a role of information in organization-society dialogue that interacts the organization and the society including its natural environment, employees, communities, and customers (Gray *et al.*, 1995; Adams, 2002; Gray, 2002).

more powerful. Stakeholder demands include provision of information about the activities of the organizations, and thus, the CSR disclosure is expected to be demand driven (Guthrie *et al.* 2004, Yongvanich and Guthrie, 2005; Deegan, 2006).

Stakeholder theory fits partly into the discussion of the cultural influence on CSR reporting because by definition, culture is the social expectation that is aggregated at the national (or organizational) level. As a result, the unique stakeholders' expectations in a particular country lead to different CSR reporting practices between countries (see Van der Laan Smith *et al.*, 2005; 2010).

Our discussion is extended to legitimacy theory because stakeholder theory is closely linked with legitimacy; and the two are often used to complement each other (De Villiers and Van Staden, 2006).

Legitimacy theory

Legitimacy theory is concerned with organization-society negotiation in a pluralistic world. In this vein, organizations continually seek to ensure that they operate within the bounds and norms of the respective societies. Corporations attempt to secure legitimation through their activities. Lindblom (1994) suggests four strategies of legitimation; namely to educate and inform stakeholders about actual performance; change stakeholder perceptions without changing behaviour, distract attention away from the issue of concern and change external expectations about performance. These strategies are important in explaining variations of CSR reporting practices across the world.

Legitimacy theory stems from the notion that there exists a 'social contract' between the organization and the society in which it operates (Guthrie *et al.* 2004). The social contract is used to represent the multitude of expectations that the society has on how the organizations should conduct its operations (Guthrie *et al.* 2004). Organizational legitimacy is achieved when its value system matches that of the social system of which it forms a part, and it is threatened when there is a mismatch (Linblom, 1994; O'Donovan, 2002). Accordingly, organizations continually seek to ensure that they operate within the bounds and norms of their respective societies (Guthrie *et al.*, 2004).

Legitimacy theory could also explain the effect of culture on CSR reporting. This theory explains the association between accounting and society from a company's perspective. A company would voluntarily report on activities if management perceived that the particular information is demanded by the societies which it operates (De Villiers and Van Staden, 2006). Arguably, individual company's perspective attributes to the social expectation. Such expectations vary between countries and this variation is possibly influenced by the cultural variables (e.g. Williams, 1999; Van Der Laan Smith *et al.*, 2005). Thus, company would provide good (or poor) quality of CSR reporting in a way which is consistent within its *perceived* aggregate levels of cultural values in a particular country.

Legitimacy theory suffers from problems that include an apparent conceptual overlap with political economy of accounting theory and institutional theory (Deegan, 2002; Gray *et al.* 1995a). For example, Adam and Larrinaga-Gonzalez (2007) suggest that institutional theory is more potent as an explanation of social and environmental accounting. This argument is based on the premise derived from the process of legitimation. They assert that legitimation is not only strategic, but also institutional in nature (Suchman, 1995; Milne and Patten, 2002).

Proponents of institutionalism depict legitimacy as a result of congruency between the organization and its cultural environment, with a greater focus on the cognitive rather than the evaluative side (Amran and Devi, 2008). This point shows that legitimacy and institutional theories are closely related; thus the institutional theory is also worth mentioning in this paper.

Institutional theory

Institutional theorists assert that institutions are less likely to change than other structures (Zucker, 1977), bringing about stability and inertia or homogenization of organizations (i.e. isomorphism) (DiMaggio and Powell, 1983). Scott (1995) explains that institutions are comprised of structures and activities that provide stability and meaning to social behaviour.

Institutional theory is also capable of explaining the influence of culture and CSR reporting. Literature shows that CSR activities, which are institutionalised in particular firms resulting in an improved amount and quality of disclosure (Rahaman *et al.*, 2004; Amran and Devi, 2008). CSR activities in these firms are related to the institutionalised values, and these values are influenced by cultural variables (Waldman, 2006). Additionally, several variables which determine CSR reporting such as corporate governance and ownership structure are also associated with culture. Thus, there is a possibility that culture can moderate variables that influence the CSR reporting; and institutional theory is capable of explaining this phenomenon.

Literature Review

Cross country studies show some evidence that CSR reporting varies between countries. Literature documented that both institutional and corporate-specific factors are important in explaining the variation. For example, Williams (1999) examine the quantity of 'voluntary environmental and social accounting disclosure' (VESAD) across Australia, Singapore, Hong Kong, Philippines, Thailand, Indonesia and Malaysia. Williams (1999) obtained VESAD information from the year 1994 annual reports of 365 companies. A total of five variables (i.e. culture, political system, civil systems, legal system and equity market) are hypothesized to explain variations in the quantity of VESAD across the seven countries. The findings show that national culture, political and civil systems are significant determinants of quantity of VESAD information in annual reports. However, legal system and equity markets are not important in explaining the CSR disclosure practices across Asia.

Xiao *et al.* (2005) argue that a country's stage of social and economic development influence the extent of CSR disclosure. They predict that UK companies disclose more CSR information than Hong Kong companies, due to the influence of economic development. Xiao *et al.* (2005) conducted content analyses on annual reports of 69 companies over a period of 5 years in Hong Kong and the UK. The findings show an upward trend of CSR disclosure in both countries. However, the positive trend is more prominent in the UK. Xiao *et al.* (2005) infer that economic development influences their research findings. However, the inference they make is unconvincing because the economic development variable is not tested empirically in their study.

Silberhorn and Warren (2007) examines whether managers from different countries define CSR differently. Data on CSR reporting is obtained using content analysis on the company's websites. In addition, they also conducted a series of interviews with senior managers in 40 British and German companies. The website analyses and interview results show that CSR

practices and disclosure were prominently motivated by company performance, followed by corporate values, and response to stakeholder pressure.

