

A Study of Eco-justice Disclosure Practices of Saudi Listed Companies 2008-2018

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Abstract

This thesis departs from prior CSR and sustainability-related accounting disclosure studies by being the first accounting disclosure study to adopt the concept of eco-justice as originally conceived. The principal aim is to investigate the eco-justice disclosure practices of Saudi Arabian companies in respect of accountability to stakeholders and legitimization. Eco-justice places equal value on both ecology and social justice and is rooted in Christian ethics. The thesis argues eco-justice is a broader concept than CSR or sustainability and highly relevant to current discussions of how companies should be acting in respect of the immense social and environmental challenges confronting the world.

Content analysis is combined with close reading to examine eco-justice disclosures in the annual reports of 18 Saudi companies for the period 2008-2018, a total sample of 198 annual reports. Additionally, semi-structured interviews were conducted with Saudi company managers. In this study contextual information relevant to Saudi Arabia is fully taken into account, including the religious and political dimensions.

The research determines the companies are willing to provide eco-justice disclosures in respect of discussions of community and training and education; however, they provide relatively few disclosures relating to, *inter alia*, diversity, equal opportunities, corruption and discrimination. The two primary stakeholders to whom the companies are being accountable are the Islamic religion, with the interpretations of Islam by the Al-Ulama being particularly influential, and the Saudi government. The period studied incorporates the events of the Arab Spring which placed significant pressures on the entire Arab region including Saudi Arabia. The thesis contributes by providing a more comprehensive understanding of eco-justice than prior accounting disclosure studies. Further, it focuses on how religion operates as a macrosocial force affecting corporate disclosure practises as well as providing an understanding of the companies' eco-justice disclosure practices in an unstable socio-political environment.

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Author's Declaration

I declare that this thesis is a presentation of original work and I am the sole author. This work has not previously been presented for an award at this, or any other, University. All sources are acknowledged as References.

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Chapter 1: Introduction

1.1 Introduction

The world is facing increasing uncertainties in respect of a range of highly significant environmental, economic and social issues. The planet is experiencing a crisis that has never been witnessed before in the form of climate change, which is a worldwide phenomenon that threatens all humans and non-humans. Different global organisations, for example the United Nations Framework Convention on Climate Change (UNFCCC), have repeatedly been urging people to change their habits and behaviours and promoting a fundamental restructuring of societies so that global average temperatures increase by no more than 1.5°C. However, it is not only the environment that is causing such heightened anxieties, but there are also important social issues urgently needing addressing. For example, poverty is one of the critical social issues and this is related to both human rights and social justice. Additionally, many people not only lack access to shelter and food, but they also lack access to clean water, which is a basic human need. Two further examples of critical social issues are gender inequality and defeating racism.

The significant risks confronting the world have been identified by a range of organisations. For example, the World Economic Forum¹ (WEF) has published a risk report annually since 2006 and in the 2020 WEF Global Risks Report (prepared pre-Covid) there is clear anxiety regarding the environmental, economic and social risks we currently face:

... the past five years have been the warmest on record ... all while citizens protest the political and economic conditions in their countries and voice concerns about systems that exacerbate inequality. Indeed, the growing palpability of shared economic, environmental and societal risks signals that the horizon has shortened for preventing - or even mitigating - some of the direst consequences of global risks. (World Economic Forum, 2020, p. 4)

In its 2021 report, the Covid pandemic is, understandably, highlighted alongside the most pressing challenges facing the world. These include climate change, extreme weather events,

¹ WEF was established in 1971 and its stated mission is to engage “the foremost political, business, cultural and other leaders of society to shape global, regional and industry agendas.”

biodiversity loss, inequality and unfairness, rising geopolitical tensions, and the risk of another financial crisis erupting (World Economic Forum, 2021).

The World Economic Forum groups these severe global challenges into environmental, social and economic risks. Environmental risks have grown in prominence in recent years and continue to become ever more challenging (see, for example, The Dasgupta Review², 2021). WEF (2021) sets out how severe temperatures and rising CO2 emissions are occurring alongside massive losses in biodiversity and species protection is required, agricultural systems are under strain, and pollution of the air and water is becoming an increasingly serious hazard to human health and safety (World Economic Forum, 2021). Economic risks are also growing, particularly related to earnings and inequality. The economic growth in recent decades has led to substantial increases in wealth for large numbers of people across the globe, however current economic systems have exacerbated inequalities, rather than reducing them (World Economic Forum, 2021). WEF (2021) notes also how inequality and unfairness issues are not just economic risks, but also relate to more basic worries about societal fairness such as the gender parity gap (World Economic Forum, 2021).

1.1.1 Corporate responsibility for acting on environmental, economic and social issues

The risk reports published by WEF emphasise how these environmental, social and economic risks are interconnected. For example, in the 2018 report WEF state that “the truly systemic challenge here rests in the depth of the interconnectedness that exists both among these environmental risks and between them and risks in other categories” (World Economic Forum, 2018, p. 13). Therefore, it is argued that these major environmental, social, and economic risks cannot be considered in isolation as this is insufficient for addressing interconnected global issues.

