Determinants of Environmental Disclosure: Empirical Evidence from GCC Countries

Charchafa Ilyes, Kimouche Bilal
University of Setif-Algeria, University of Skikda-Algeria
E-mail: Lcharchafa@univ-setif.dz; b.kimouche@univ-skikda.dz

Abstract: The study examines relationship between the level of environmental disclosure in the annual reports of companies listed in stock exchanges of the Gulf Cooperation Council countries (GCCc), and many corporate governance attributes (Board size, Board independence, audit committee independence) and firm characteristics (firm size, firm profitability, firm leverage). A sample of 78 companies listed on the stock exchanges of the six countries of the council was randomly selected. Using a disclosure index that has been applied in different emerging countries in the previous studies, a content analysis method to determine the number of disclosures in the annual reports provided by the sample study over five years period (2015 to 2019) was conducted. Multiple regression analysis was used to determine the factors that explain the level of environmental disclosure. The descriptive analysis shows a low level of environmental information provided by GCCc companies. Also, Results through multiple regression analysis indicate that firm size, Board size, and Board independence are significantly and positively related to the extent of environmental disclosure. In contrast, firm profitability and firm leverage are negatively associated with the scope of environmental disclosure. However, results show no significant relationship between audit committee independence and the level of environmental information provided by GCCc companies. The study provide empirical evidence on the practice of environmental disclosure in 6 emerging countries, and it also contributes to shedding light on the level of importance, authorities in these countries, attached to environmental matters.

Keywords: environmental disclosure, company attributes, gulf cooperation council countries