Interestingly, the frequency of issues varies noticeably between the nations. Silberhorn and Warren (2007) found that British companies emphasize education, human rights and animal welfare more often than German firms. In contrast, German companies give significantly more emphasis to cultural diversity, and especially the arts and cultural aspects. Additionally, British companies clearly pay more attention to the stakeholder groups than German firms. Silberhorn and Warren (2007) explain that a more 'laissez faire' attitude in the UK passes the social responsibilities of corporations on to the market, whereas in Germany, the welfare state has already introduced stricter legislations in areas such as employee rights and green issues.

Holland and Foo (2003) attempt to discover the differences in disclosure between the UK and the US and examine how and why these arise. They examine the extent to which the legal and regulatory framework of a country can regulate environmental activity and so influence environmental performance and determine the types of disclosure made. Specifically, they analysed 37 annual reports from four industries namely chemicals, mining, oil and gas, construction and power; 19 of them were from the UK and the rest were from the USA.

Their content analyses of the year 2000 annual reports reveal several important findings. First, Holland and Foo (2003) found more companies in the UK produced stand-alone reports and/or included a separate environmental section in their annual reports than the US companies. Additionally, UK and US corporations placed different emphasis on the environmental items disclosed in the annual report. For instance, UK firms were largely concerned with the management of environmental activities through management systems. Finally, Holland and Foo (2003) report that environmental disclosures of these firms also appear to be clearly identified, in response to user needs for such information. However, the US firms clearly have more legislative emphasis, where the annual reports were produced in response to the legislative requirement.

CSR reporting on websites

Several studies (e.g. Unerman, 2000; Holland and Foo, 2003) claim that using only the annual report for measuring disclosure provide a distorted picture of CSR practices within companies because literature documented significant use of company websites in CSR reporting (Patten and Crampton, 2004; Chapple and Moon, 2005; Frost *et al.*, 2005; Hasseldine *et al.*, 2005). For example, Chapple and Moon (2005) examine website reporting of 50 companies in seven Asian countries: India, Indonesia, Malaysia, the Phillipines, South Korea, Singapore, and Thailand. They argue that CSR in Asia is not homogeneous because of factors such as the country's level of development, globalization, and national business system. The findings show CSR website reporting varies between countries in Asia. Nonetheless, the variations are not explained by the country's development but by factors in respective national business systems. Chapple and Moon (2005) also find that multinational companies are more likely to adopt CSR than those companies operating solely in their home country. Similarly, Frost *et al.* (2005), in their examination of CSR reporting practices of 25 companies in Australia, also find that the annual report is the least valuable source of information on CSR. Instead, the CSR stand-alone report and websites provide greater levels of information on CSR.

Accordingly, we expect differences in the quality of information disclosed in the annual reports and the websites for three reasons. First, previous literature shows that CSR disclosures within the online annual report are generally different and less detailed than in

other parts of the corporate website such as sustainability section or a standalone CSR Report (Guthrie *et al.*, 2008; Williams and Pei, 1999). Secondly, placement of information within an annual report may be perceived to be more reliable as it is subject to a weak form of assurance because auditors must judge whether all disclosures within the annual report are consistent with the audited financial information (Fisher, *et al.*, 2004). Thirdly, sustainability disclosure provided in annual report and CSR standalone report were directed to different user groups (Rowbottom *et al.*, 2009). The following hypothesis is stated:

H₁: The quality of CSR information disclosed in annual reports is different from that on websites and stand-alone CSR reports.

Culture and CSR reporting

Withrop (1991) defines culture as the arrangement of beliefs and customs through which social relations are expressed. It can also be interpreted as a set of standards for behaviour considered authoritative within a society (Withrop, 1991). Hofstede (1980, p. 5) refers to culture as ‘the collective programming of the minds which distinguishes the members of one group from another’. Such mental programming could exist in several layers at various levels including national, regional, ethnic, religious affiliation, gender and social class levels in addition to organizational and corporate levels.

Given this definition, based on a survey to 117,000 IBM employees, Hofstede (1980) expresses culture in five dimensions namely power distance, individualism, uncertainty avoidance, masculinity and long, versus short-term, orientation. These five cultural taxonomies explain the difference in individuals’ behaviour from country to country. Power distance refers to the extent to which unequal distribution of power is tolerated within a society. Individualism is the extent to which the individual acts independently as opposed to collectivism, where people prefer to be in a group. Uncertainty avoidance refers to the situation where people feel threatened by unknown situations. Masculinity represents stress on achievement, heroism, assertiveness and material success; whereas, feminine society emphasizes relationships, modesty, caring for the weak and the quality of life. Lastly, short, versus long-term, orientation addresses the way in which some societies prefer a short-term view of life, while others take the long-term perspective (Hofstede, 1980; Hofstede, 2001).

In the context of Hofstede’s national culture, Williams (1999) found that uncertainty avoidance and masculinity are statistically related to the VESAD. The study hypothesize that the levels of uncertainty avoidance influence the extent of VESAD negatively. To illustrate, companies that operate in a society which has high levels of uncertainty avoidance have a preference for secrecy because there is a need to restrict information for avoiding possible conflict and uncertainty of competition and to ensure the preservation of security in the society (Williams, 1999). Whereas, firms in more masculine-biased societies disclosed less social and environmental information because they encounter lower social expectations and demands for information related to environmental and social matters.

Williams’s (1999) model has provided evidence to explain the variation in CSR disclosure by companies in Asia-Pacific. However, the model was only tested based on quantity. Aspects of quality of information are thus identified as a research gap that is examined in this study.