Because the environmental, social and economic risks facing the world are so severe and are interconnected action is required by many different actors to address them clearly one of the most obvious actors is governments. Additionally, however, it is now almost universally accepted that companies have responsibilities for taking actions which go beyond working to maximise profits for shareholders, and that these might include responsibilities related to some or all of the above issues. Almost 70 years ago Bowen, (1953) argued that because business activities impact on

² This is the extensive biodiversity review led by Professor Sir Partha Dasgupta and has the full title ‘The economics of biodiversity: the Dasgupta Review’. HM Treasury, (2021) explain that the Review “calls for changes in how we think, act and measure economic success to protect and enhance our prosperity and the natural world”. In the foreword to the Review Professor Partha makes clear that “(w)e are destroying biodiversity, the very characteristic that until recently enabled the natural world to flourish so abundantly. If we continue this damage, whole ecosystems will collapse.” (pp. 1-2).

peoples' lives in different ways then they have social responsibilities. Bowen's early discussions of businesses, ethics and social responsibility led to wider debates in the 1960s as to what responsibilities businesses may have particularly in respect of the environment (see for example, McGuire, 1963; Frederick, 1960). These debates broadened out in the 1970s and 1980s and expanded beyond the environment to incorporate social issues; additionally, during this period Carroll, (1979) developed a model of Corporate Social Responsibility (CSR) and businesses began to engage in schemes allied to social responsibility (Gray, Owen and Adams, 1996). These debates broadened again in the 1980s as sustainable development came to the fore following the publication of The Brundtland Report in 1987. The Brundtland Report was focused on discussing how to achieve social equity (including inter- and intra-generational equity) and safeguarding of the environment alongside economic growth. Subsequently, the idea of Triple bottom line (TBL) reporting with its three elements of people (social equity), planet (the environment) and profit (the economy) was developed (Elkington, 1997).

CSR and sustainability have continued to rise in importance since the 1990s with companies now frequently being exhorted to engage in sustainability initiatives and to act to benefit society. For example, companies have been urged to address gender inequality as a priority in the 2021 WEF Gender Gap Report particularly as the pandemic has had a disproportionate impact on women and in 2019 the governor of the Bank of England, Mark Carney, warned companies who were not acting on climate change to reduce their emissions to net zero will go bankrupt (Carrington, 2019). Chow, (2018) notes how at the 2018 Davos world economic meeting company executives as well as political leaders had a primary focus upon how they could address environmental and social issues and there were:

... sessions daily, if not hourly, on issues ranging from climate change ... (to) diversity and inclusion, ... Davos participants have been wearing pins with the UN's Sustainable Development Goals (SDGs) logo and most of the corporate lounges have the word "sustainable" somewhere on their banners. The World Food Program tent and Female Quotient's Equality Lounge have been bustling ... and (there have been) discussions on immigration, harassment, LGBTQ inclusion, race, religion, mental health and most notably social privilege. There is no denying that momentum is building, showing social issues are no longer peripheral but are front and center of the global agenda. (Chow, 2018, p. 1)

1.1.2 Corporate accountability

Companies, as stated in the previous sub-section, are now expected to act in respect of environmental and social issues and are not expected to focus solely on economic aspects such as financial performance. In addition to being expected to take relevant *actions* on environmental and social issues, there is also an expectation that companies are *accountable* for their actions. This is to ensure they are transparent in explaining what actions they have taken (see, for example, Adams, 2004). Tripathi (2016) explains that there is no agreed definition of corporate accountability but suggests that it might be thought of as “the ability of those affected by a corporation to hold corporations to account for their actions” (Tripathi, 2016, p. 28). Thus, corporate accountability is typically understood as being founded on the argument that companies are not solely responsible to their shareholders and that there are other stakeholder groups to whom they are also accountable. Hence, Du Reitz (2018) states that, “(i)n both research and practice, it is commonly assumed that reported accounts enable accountability. When organisations or individuals account for their performance, their accounts allow external parties to monitor performance and demand accountability.” (Du Reitz, 2018, p. 587)

Accountability is fundamentally about the exchange of information between two parties in which the one who is accountable explains or justifies acts to the one to whom the account is owed (Gray et al. 1997). One of the principals means by which companies provide an account of their actions is through disclosing appropriate information in the annual report. Companies, through their annual reports but also through other publications such as CSR reports, sustainability reports, and ESG integrated reports, are expected to be transparent as these reports should represent a genuine attempt to provide an account which covers both the negative and positive aspects of their operational impacts and to give a balanced view of actions taken in respect of key environmental and social issues. As a result, these reports give stakeholders the opportunity to make decisions or take action concerning organisational behaviour. These expectations regarding corporate accountability continue to grow. For example, the Global Reporting Initiative (GRI)³ and the Task Force on Climate-related Financial Disclosures (TCFD)⁴ are clear signs of increased public demand for corporate accountability. Hence, Waddock (2004) states how “(i)ncreasingly corporations’ figurative feet are being held to the fire of social activism aimed at

³ GRI guidelines were first issued in 2000. The mission of GRI is: “GRI envisions a sustainable future enabled by transparency and open dialogue about impacts. This is a future in which reporting on impacts is common practice by all organizations around the world. As provider of world’s most widely used sustainability disclosure standards, we are a catalyst for that change.”

