

**Social and Environmental Disclosure in  
Saudi Companies**



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**Social and Environmental Disclosure in  
Saudi Companies ✓**

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**A Dissertation Submitted in Partial Fulfillment of the Requirements for  
the Degree of Master in Science (International Accounting) at College of  
Business, Universiti Utara Malaysia**

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**Bakr Ali Al-Gamrh**

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## Social and Environmental Disclosure in Saudi Companies

### ABSTRACT

There is a growth in demand by stakeholders for companies to demonstrate greater transparency on their social and environmental performance. Few studies have been conducted in Saudi Arabia on the area of voluntary disclosure. The present study aims to evaluate the current level of social and environmental disclosure (SED) and to investigate the influence of the variables (size, industry, sector, age, capital raised, and audit firm size) on the general level of social and environmental disclosure in the nonfinancial companies in Saudi Stock Market (SSM). The disclosure index is constructed of 25 items to evaluate the level of disclosure in the 2008 annual reports of all the 93 nonfinancial companies in Saudi Stock Market. The relationships between the disclosure level of the six variables are investigated using ordinary least square regression model. Results show that the level of social and environmental disclosure level is very low for Saudi nonfinancial listed companies. Company size and sector are found to be significantly associated with the level of disclosure. However, the remaining variables are not significantly correlated with disclosure level. This study makes a positive contribution to enhance general knowledge of SED practices and can help Saudi authorities to enforce new policies toward social and environmental reporting.

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## **List of Abbreviations**

SED:	Social and Environmental Disclosure
CSR:	Corporate Social Responsibility
SSM:	Saudi Stock Market
GDP:	Gross Domestic Product
SOCPA:	Saudi Organization of Certified Public Accountants

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## CHAPTER 1: INTRODUCTION

### 1.1 Background of the Study:

Corporate social and environmental reporting has become an important dimension of corporate external information system in the twenty-first century. Historical events, such as Exxon Valdez oil spill in Alaska (Patten, 1991) and the Union Carbide gas leak in India (Blacconiere & Patten, 1994), show that a company's activities can have significant impact on the environment. social and environmental disclosure (SED) as well as philosophical discussions on social and environmental accounting dominated the financial research agenda during 1990s (Belal, 1999).

Nowadays, every organization whether it is public or private, big or small, profitable or non profitable is looking forward to satisfy customers, investors, creditors, suppliers, regulators and the public at large. They are trying to operate in a way that makes all those users or stakeholders appreciate them. One way for these organizations to improve their performance is by showing their responsibility toward the environment. The increasing pressure on companies to be responsible to the society has influenced them to operate in an environmentally responsible manner. As various stakeholders demand greater disclosure of environmental impacts and performance, a large number of companies all over the world have started reporting on these issues. In many countries, disclosure of some environmental information has also been made mandatory. However, various research findings have suggested that these disclosures vary across sectors, industries and countries (Pahuja, 2009).

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