Van Der Laan Smith *et al.* (2005) performed an analysis on CSR disclosure which is more extensive than Williams’s (1999) study because they analyse both the extent and quality of disclosures. They conducted content analysis on 32 Norwegian/Danish companies and 26 US companies in the electric power generation industry. Based on Hofstede’s (2001) masculinity-femininity concept, they contend that a masculine society is more concerned

about power and economic status, whilst a feminine society puts more emphasis on social goals such as relationships, helping others and the physical environment. As a result, CSR reporting is expected to be better (in terms of quality and extent) in a feminine society, as opposed to a masculine society. Given this, Van Der Laan Smith *et al.* (2005) hypothesize that CSR reporting in Norwegian/Danish companies should be more than US companies. The findings provide significant support for the variations of quality and extent of CSR reporting in these countries; and culture is inferred as important in explaining the variation.

On the basis of Hofstede's framework, Gray (1988) developed four additional cultural accounting values that specifically relate to corporate reporting practices. These include professionalism versus statutory control, uniformity versus flexibility, conservatism versus optimism and secrecy versus transparency. Gray (1988) suggests that disclosure relates to secrecy. Secrecy increases with uncertainty avoidance and power distance, and decreases with individualism and masculinity. If this assumption is correct, it would suggest that culture plays a role to explain the difference in the corporate disclosure of countries throughout the world. Gray (1988) also suggests that Asian managers are more secretive, collective, and have a high tendency to avoid uncertainty. Accordingly, financial reports prepared by Asian corporations are expected to contain less voluntary information.

For example, in the context of China, Chinese society is characterized as having high levels of collectivism and power distance and strong uncertainty avoidance. Chinese society tends to adhere to rules and regulations and disclose less information in their annual reports voluntarily. Therefore, it is argued that Chinese culture does not promote voluntary disclosure (Huafang and Jianguo, 2007). Chau and Gray (2001) confirm the secretive nature of Chinese reporting practices in their comparative studies between Hong Kong and Singapore and US and UK companies.

However, in a more recent study, Qu and Leung (2006) found that regardless of the notable secrecy level of Chinese society, Chinese listed companies are more willing than in previous decades to provide voluntary information in their corporate annual report. In the study, Qu and Leung (2006) investigated whether voluntary disclosure with regards to corporate governance can be found in Chinese listed companies' annual reports as a result of the changed cultural environment. They developed a checklist of 120 items of corporate governance related information² with a dichotomous score of 1 or 0.

Content analyses of 120 companies showed that 85 percent of the sample made disclosures. The most frequently disclosed area is stakeholder interest. Voluntary disclosure on human resource policies, internal management structure and workplace development initiatives were also found. It was also found that companies in China would like to disclose some information in regard to social and environmental performance. In essence, the results demonstrated that disclosure in Chinese society has improved despite the argument that the society is generally secretive (Qu and Leung, 2006).

Our study assesses whether CSR reporting practices vary across countries. In addition, using Hofstede's cultural framework, we also examine whether national culture determines quality of CSR information. Even though Hofstede's cultural framework has been criticised due to its

² The 'corporate governance related' information encompasses categories including board structure and functioning, employees related issues, director remuneration, audit committee, related party transactions, controlling shareholder's interests, stakeholder interest and compliance with relevant corporate governance principles.

methodological flaws (see Mcsweeneys, 2002; Barkerville 2005), it has been proven robust until recently. For example, Kim and Gray (2009) compare Hofstede's indices with alternative frameworks including *Global Leadership and Organizational Behavior Effectiveness Research Program (GLOBE)*'s indices of societies (Waldman et al, 2006) and their self-developed indices. Their findings indicate the robustness of Hofstede's model in explaining national culture differences between countries. Accordingly, we use Hofstede's framework to determine the cultural differences between countries.

Our research question is relevant for several reasons. Firstly, cross-country research has documented that CSR reporting practices between countries are different (e.g. Buhr and Freedman 2001; Silberhorn and Warren, 2007). Secondly, conceptual papers that attempt to establish a link between culture and CSR accounting did not test the cultural concept empirically (Abeysuria *et al.*, 2007; Loi, 2008; Zinkin, 2007; McKernan and MacLulich, 2004; Gallhofer *et al.*, 2000). Thirdly, there is a claim stating that the current model of CSR has been developed mainly in the West and thus may not be tailored to the needs of societies in the East (Kamla, 2007). If such a claim is true, we would expect to see some variations in CSR reporting practices between countries in the Asia and the UK. Thus, the following hypotheses are stated:

H₂: Quality of CSR information varies across China, India, Malaysia and the UK.

H₃: National culture influences the quality of CSR information across China, India, Malaysia and the UK

CSR reporting and Corporate Governance

Previous literature documented that culture is associated with corporate governance (e.g. Li and Harrison, 2007; Haniffa and Cooke, 2002). Researchers in the voluntary disclosure stream also reported that corporate governance influences accounting disclosure (e.g. Chen and Jaggi, 2000; Eng and Mak, 2003). However, the literature provides inconsistent evidence on the way corporate governance influences corporate reporting.

For example, Haniffa and Cooke (2002; 2005) found that companies produce less voluntary information when the number of non-executive directors on the board is high. This finding is opposite to their prediction as well as with agency theory based predictions. Supposedly, a high number of outside directors represents good monitoring of activities by the board and limits managerial opportunism (Fama and Jensen 1983). Therefore, board composition (measured by the proportion of outside directors) should be positively associated with voluntary disclosure.