⁴ TCFD first issued recommendations for climate-related disclosures in 2017.

creating greater accountability on the part of companies for the impacts that they have, not just with respect to investors, but on other stakeholders as well.” (Waddock, 2004, p. 313).

Thus, according to Adams (2004), accountability implies that companies accept their responsibilities; additionally, Adams (2004) argues that there is a moral argument can be made for requiring accountability on environmental and social issues, owing to the growing recognition of the environmental and social impacts of companies. Hence, Adams (2004) argues that “stakeholders are demanding the giving of an ethical, social or environmental account as well as a financial account” (p.732). As a result, in order to be accountable, companies must demonstrate to their stakeholders their commitment to ethical, social, and environmental responsibilities. This reasoning is consistent with stakeholder theory which argues that companies must satisfy the needs of their stakeholders in order to be held accountable and to maintain access to the resources required for survival (Freeman, 1999; Brenner and Cochran, 1991). Consequently, corporate accountability can support stakeholder democracy through ensuring companies are transparent regarding their actions and their impacts on stakeholders. In the domain of accounting, accountability can be associated with different theories. For example, Du Reitz (2018) clarifies that accountability might be understood in relation to either agency theory or the ideas of Foucault. In respect of agency theory then the connection to accountability is that the directors, acting as agents, have greater knowledge of the actions they are taking than the principals and this gives rise to information asymmetry. To overcome this information asymmetry and to ensure the agents are accountable for their actions then it is appropriate that the agents disclose information in the annual report. This “makes what is hidden visible to the principal ... and facilitate(s) demand for accountability” (Du Reitz, 2018, p. 588). With regards to Foucault’s ideas then Du Reitz (2018) explains that because directors are required to produce accounts then this acts as a self-disciplining mechanism. There are other theoretical arguments why companies may want to be accountable and an important theory is legitimacy theory. Legitimacy theory assumes that companies must be accountable to their stakeholders or society in order to legitimise their ongoing operations (Suchman, 1995). Thus, a desire for legitimacy may motivate companies to provide information on environmental and social issues as this can preserve their legitimacy compared to competitor companies.

1.1.3 Eco-justice and corporate accountability for the environment, sustainability and social issues

There is a substantial body of extant research on CSR, sustainability, and environment-related research conducted by accounting scholars who have examined company disclosures to determine what is and is not being disclosed regarding environmental and social issues (see for example,

Senn and Giordano-Spring, 2020; Lu and Abeysekera, 2017; Hossain, Nik Ahmad and Siraj, 2016; O'Donovan, 2002; Adams and Harte, 1998). Stakeholder theory and legitimacy theory have been employed extensively in this research as theoretical frameworks for analysing environmental and social disclosures (see for example, Islam and Kokubu, 2018; Nurhayati et al., 2016; Chiu and Wang, 2015; Wen, Leung and Cooper, 2013; Islam and Deegan, 2008). One aspect of this prior CSR and sustainability research is that a very small number of studies use the term eco-justice. However, when the term eco-justice is used then it is used vaguely in that there is no clear definition provided explaining what eco-justice means, and there is no mention made of the origins of the term. Eco-justice in its original conception is concerned with connecting, and placing equal value on, both ecology and social justice. With its faith-based roots, eco-justice suggests that all people's needs should be taken into consideration in any arrangements that society makes for meeting the various needs of its members both on an intra- and inter-generational basis. The current strong emphasis the world places on environmental and social issues as well as on achieving equity/justice in respect of these issues suggests that the concept of 'eco-justice' as originally conceived fully incorporates environmental and social concerns as they are currently being expressed. For example, the statement issued by a large group of accounting academics 'Opening Accounting: a Manifesto' published in Accounting Forum in 2021 emphasises the most pressing concerns confronting the world today, which are connected to issues of ecology and justice, are as follows:

We live in a world dominated by inequities. Most of humanity lives and works in horrendous circumstances, suffering numerous forms of exploitation and oppression. Human-induced climate change and biodiversity loss threaten ecological collapse. We could not begin to provide an exhaustive list of these issues. (Chandana Alawattage et al., 2021, p. 227)

Eco-justice, in its original vision, encompasses those concerns that the world is currently struggling with such as equality and inclusion, human rights, and oppression, and environmental threats. Therefore, instead of focusing on 'sustainability' or 'corporate social responsibility', the concept of eco-justice is adopted in this study with the argument being made later in the thesis that the concept is broader than CSR and sustainability. Hence, this makes this study the first accounting disclosure study to examine eco-justice disclosures.

The concept of eco-justice was developed within the context of Christianity whereas the thesis employs the concept in the Islamic context as the research site is Saudi Arabia. Therefore, before discussing the scope of the research and the research gaps the thesis seeks to address in the following section, it is important to understand that transferring knowledge, policies, or 'concepts'

from one domain to another domain is both common and appropriate. Such transfers can potentially provide insights and solutions to local problems in other contexts or domains (Dąbrowski, Varjú and Amenta, 2019). As a result, transferring a concept (for example, eco-justice) developed in one research context (Christianity) to another (Saudi Arabia) can provide a useful source of inspiration and enrich the spectrum of the knowledge pool despite differences between the ‘sender’ and ‘recipient’ contexts. Knowledge transfer, however, can also be a process where there are uncertainties and issues concerning the appropriateness of importing a ‘foreign’ notion into the different context (Dolowitz and Marsh, 2000). According to Stead (2012), a lack of understanding on how the notion emerged and what caused it to arise can potentially create a risk of a misinformed transfer and, ultimately, failure of the adopted concept. Additionally, some concepts might be suitable to be transferred in their entirety or with only minor adaptations, while others may be much less suitable for transfer due to significant contextual barriers (Dąbrowski et al., 2019). Therefore, there is a need for careful consideration of the context in which the original concepts emerge and of how they can be adapted to the recipient context.

In the case of this thesis, transferring the eco-justice concept founded by Christian ethicists to the Islamic context of Saudi Arabia can be considered appropriate. This is because there is an inter-connectedness between the eco-justice concept and the principles of Islam both in respect of the environment and social justice. If the environment is considered first then it might be thought that a concern for the environment is a relatively new idea that originated in the West; however, Kamla, Gallhofer and Haslam (2006) make clear that this is inaccurate stating that “safeguarding, protecting and caring for the environment scarcely constitutes a new or a Western concept: rather, such concerns for the environment are deeply rooted in all fields of Islamic teaching and culture” (Kamla, Gallhofer and Haslam, 2006, p.248). Therefore, it is important to recognise that Islam places a high value on the environment and that within the Quran there are important Islamic doctrines or tenets which have significant consequences for how humans relate to the natural world and, likewise, the Prophet’s words and behaviours have similarly important implications for this relationship between the natural world and humans.

Both Ghernaout (2017) and Kamla et al. (2006) discuss how a range of Islamic concepts and principles relate to the natural world-human relationship including “Tawheed (Unity of God), Khilafah (vicegerency), Umma (community), Adl (justice), Ihsan (kindness), Hikma (wisdom) and Tawadu (modesty)” (Ghernaout, 2017, p.76). The central argument presented by Ghernaout (2017) and Kamla et al. (2006) is that through these concepts and the Quran a clear emphasis is placed on the environment in Islam. This includes that it is necessary for us to be attentive and thoughtful in respect of our relations with the Earth and this is indicative of how vital the

connection between mankind and the Earth and Universe is in Islamic discourse (Kamla et al., 2006). Hence, in Islam it is required of humankind that the Earth and the environment is well cared for and protected. Hence, relatedly, the Quran declares: “That Home of the Hereafter We shall grant to those who desire not high-handedness or evil on earth: and the end is (best) for the virtuous” (Quran 28: 83) to indicate that virtue is an obligation, and in terms of the environment Islam is concerned with caring for, and protecting, the environment and for ensuring there is a balance preserved whereby “all God’s creations are (kept) ... in equilibrium” (Gheraout, 2017, p.76). In this regard, Islamic holism includes a concern for not only the survival but also the well-being of future generations and we are to act as trustees for the environment (Gheraout, 2017). According to Al-Qaradawi (2000) it is not permissible for one generation to enjoy a monopoly on wealth gained from nature and God’s creations at the expense of future generations. As a result, every Muslim who has given himself to the creator is obligated to respect and demonstrate a responsibility to the environment and to all the elements which make up the environment (Helfaya, Kotb and Hanafi, 2018).

Islam also warns against despoiling or mistreating the environment; for example, contaminating or being destructive toward the environment is prohibited by the Quran (Kamla et al., 2006). Therefore, Islamic ideas of the environment can be seen to have a strong connection to the notions of eco-justice founded by Christian ethicists which also seeks to safeguard the environment and all creatures within the environment. Hence, Islam and eco-justice as developed by the Christian ethicists provide complementary views of how we should think about the environment and of the need to oppose irresponsible environmental behaviours and attitudes.

Furthermore, it is not only the environment, which is integral to Islam, social justice is similarly central to the Islamic religion. The Quran states that all people have a responsibility for ensuring societal justice (Noor, 1998). Kamla and Rammal (2013) explain that social justice “is so dominant in Islamic thought that the interpretation of what constitutes Sharia has focused largely on its role in achieving social justice. As social justice is perceived as an indisputable core aspect of the Islamic faith, gross inequalities of income and wealth are, therefore, in contrast to Islam’s spirit.” (p.914). Consequently, there is a shared societal responsibility for ensuring that everyone has the basic essentials of life and that significant imbalances in income or wealth are addressed and do not persist (Kamla and Rammal, 2013). Importantly, equality in Islam is not just concerned with material equality, Islam also requires that equal opportunities are provided as this permits people to reach their full potential. Because the principles of liberty, equality and social justice are fundamental in Islam, then this places an obligation on everyone to challenge and fight against injustices and inequities. The Prophet Muhammed affirmed that “all people are

the same as the teeth of a comb, they came from Adam, and Adam is created from dust; there is no privilege for an Arab over a non-Arab, nor a white over a black...” (cited in Noor, 1998, p. 12) and this is one example of confirmation that in Islam everyone should be considered equal. Relatedly, Yamani (2002) addresses the issue of gender equality and states that Islam supports gender equality. With reference to appropriate passages from the Quran, Yamani (2002) contends that women and men are equal in God’s eyes. He fully acknowledges that in some Muslim countries gender equality is not observed and notes that this is not according to Islamic teaching and if we want to understand the “tendency to keep women suppressed and paralysed (in some Muslim societies), (then) the source for that is to be sought in the peculiar socio-cultural traditions of those societies rather than in the teachings of Islam” (Yamani, 2002, p.26).