Ho and Wong (2001) assert that the inconsistent findings are attributed to the roles of governance mechanisms in corporate disclosure policy, which can either be complementary or substitutive (Kelton and Yang, 2008). Governance is complementary when it could refrain managers from withholding information to their own benefit. As a result, good governance strengthens the quality and comprehensiveness of corporate report. On the other hand, governance mechanism is substitutive when it reduces information asymmetry and opportunistic behaviours in the firm. Thus, corporate governance and voluntary disclosure are negatively associated in a substitutive-governance environment (Kelton and Yang, 2008).

Additionally, it can also be argued that country differences could influence governance mechanism, thus the disclosure. For instance, Eng and Mak (2003) report that the relationship between number of outside directors and voluntary disclosure is moderated by country

variable. They find that in Hong Kong, disclosure increases when a company has a high number of outside directors. In contrast, it decreases with the increase in the outside directors in Singapore.

Hence, this research argues that national culture plays a role in explaining the association between corporate governance and disclosure. For example, using Hofstede's masculine-feminine concepts, Van Der Laan Smith *et al.* (2005) view corporate governance structures from two perspectives: contractarianism and communitarianism (Bradley *et al.*, 1999). They argue that governance structures in US companies are contractarian (shareholder) oriented, whereas Norwegian/Danish companies are communitarian (stakeholder) oriented (see also Simnett *et al.*, 2009). Corporate governance structures in contractarian countries (i.e. the USA) revolve around shareholder relationships and promoting shareholder value whereas the structures in communitarian countries (i.e. Norway and Denmark) deal with social responsibilities, which go beyond achieving economic efficiency. The cultural differences and institutional factors contribute to systematic differences in situational factors and management characteristics among countries. This in turn, would be reflected as the management response to their relevant stakeholders through the level and type of CSR disclosure (Van Der Laan Smith *et al.* 2010). Thus, CSR reporting in Norwegian/Danish companies are expected to be different from that in US companies.

The existence of a CSR committee on the board is also considered important in explaining the quality of CSR disclosure across countries. For example, drawing upon legitimacy theory, Wahyuni *et al.* (2009) argue that companies with an environment committee are more likely to voluntarily disclose greenhouse gas emissions information than companies without such a committee. The presence of committee shows the companies' concern to legitimize their environmental reputation (Neu *et al.*, 1998). Wahyuni *et al.* (2009) also contend that companies who engage their Chief Executive Director (CEO) as a member of the environment committee are more committed to provide greenhouse gas emissions information. Engaging the CEO as a member of environmental committee demonstrates the company's endeavours to improve its environmental performance. However, an analysis on 93 Australian companies, which provide greenhouse gas emissions information, failed to support the argument.

The previous discussion leads to the development of the following hypothesis:

H₄: Companies' governance structure influences the quality of CSR disclosure.

3. RESEARCH DESIGN

Sample

The sample was obtained from GLOBAL 2000 report³. The report provides rankings for the world's top 2000 companies based on market capitalization, assets, profit and sales value. The sample was restricted to big companies for two reasons. First, previous literature on corporate disclosure provides consensus that big companies generally are good reporters. Secondly, big companies face greater political and public pressures than small companies because of the resources and profits they generate. Thus, drawing upon legitimacy theory, the CSR issue is more prominent in big companies. Accordingly, focusing only on big companies may help in controlling the effect of size on the CSR disclosure (see Patten, 1992; Hackston and Milne, 1996; Kolk 2003; KPMG 2005; Owen, 2007).

³ The latest version of GLOBAL 2000 was published in April 2009

We also place a restriction on the selection of industry. The study is restricted only to environmentally and socially sensitive corporations because previous literature documented evidence on the effects of these industries on CSR reporting (see Halme and Huse, 1997; Milne and Patten, 2002; Yongvanich and Guthrie, 2005; Deegan and Blomquist, 2006; Guthrie *et al.* 2008; Belal, 2008). Accordingly, the sample was obtained from 6 industries: drugs and biotechnology, alcohol and tobacco, materials, oil and gas, transportation and utilities⁴. Table 1 tabulates the sample companies.

<< Insert Table 1 >>

This study analyses 70 corporations in 4 countries: Malaysia, China, India, and the UK. These countries are selected because they represent diverse-cultural settings (Hofstede, 2001). Furthermore, as China⁵ and India are amongst the largest emerging economies, CSR issues in these countries will be of primary importance for the world (Zhang and Wen, 2008). Finally, the corporate governance reforms (see Rajagopalan and Zhang, 2008; Mohd Ghazali 2007) occurring in these countries arguably would influence the way companies handle CSR issues.

Data Collection and Analysis

Information on the CSR reporting was obtained through content analysis of the 2008/2009 company annual report, CSR stand-alone report and website. The annual report, CSR stand-alone report and CSR section on companies' websites were assessed based on the Global Reporting Initiatives (GRI) indicator. CSR sentences were identified based on a checklist of 51 items, categorized into four main themes: environment, labour practice, human rights, and society⁶. The analysis involved scoring the report to determine quality. Quality benchmarks were obtained from the Global Reporting Initiatives (GRI) indicator. The GRI index was used in this study for several reasons. Firstly, GRI provides an internationally recognized framework for CSR reporting (Frost *et al.*, 2005), which is relevant in a study that examines CSR reporting practices at international level. Secondly, using an internationally recognized framework to measure CSR disclosure enables replication of the study. Thirdly, GRI is comprehensive; it covers all reporting aspects such as social, environmental and economic performance. Fourthly, GRI is also considered as the latest and innovative measures for CSR reporting⁷. Finally, previous studies that examine CSR issues such as environmental reporting (e.g. Hasseldine *et al.* 2005; Van Staden and Hooks, 2007), ethical and social reporting (e.g. Adams and Kuasirikun, 2000) and sustainability reporting (e.g. O'Dwyer and Owen, 2005; Frost *et al.*, 2005) utilize GRI as a framework to develop their disclosure indices.

⁴ We have tested whether CSR quality in sample companies varies between industries. The analysis showed no significance influence of industry affiliation on CSR quality. We also have tested the effects of company-characteristics such as sales, profitability and market capitalization on CSR. We found no evidence on the influence of these variables on our model. These results demonstrate that we have effectively controlled for the effects of industry and size on CSR in the sampling procedure.

⁵ China is facing with many problems in air quality, land use, water and ecological conservation which indirectly affect the neighbouring countries as well as the world (see Zhang and Wen, 2008; Wang *et al.*, 2008; Liu *et al.*, 2010)

⁶ Although GRI provides the product responsibility and economic performance indicators, they are omitted due to constraints in time and resources.

⁷ The first version of GRI was issued in June 2000; and revised two years later (Frost *et al.*, 2005). The latest version is available on-line as G3 (<http://www.globalreporting.org/AboutGRI/WhatIsGRI/History/OurHistory.htm>)

Each CSR sentence was scored from 0 to 5, with '0' for no disclosure; '1' for general rhetorical statement; '2' for specific endeavour, policy is specified; '3' for implementation and monitoring but quantified results are not published; '4' for implementation and monitoring, quantified results are published; and '5' for the use of targets in addition to publications of quantified results (see Hasseldine *et al.*,2005).

Variables

The dependent variable in this study is the quality of CSR disclosure, which is calculated based on a checklist of 51 items, utilized from the GRI framework. All reports associated with CSR information presented in annual reports and companies' website were assessed. Scores were given based on '0' to '5' scales.

Independent variables in this study are corporate governance and national culture. While acknowledging the number of measurements used in the literature measuring corporate governance (see Larcker *et al.* 2007), this study undertakes two constructs: board compositions and the existence of a CSR committee on the board. These variables were obtained from company annual reports.

The national culture variables are measured based on individualism, power distance, uncertainty avoidance and masculinity index (Hofstede, 1991; Hofstede, 2001). These indices have been used since 1980 and are still relevant today (Jansen *et al.* 2009; Waldman *et al.* 2006; Smith, 2006; Kim and Gray, 2009; Tang and Koveos, 2008). Table 2 presents all the variables.

<< Insert Table 2 >>

Control Variables

This research incorporates four control variables in the regression analysis:CSR assurance statement, Big-4 auditor, ISO 14000 certification and countries' environmental performance (Simnett *et al.*, 2009; Deegan *et al.*, 2006; O'Dwyer and Owen, 2005).

CSR assurance statement

We control for the effect of CSR assurance on CSR reporting quality. Simnett *et al.* (2009) argue that a CSR assurance statement is capable of improving the credibility of the CSR report (referred to as sustainability report). Furthermore, they also contend that companies with a greater need to increase user confidence will be more likely to have their CSR reports assured. With respect to cultural factors, they hypothesize that companies domiciled in stakeholder-oriented countries are more are more likely to demand assurance of CSR reports than companies located in shareholder-oriented country (see Van Der Laan Smith *et al.*, 2005). They analyse 2,113 companies from 31 countries that produce CSR reports between years 2002 to 2004. Their findings provide support that companies enhance credibility of the reports by having their CSR reports assured (Simnett *et al.*, 2009).

Ideally, a company should improve the disclosure quality prior to having their CSR reports assured. The assurance is obtained to reflect discharge of accountability; therefore, a positive association between CSR reporting and CSR assurance seems plausible. Otherwise, having CSR reports assured can be regarded as part of the legitimation strategy (for example, the

assurance is acquired to imitating other companies in the same industry). Thus, we control for the influence of CSR assurance in our CSR reporting model.

CSR performance

We also control for the effect of environmental performance on CSR disclosure. An apparent issue facing researchers is obtaining the best available data to measure company CSR performance. Previous studies use indices obtained from databases such as Kinder, Lydenberg, and Domini (KLD), Council on Economic Priorities' (CEP) company rating charts (see Al-Tuwaijri *et al.*, 2004), Corporate Environmental Profiles Directory⁸ (see Al-Tuwaijri *et al.*, 2004; Clarkson *et al.*, 2008). Unfortunately, these databases only provide CSR performance of companies operating in the USA.

A secondary data available being the country's environmental performance produced by Yale University (EPI, 2008). To a certain extent, CSR disclosure by companies could partly be influenced by the environmental performance of a country. For example, if the company is operating in a country which is categorized as poor environmental performer, there is a possibility that the company contributes to the country's poor rating through its operation. Therefore, we use country's environmental performance as a control variable in the CSR reporting model.

ISO 14000/14001 Certification

The adoption of ISO 14000/14001 provides confidence for external parties and demonstrates that the company is complying with all relevant environmental legislation and regulations; and that they are continuously improving their environmental performance (Sumiani *et al.*, 2007). In addition, the certification may also change the operational system and organizational culture of a company. Accordingly, it is expected that the certification is positively associated with the CSR disclosure. Hence, we control for the existing of ISO14000 certification in the CSR reporting model.

Audit Firm Size

We also control for the effect of Big-4 auditor on the CSR disclosure. Previous literature documents that audit firm size is positively associated with voluntary disclosure (see Ahmed and Courtis, 1999). The similar applies to internet corporate disclosure (Xiao *et al.*, 2004; Kelton and Yang, 2008). Since our sample comprises of world big companies, we also control for the effect of audit firm size on quality of CSR reporting.

4. RESULTS

Descriptive Analysis

Table 3 (Panel A) presents descriptive results for all the independent variables used in this study. Of particular interest is the mean for board composition (0.6505). This value shows that 65% of the board members are the independent directors; indicating that sample companies generally have one of the good corporate governance elements.