It is evident that Islam has a primary concern for justice and equality to prevail in society. Islam advocates for the creation of proper living conditions for those who are less advantaged in society and prohibits the concentration of wealth in a few hands and advocates for measures to be taken to reduce the gap between the advantaged and the least advantaged (Yamani, 2002; Noor, 1998). This idea of achieving social justice in Islam is very closely related to Christian ethicists' notions of social within the concept of eco-justice, which holds that social benefits and costs should not be inequitably allocated based on race, class, or gender.

As a result, this thesis argues that it is appropriate to employ the concept of eco-justice as originally conceived to the analysis of Saudi companies’ corporate disclosures. The teachings of Islam have a strong accord with both the environmental and social justice dimensions of eco-justice and the Saudi Arabia is a highly religious country with Islam of the greatest importance.

1.2 Scope of research and research gaps addressed

This thesis investigates eco-justice disclosure practices in the context of Saudi Arabia in respect of accountability to stakeholders and legitimation. Many prior accounting disclosure studies employ only a single research methodology, often content analysis, whereas this research does differently as explained below. An analysis of the eco-justice disclosures identifiable within the annual reports of Saudi companies is conducted for the 11-year period 2008-2018 to examine the managerial motivations underlying the eco-justice disclosures contained within the annual reports.

The research analyses the annual reports of 18 Saudi companies listed on the Saudi Stock Exchange (Tadawul). Therefore, the selected sample contains data from 11 years annual reports (2008-2018) for 18 companies, resulting in a total sample of 198 annual reports. The 18 companies were chosen by selecting the two companies from each industry sector on the Stock

Exchange with the largest market capitalizations as at the end of year 2018. The companies chosen represent 9 of the 16 industries on the Saudi Stock Exchange; 7 industries were excluded due to those companies' annual reports being unavailable for the period under investigation. The focus on large companies in this thesis is consistent with prior literature which indicates that larger companies are more likely to make voluntary corporate disclosures than small and medium sized companies (Adams, Coutts and Harte, 1995).

The investigation focuses on the period 2008 to 2018 to capture a period of significant change in Saudi Arabia. The period incorporates the reigns of two Saudi Kings; King Abdullah, whose reign commenced in 2005, and King Salman who succeeded to the throne in 2015 following the death of King Abdullah. Following King Salman's accession to the throne in 2015, Saudi Arabia began to take some measures to resolve a range of challenges facing Saudi society which relate to eco-justice issues. For example, the new Saudi Vision 2030 was introduced in 2016 with the goal of putting the Saudi nation on a path of sustainable economic growth and development. The intention of Saudi Vision 2030 is to improve the quality of life for Saudi citizens and to address issues that have been critical for decades such as the status of women in Saudi society, the state of the Saudi education system, and the high unemployment rate particularly for younger Saudi citizens. In addition, the period 2008-2018 includes the 'Arab Spring', which occurred in late 2010-2011 and had a significant impact not just on Saudi Arabia but also on other neighbouring countries. The Arab Spring anti-government protests were highly charged and included "demands (for) political freedom, an end to the monopoly of power, and ... (were conducted by protestors who) aspire to social justice" (Amanat, 2012, p. 148). The Arab Spring protests commenced in Tunisia and then escalated to include the Middle East and North Africa. Fundamentally, those involved in the protests were demanding significant social, economic and political reforms which presented a real threat to the prevailing regimes in those countries affected, including Saudi Arabia (Aras and Falk, 2015).

This thesis utilises qualitative techniques primarily to gain rich insights into significant contextual factors which underlie the reporting of eco-justice issues within the Saudi context. Content analysis is combined with a close reading approach and, additionally, semi-structured interviews are conducted with company managers. The thesis uses content analysis to initially identify all the eco-justice disclosures contained within the 198 annual reports. The disclosures identified are categorised into one of 11 different eco-justice categories. The disclosures within each category are then subjected to close reading. Through the use of a close reading approach the researcher is able to determine the primary stakeholders the companies are appearing to be

accountable to and how the disclosures appear to be operating as a legitimating device in respect of the stakeholders identified. Additionally, the close reading approach enables the researcher to identify the contextual factors motivating the companies to prioritise these stakeholders.

The researcher has also undertaken semi-structured interviews with Saudi company managers responsible for making corporate disclosure decisions in their companies. This is important as it augments the analysis of the disclosures to answer the questions ‘why’ the Saudi sampled companies do (or do not) report on eco-justice issues and to ‘whom’ the Saudi sampled companies appear to be most accountable to in terms of eco-justice disclosures.

The thesis, thus, employs content analysis together with close reading of the eco-justice disclosures and semi-structured interviews to give in-depth insights into the reporting practices of Saudi companies in respect of eco-justice issues. The combination of content analysis-close reading and semi-structured interviews is used on the assumption that they can complement one another, and that the weaknesses of one approach are balanced by the strengths of the other approach. Additionally, this combination of methods is advantageous for this study as the concept of eco-justice has not been directly employed in prior accounting disclosure studies. Hence, this thesis seeks to make original contributions to knowledge as explained in section 1.5.