⁸ Ratio of recycled toxic waste to toxic waste is computed from this database

Table 3 (Panel B) presents CSR quality disclosure by countries for annual reports, CSR standalone report and websites. The table summarises the number of disclosing companies, minimum and maximum quality scores, the means and standard deviations of quality disclosure. The table shows that UK corporations provide the best CSR quality disclosure in annual report (mean of 0.2179), followed India, Malaysia and China. When CSR stand alone report and websites were counted, again UK corporations remain the best CSR reporters. However, the ranking for Asian countries changes, Malaysia appears to be the second best, followed by India and China.

Overall, quality scores of CSR disclosure are generally low (total mean of 0.4437). Total mean for each country also shows a significant difference in CSR quality across countries. In addition, the CSR stand alone reports and websites provide higher quality scores than the annual reports (mean quality for CSR stand alone reports and websites is 0.2665, whereas the mean for the annual report is only 0.1772).

<< Insert Table 3 >>

Testing of the Hypotheses

The t-test results in Table 3 (Panel C) confirm that there is a significant difference in CSR quality in annual reports and the stand-alone reports and websites (mean difference is significant at 0.05 level). It is shown that CSR disclosures on websites and stand-alone reports have better quality than annual reports. Therefore, Hypothesis 1 is supported.

In testing Hypothesis 2, the samples was split into countries. The Kruskal Wallis test confirms that there is a significant difference in the CSR quality across countries (Panel D). The test was further continued to assess whether UK corporations contribute to the difference. The table demonstrates that when UK corporations were excluded from the sample, mean differences between countries changed. Overall, there is no difference in quality disclosure across China, India and Malaysia ($p = 0.152$). However, when only annual reports are compared, p -value of 0.063 indicates slight variations in the quality of CSR information in annual reports across companies in Asia.

Table 4 and Table 5 present the results for Hypothesis 3 and 4. These hypotheses are developed to assess whether variables such as national culture, board composition, the existence of CSR committee in the board, CSR assurance statement, ISO14000 certification, audit firm size and country's environmental performance influence CSR reporting.

<< Insert Table 4 >>

Table 4 (Panel A) shows Hofstede's cultural indices between countries. Initial test reveals multicollinearity amongst the four national culture variables. As a result, two variables are excluded in the final analysis. Table 4 (Panel B) presents pairwise correlations among the independent variables. All the independent variables are regressed against the total CSR quality scores using step-wise regression procedures. The procedure requires grouping of independent variables and step-by-step plotting of the independent variables into the regression model, based on their levels of importance. Our model plots corporate

characteristics variables (natural log of board composition⁹ and existence of CSR committee) prior to the institutional variables (masculinity, individualism and country's environmental performance). The results are summarized in Table 5 (Panel A). Overall, the R² value of 66.4% shows that the model has a moderately high degree of explanatory power. However, only the CSR committee and the assurance statement are significant in explaining the relationship. The rest of the variables appear not to be associated with quality of CSR reporting.

<< Insert Table 5 >>

Sensitivity Analysis

Further analysis is conducted to assess whether low CSR quality for all countries (especially in the Asian region) contribute to the insignificant findings. As such, the new model requires a regression of all independent variables against a new value of CSR quality (CSRCA). The first step is to obtain CSR mean score for each country (UK =0.6362; India= 0.3537; China=0.2277; Malaysia= 0.3222). Then, a new value of CSR quality for each company is computed based on its dispersion from the country mean. Thus, CSRCA has both the positive and negative values, with the mean of 0. All the independent variables were regressed against the CSRCA. Regression results are summarized in Table 5 (Panel B).

Table 5 (Panel B) shows R² value of 47.6%, which is slightly lower than the previous model. However, this analysis demonstrates significant influence of two national culture variables (masculinity and individualism) on CSRCA quality. The directions of these relationships are also consistent with the predictions.

5. DISCUSSION AND CONCLUSION

This paper provides preliminary evidence on the CSR reporting practices across China, India, Malaysia and the UK. A total of 4 hypotheses were tested. First, we argued that the quality of CSR information in annual report is different from the CSR stand alone report and websites. Secondly, CSR quality is expected to be different across countries and finally, national culture and governance structure are hypothesized to influence CSR quality.

Results confirm the first two hypotheses, demonstrating that CSR disclosure in websites and stand-alone reports have better quality than the annual reports. Consistent with the previous study, our findings suggest that the annual report as a separate document provides very limited insight into CSR activities in the companies (see Frost *et al.*, 2005). Alternative reporting media such as CSR stand-alone report and websites are considered as better sources of information.

Our findings show that information pertaining to social and environmental is less likely to appear in the annual report. It indicates that preparers of corporate reports are managing the information by disclosing information which is relevant with the users' needs. Annual reports are prepared for the shareholders, who are interested in the economic performance of a company. Thus, voluntary information such as CSR should either be in websites or CSR-stand alone reports, not the annual report (e.g. see Rowbottom *et al.*, 2009).

We also find a significant difference in the quality of CSR reporting across countries in Asia and the UK. However, when the sample is restricted to companies across Asia, the results showed that overall quality of CSR information did not vary significantly. Perhaps, an argument proposed by Xiao *et al.* (2005), that a country's stage of social and economic

⁹ Due to the normality problem in the initial values of board composition, natural log was used in the regression.

development influences the extent of CSR disclosure, is correct. The social and economic development in the UK is better than the Asian countries. Indirectly, it could influence the stakeholders' needs in each country; where people in the UK treat social, environmental and economical issues as equally important. In contrast, a society in the emerging markets may prefer to discuss the economic issues more than the environmental and social matters. As a result, it affects the quality of CSR information in the corporate reports.