It is important to explain in what ways the research goes further than prior research and to explain the research gaps it seeks to address. First, this is the first accounting disclosure study to use the concept of eco-justice as it has originally been conceived and the first to use the concept as the basis for analysing annual report disclosures. There are only a very limited number of prior accounting disclosure studies which make any mention of eco-justice and even fewer provide any form of discussion regarding how they characterise eco-justice. Those prior studies, which provide discussions of the concept, are very limited in how they address the concept, and they make no reference to its origins. Eco-justice is not adopted for the sake of novelty in the thesis but because, as outlined in the prior section, it is highly apposite given the current strong emphasis the world places on environmental and social issues as well as on achieving equity/justice in respect of these issues. Further, eco-justice is highly relevant to studying annual report disclosures in a Saudi context. In respect of social issues in Saudi Arabia, there have been ongoing intense debates regarding social justice in respect of women and political freedom, and in respect of the environment, Saudi Arabia (along with other Middle Eastern countries) faces immense challenges from climate change and extreme weather for as Wintour (2021) note:

The Middle East is warming at twice the rate of the rest of the world. By the end of the century, if the more dire predictions prove true, Mecca may not be

habitable, making the summer Haj a pilgrimage of peril, even catastrophe. Large tracts of the Middle East will resemble the desert in Ethiopia's Afar, a vast expanse with no permanent human settlement pressed against the Red Sea. The gleaming Gulf coastal cities by the end of the century could find themselves inundated as waters rise. It is not quite *Apocalypse Now*, but *Apocalypse Foreseeably Soon* (Wintour, 2021).

A further rationale for investigating Saudi companies' disclosures through the adoption of the concept of eco-justice is that eco-justice concerns, *inter alia*, matters related to social justice, the environment *and* considers these from a faith-based (religious) perspective. As explained below in respect of the fourth research gap, religion is of fundamental importance in Saudi.

The second research gap is that there are very few prior Saudi studies published which examine CSR, environment or sustainability matters, and those which are published are limited in their scope. Qian, Tilt and Belal, (2021) in their introduction to a very recent *Accounting, Auditing and Accountability Journal* (AAAJ) special issue titled "Incorporating Context into Social and Environmental Accounting in Developing Countries" explain that a principal aim of the special issue is to promote "increasingly critical SEA research in the developing world" (Qian et al., 2021, p. 1023) which accords with the purpose of this thesis. In the paper Qian et al. (2021) review leading accounting journals to identify numbers of developing country SEA publications and note that there are only a very limited number of 43 published in the 20-year period 2001-2020 and these are focused on a small number of countries and "limited to a few key scholars drawing insights from their respective countries" (Qian et al., 2021, p. 1042). A review of leading accounting journals in respect of this thesis identified no SEA-type⁵ publications relating to Saudi Arabia; instead, those Saudi-based studies which have been published are in lower ranked journals (these studies are discussed in the next chapter). By using Saudi Arabia as the research base for the thesis this addresses a gap in respect of there being a scarcity of papers examining the country.

It would, of course, not be appropriate to select Saudi Arabia as the research site based solely on the grounds of it being under-researched. The primary rationale for selecting Saudi Arabia in this study is that, whilst there is a temptation is to have a one-dimensional view⁶ of Saudi Arabia,

⁵ The researcher in this thesis reviewed relevant journals to identify any Saudi-based papers that had any relation to CSR, SEA, social accounting, environmental accounting or sustainability. The top accounting journals, all which had no Saudi-based papers, and which formed part of this review included: *Accounting, Auditing and Accountability Journal*, *Accounting Organizations and Society*, *Critical Perspectives on Accounting*, *ABACUS*, *Accounting and Business Research*, *The British Accounting Review*.

⁶ Lawson portrays this one-dimensional view as follows: "The kingdom epitomizes what every schoolchild knows about this part of the world—limitless deserts, camel-herding nomads, oil wells, jet-setting princes, reactionary religious authorities, severely restricted gender relations—all in one neat package." (Lawson, 2011, p. 737).

as Lawson (2011) observes, “(a)mong the Arab states of the Middle East and North Africa, Saudi Arabia is at once paradigmatic and exceptional” (p. 737). Saudi Arabia is the birthplace of Islam and where Mecca, the holiest city in Islam, is situated. It is also recognised as one of the most conservative and orthodox Muslim countries (see, for example, Lobo and Elaluf-Calderwood, 2012). The country was established in 1932 by King Abdelaziz Al-Saud who unified four previously separate regions with tribal roots and, therefore, its history as a unified Kingdom is recent. In 1938 oil was discovered and the economy is still dependent on oil revenues. At the start of 2021 Saudi Arabia was the third largest oil producing country behind Russia and the USA (World Population Review, 2021b) and had the 19th largest economy in the world measured by GDP (World Population Review, 2021a). However, whilst Saudi Arabia has a large economy and is a member of the G20 it is, rather contradictorily, classified by the UN as a developing country. Politically Saudi Arabia is of strategic importance to the USA and other Western nations in respect of their policies in the Middle East (Ayoob, 2021). Consequently, Saudi Arabia is a hugely important and influential country in the Gulf region and the Middle East, and beyond. This all suggests Saudi Arabia merits being researched and it is surprising it has not been studied to a greater extent.