In testing Hypotheses 3, the initial analysis showed that national culture is not important in explaining the quality of the CSR reporting. The insignificant result was partly caused by a small sample size in the regression analysis, which is not compatible with the number of independent variables. Furthermore, low and diverse means of CSR between countries could also contribute to the insignificant findings. The sensitivity analysis partly solved the problem; and we find evidence to support Hypothesis 3.

A negative relationship between masculinity level and CSR quality shows a highly masculine society places less emphasis on cooperation and solidarity (e.g. Steensma *et al.* 2000; Van Der Laan Smith *et al.*, 2005) as it concerns more on material achievements and heroism. As such, a negative relationship prevails. Similarly, highly individualistic societies place low value on the broader impact of business on society. Thus, we find that CSR quality in the countries exhibiting high individualism were low.

Our findings warrant an explanation from the legitimacy theory. In the context of culture, a company would voluntarily report on activities if management perceived that the particular information is demanded by the societies within which it operates (De Villiers and Van Staden, 2006). Accordingly, a company would provide good (or poor) quality of CSR reporting in a way which is consistent with its *perceived* aggregate levels of cultural values in a particular country.

However, it is hard to determine if legitimacy theory alone explains our findings because we could not fully ascertain whether CSR disclosure decision is purely managerial choices. Therefore, the discussion should be extended to stakeholder theory frameworks, which attempts to explain the CSR reporting practices from the perspectives of users of the corporate reports. Arguably, users of corporate reports could determine the nature, extent and quality of CSR reporting through their expectations. Such expectation varies between countries, and this variation is influenced by the cultural variables (e.g. Williams, 1999; Van Der Laan Smith *et al.*, 2005). As a result, the influence of national culture on CSR reporting quality is plausible.

We do not find evidence for the relationship between board composition and CSR quality possibly due to the single measure of corporate governance. Therefore, further analysis is needed to assess if culture could moderate the relationship between corporate governance and CSR reporting.

We find that the existence of a CSR committee on the board influence CSR quality positively. Thus, we suggest that CSR quality is enhanced with the existence of a CSR committee in the board. The presence of committee shows the companies' concern to legitimize their social and environmental reputation (Neu *et al.*, 1998; Wahyuni *et al.*, 2009). Thus, companies who engage their directors as members of the CSR committee are more committed to provide better CSR quality.

Our results also indicate a positive association between CSR reporting quality and CSR assurance statement. Therefore, we argue that the assurance statement obtained by big corporations is capable of improving quality of CSR information.

Finally, ISO certification and audit firm size were found to be insignificant in the CSR reporting model. As for the certification issue, perhaps the dichotomous measure of ‘0’ and ‘1’ influences our findings (see Sumiani *et al.*, 2007; Welch *et al.*, 2002). Christmann and Taylor (2006) explain that researchers should pay attention to the process in certification because there are firms that implement the ISO management systems but do not obtain certification and that some certified firms go beyond the standards’ requirements (see Terlaak and King, 2006). Thus, it is suggested that researchers interested in environmental and ISO standards pay attention to how firms actually implement standards, not just to the certification (Christmann and Taylor, 2006).

The findings of this study should be interpreted in the light of several limitations. First, although this study used a number of observations for each company (website, annual report and CSR stand-alone report), the sample size of 70 was relatively small especially for performing regression analysis. Secondly, restrictions on the size and the type of industry in the sampling procedure might have reduced generalizability of the findings. Finally, due to constraints in time and money, a reliability test (see Milne and Adler, 1999; Unerman, 2000) for the CSR disclosure analysis was not performed in this study.

Table 1: Sample Companies

Industry	Number of companies	%
Drugs and Biotechnology	4	5.71
Alcohol and tobacco	10	14.29
Materials	21	30.00
Oil and Gas	13	18.57
Transportation	9	12.86
Utilities	13	18.57
Total	70	100

Table 2: Variables Definition

Variables		Operationalization	Year	Source of information
Dependent variables:				
CSR Quality	CSR	Content analysis (based on GRI index)	2008	Annual report/ website
In dependent variables:				
Board composition	BC	Ratio of non-executive directors to total number of directors on the board ¹⁰	2008/2009	Annual Report
Existence of CSR committee in board	COM	If a company has CSR committee- Dichotomous	2008/2009	Annual report/website
CSR assurance statement	ASS	If a company has an assurance statement for CSR report	2008/2009	Annual report/website
ISO 14000 certification	ISO	If a company has implemented ISO14000 certification-Dichotomous	2008/2009	Annual report
Big-4 Auditor	AUD	If a company has Big-4 firm auditor- Dichotomous	2008/2009	Annual report
Individualism	IND	Index, by country	2001	Hofstede, 2001
Power Distance	PD	Index, by country	2001	Hofstede, 2001

¹⁰ Data is manually collected from annual report

Uncertainty Avoidance	UA	Index, by country	2001	Hofstede, 2001
Masculinity	MAS	Index, by country	2001	Hofstede, 2001
Country's environmental performance	EPI	Index, by country	2008	EPI website

Table 3 (Panel A): Descriptive Statistics for independent variables

	Mean	Std. Deviation	Minimum	Maximum
<i>National Culture</i>				
Power Distance	60.5429	24.5945	35	104
Individualism	57.8143	28.48304	25	89
Uncertainty avoidance	34.9857	3.70856	29	40
Masculinity	59.7286	5.85556	50	66
<i>Governance Structure</i>				
CSR committee	0.6618	0.47663	0	1
Board Composition	0.6504	0.1622	0.31	0.92
<i>Control Variables</i>				
ISO 14000 certification	0.6324	0.4858	0	1
Big-4 Auditor	0.6176	0.4896	0	1
Environmental performance	75.5186	11.71427	60.3	86.3
CSR assurance	0.3382	0.47663	0	1

Table 3 (Panel B) : Descriptive Statistics for CSR Quality for annual reports, stand-alone reports and websites

Country	Frequency	Reporting Medium	Minimum	Maximum	Mean	Std. Deviation
UK	30	Annual Report	0.06	0.42	0.2179	0.08904
	30	CSR stand alone report and website	0.04	0.76	0.4183	0.16777
		Total	0.29	0.97	0.6362	0.18381
India	16	Annual Report	0	0.36	0.2025	0.1209
	16	CSR stand alone report and website	0	0.6	0.1511	0.18554
		Total	0.02	0.97	0.3537	0.259
China	15	Annual Report	0	0.35	0.109	0.102
	15	CSR stand alone report and website	0	0.56	0.1186	0.21187
		Total	0	0.86	0.2277	0.24951
Malaysia	9	Annual Report	0	0.32	0.1099	0.09525
	9	CSR stand alone report and website	0	0.64	0.2123	0.24758
		Total	0.05	0.79	0.3222	0.23805
TOTAL	70	Annual Report	0	0.42	0.1772	0.1102

70	CSR stand alone report and website	0	0.76	.2665	0.23189
	Total	0	0.97	0.4437	0.27938

Table 3 (Panel C): Mean difference between reporting medium

	Mean Difference	t	df	Sig. (2-tailed)
Annual report minus stand-alone/website	-.89350	-3.224	69	.002

Table 3 (Panel D) : Mean difference between countries

Countries: UK, China, India and Malaysia

	Chi-Square	Sig.
Annual Report	14.473	0.002
CSR stand-alone report and website	24.663	0.000
Total	27.706	0.000

Countries: China, India and Malaysia

	Chi-Square	Sig.
Annual Report	5.527	0.063
CSR stand-alone report and website	4.376	0.112
Total	3.769	0.152

Table 4 (Panel A): Hofstede's Cultural Indices

Cultural values Country	PD		IND		UA		MAS	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank
China	68	3	25	4	29	4	57	2
India	77	2	48	2	40	1	56	3
Malaysia	104	1	26	3	36	2	50	4
UK	35	4	89	1	35	3	66	1

Table 4 (Panel B): Pairwise correlations among the independent variables

	IND	MAS	BC	ASS	COM	EPI	ISO	AUD
IND	1.000	.531**	.191	.476**	.369**	.581**	.480**	.395**
MAS	.708**	1.000	.120	.464**	.492**	.471**	.126	.565**
BC	.183	.143	1.000	.181	.214*	.326**	.212	.367**
ASS	.518**	.495**	.166	1.000	.343**	.441**	.416**	.435**
COM	.422**	.504**	.208*	.343**	1.000	.334**	.158	.371**
EPI	.701**	.782**	.300*	.498**	.428**	1.000	.221	.776**
ISO	.445**	.164	.189	0.416**	.158	0.195	1.000	.279*
AUD	.500**	.617**	0.36**	0.435**	0.371**	0.813**	0.279*	1.000

Spearman correlations are presented below the diagonal.

Pearson correlations are presented above the diagonal.

*, **, and *** indicate significance at 10%, 5% and 1% levels, respectively (two tailed)

See Table 2 for variable definitions

Table 5 (Panel A): Regression ResultsPanel A- Equation (1) $CSR = \beta_0 + \beta_1 BC + \beta_2 COM + \beta_3 ASS - \beta_4 IND - \beta_5 MAS + \beta_6 EPI + \beta_7 ISO + \beta_8 AUD + \epsilon$

VARIABLES	Coefficient Value	t-Value	Sig.
Intercept		.758	.451
BC	.037	.474	.638
COM	.304	3.629	.001 *
IND	.156	1.347	.183
MAS	-.068	-.615	.541
ASS	.554	6.132	.000 *
EPI	-.009	-.068	.946
ISO	.072	.777	.440
AUD	.055	.407	.686

Adjusted R²: 0.664

F-Statistic: 17.557

p: 0.000

*Significant at 5% confidence level (p<0.05)

**Significant at 10% confidence level (p<0.10)

CSR=Quality of CSR disclosure; BC=natural logarithm of board composition; COM=existence of a CSR committee; ASS=if the company has CSR assurance statement; IND=individualism; MAS= masculinity; EPI =country's environmental performance index; ISO= ISO certification; AUD=Big-4 Auditor
Two national culture variables (power distance and uncertainty avoidance) were excluded after reaching tolerance of 0.000 limits

Table 5 (Panel B): Regression ResultsPanel B- Equation (2) $CSRCA = \beta_0 + \beta_1 BC + \beta_2 COM + \beta_3 ASS - \beta_4 IND - \beta_5 MAS + \beta_6 EPI + \beta_7 ISO + \beta_8 AUD + \epsilon$

VARIABLES	Coefficient Value	t-Value	Sig.
Intercept		1.987	.052
BC	.046	.474	.638
COM	.379	3.629	.001 *
IND	-.297	-2.059	.044 *
MAS	-.283	-2.057	.044 *
ASS	.692	6.132	.000 *
EPI	-.239	-1.430	.158
ISO	.090	.777	.440
AUD	.069	.407	.686

Adjusted R²: 0.476

F-Statistic: 8.598

p: 0.000

*Significant at 5% confidence level (p<0.05)

CSRCA=Quality of CSR disclosure; BC=natural logarithm of board composition; COM=existence of a CSR committee; ASS=if the company has an external CSR assurance provider; IND=individualism; MAS= masculinity; EPI =country's environmental performance index; ISO= ISO certification; AUD=Big-4 Auditor
Two national culture variables (power distance and uncertainty avoidance) were excluded after reaching tolerance of 0.000 limits

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