Third, in their review of published developing country SEA disclosure studies Qian et al. (2021) explain the studies are predominantly “report quantity/volume analysis (descriptive in nature) ... (and) replicate archival studies in the Western literature, for example, to test the effect of various firm characteristics (size, financial performance, industry, etc.) on social and environmental disclosure behaviour or performance ... ignoring the rich contextual information in that country” (Qian et al., 2021 p. 1022-3). The study in this thesis addresses this criticism raised against prior studies as it fully takes into account the contextual information relevant to Saudi Arabia. As explained above, there are features which are unique to Saudi Arabia and these need to be incorporated into the analysis of the thesis to fully address the research questions set out below. Further, this study is not seeking to replicate prior studies in the ‘Western literature’. The employment of the concept of eco-justice is one way in which it differs from prior studies in the ‘Western literature’. A second way in which it differs is that, whilst it uses content analysis, this is only as the start point for identifying the eco-justice disclosures. It then undertakes close reading of the disclosures and draws on interviews conducted with Saudi company managers to answer the research questions.

The fourth research gap concerns religion. Religion has been in general neglected or even seen as a taboo subject in management research and organisational practice. Van Buren, Syed and Mir, (2020) explain that “the topic of religion is often seen as divisive and best avoided within

management scholarship and organizational practice” (pp. 800-801). Van Buren et al., (2020) discuss some of the key issues related to research in this domain, explaining that the importance of ‘religion’ has not been adequately reflected in scholarly work within business and management, including research in business ethics, business and society and CSR. Van Buren et al. (2020) suggest that “research in this domain should not seek to adjudicate truth claims about what should be ... Rather, research in this domain should seek to describe how religion actually functions as a macro social force affecting business.” (p. 807). Religion is of fundamental importance in Saudi Arabia where the Islamic religion is not confined to worship, faith, and ethics, but also plays an important role in other aspects of life, including business practices. Therefore, the study in this thesis has the potential to address this research gap by providing a descriptive rather than a normative approach regarding how religion influences corporate disclosure practices.

Fifth, Al Mahameed et al., (2021) explain how the majority of prior social accounting research has been focused on developed countries with stable sociopolitical environments whilst “little is known about how social accounting operates in the context of profound political, social and economic crises (Al Mahameed et al., 2021, pp. 1080-1). This study examines disclosures during a period (2008-2018) of major upheaval in Saudi Arabia which incorporates both a change in the monarch and the events of the Arab Spring. Therefore, the study in this thesis also has the potential to address this research gap providing an understanding of how the disclosures of Saudi companies were impacted by such significant events.

To address these research gaps the thesis has the aims and objectives as described in the next section.

1.3 Research aims and objectives

This study departs from previous CSR and sustainability-related accounting disclosure studies by utilising the concept of eco-justice as originally conceived. The main aim of the study is to develop a detailed understanding of the eco-justice disclosure practices of Saudi Arabian companies in respect of accountability to stakeholders and legitimation. Eco-justice is a broader concept than CSR or sustainability and highly relevant to current discussions of how companies should be acting in respect of the immense social and environmental challenges confronting the world. In addition, it is highly relevant in the Saudi context. The intention is to provide greater insights into the disclosure practices of Saudi companies than previous CSR and sustainability accounting disclosure studies which have been Saudi based. There are only a small number of prior Saudi-based studies, and they are very limited in their scope. In addition, this

study aims to take into account the contextual factors relevant to Saudi Arabia when analysing the company's eco-justice disclosures. Consequently, the objectives of the study are:

- To identify which stakeholders Saudi companies appear to be most concerned about being accountable to.
- To identify the contextual factors relevant to Saudi Arabia which influence the companies in respect of their accountability to stakeholders.
- To assess whether the eco-justice disclosures are a means for the companies to ensure their disclosed actions are judged legitimate by their key stakeholders.

1.4 Research questions

Based on the previous discussion of the research aims and objectives, the following research questions are examined:

- Who are the primary stakeholders the companies are being accountable to?
- What contextual factors are influencing the companies to prioritise these stakeholders?
- Are the eco-justice disclosures operating as a legitimating device for the companies?

1.5 Research contribution

This thesis makes several contributions to knowledge. To begin, this research contributes to accounting research by developing the idea of eco-justice. It does so by providing a more comprehensive explanation of eco-justice than prior accounting disclosure studies, and by explaining the concept's historical origins and foundations. Prior studies that examine the concept are rather limited in scope and make no mention of its roots. As a result, this is the first accounting disclosure study to use the concept of eco-justice as it has originally been conceived and the first to use the concept as the basis for analysing annual report disclosures.

Second, this thesis contributes to the field of disclosure research by using Saudi Arabia as the research base for examining eco-justice disclosure practices. Disclosure studies conducted which examine Saudi Arabia have been published in lower ranked journals and their scope is limited. By offering a very thorough analysis and a detailed understanding of eco-justice disclosures with reference to accountability and legitimation in Saudi Arabia, this thesis addresses the second research gap, which is a scarcity of publications on the country.

Third, this thesis fully takes into account the contextual information and environment relevant to Saudi Arabia. According to Qian et al., (2021), studies of social and environmental disclosure in developing countries replicate prior work in the Western literature while disregarding the

richness of contextual information in their country. Thus, this research contributes to knowledge by incorporating contextual factors relevant to Saudi Arabia into the examination of eco-justice disclosure practises. By combining a content analysis with a close reading of the disclosures as well as interviews, this research differs from the usual disclosure research in developing countries while also contributing to the growing body of knowledge in the Western disclosure literature.

Fourth, this research adopts eco-justice, with its faith-based roots (religious), to describe the impact of religion on Saudi companies' disclosure practices. In doing so, the research contributes to the field of business ethics, business and society and CSR, by providing a descriptive approach in which it focuses on how religion *actually* operates as a macrosocial force affecting corporate disclosure practises, rather than on what should be. As argued by Van Buren et al. (2020) prior studies in business ethics, business and society and CSR field have not incorporated religion adequately; this study redresses this.

Finally, this thesis contributes to accounting research by examining Saudi companies' eco-justice disclosures in an unstable sociopolitical environment by examining the period 2008-2018 which encompasses a monarchy transition and the Arab Spring events. It does so by providing an understanding of how the disclosures of Saudi companies were impacted by such significant events.

1.6 Structure of the thesis

This thesis comprises seven chapters, with chapters five and six containing the empirical results.

Chapter 2 provides a critical appraisal of how the concept of eco-justice has been interpreted in the literature. First, the origins and foundations of the concept of eco-justice are highlighted. Then prior accounting literature that falls within the scope of eco-justice is reviewed and critiqued; in addition, the potential reasons why the concept of eco-justice has not been taken up to any great extent in accounting disclosure studies are considered. Finally, the importance of eco-justice and its applicability in this research are justified by comparing and contrasting eco-justice with sustainability.

Chapter 3 discusses the theoretical background of this research. In doing so, it first presents the theories commonly used in voluntary social and environmental disclosure studies. These are stakeholder theory, legitimacy theory and political economy theory. It then discusses the theories adopted within prior Saudi disclosure studies to highlight gaps in the literature. Finally, it is

argued that stakeholder theory and legitimacy theory are most appropriate to employ in this research and justifications for this are provided.

Chapter 4 outlines the research methods used in the study. The research design and methods are described, together with justifications for the use of multiple qualitative approaches. The chapter explains, and justifies, employing content analysis with close reading and semi-structured interviews. The process of data collection and analysis are then discussed. The limitations of the research design are highlighted. Finally, the reliability and validity of the research are discussed, before concluding with a discussion of ethics including ethical risks and approvals.

Chapter 5 is the first empirical chapter which sets out the findings and analyses the eco-justice disclosures of the sample Saudi companies for the period 2008-2018. This chapter and the subsequent chapter use both stakeholder theory and legitimacy theory to answer the three research questions for the thesis. This chapter analyses the two eco-justice disclosure categories with the highest numbers of disclosures, namely the Community and Training and Education categories. It identifies the primary stakeholders to whom the companies appear to be seeking to be most accountable in respect of the Community and Training and Education categories and highlights the contextual factors motivating the companies to prioritise these stakeholders. It also discusses why Saudi companies are making concerted efforts to meet the needs and expectations of these stakeholders by reference to legitimacy theory. The chapter finally assess whether the interviews corroborate or contradict the disclosure analysis.

Chapter 6 builds on the findings of Chapter 5 to further answer the research questions for the thesis. The chapter analyses the nine eco-justice disclosure categories which, individually, have relatively low numbers of disclosures. This chapter considers stakeholders and accountability, contextual factors, and legitimacy for the nine disclosure categories. The interview responses of the managers relevant to the remaining nine disclosure categories are then discussed, augmenting the analysis of the disclosures.

Chapter 7 brings together the key points of each chapter, summarises the findings of this investigation and discusses the main conclusions that can be drawn for the thesis. The contributions of the study are again highlighted. The implications of the research findings are identified. A discussion is focused on the limitations of the study and how these limitations were overcome. Finally, recommendations for future research are provided.

Chapter 2: Literature review

2.1 Introduction

The main purposes of this chapter are to explain the concept of eco-justice, to critique how the concept of eco-justice has been used in prior accounting literature, and to justify employing the concept in the thesis. Consequently, this chapter has a number of objectives. The first objective is to explain the concept of eco-justice and to analyse the origins and foundations of the concept. It is of fundamental importance to understand the historical origins and foundations of the concept of eco-justice. If the origins of the concept are not understood then there is a risk that a researcher may be using the term inappropriately. Section 2.2 addresses this objective.

The second objective is to examine and evaluate how prior accounting disclosure studies have understood eco-justice. Despite eco-justice in its original conception incorporating issues relating to both the environment and social justice, a significant proportion of the prior accounting disclosure studies which reference eco-justice fail to give a full explanation or definition of eco-justice as established in its original form. Therefore, section 2.3 reviews and critiques relevant prior accounting disclosure literature and, in addition, considers potential reasons why the concept of eco-justice has not been taken up to any great extent in accounting disclosure studies.

Whilst only a very small number of prior accounting disclosure studies make reference to eco-justice, the concepts of sustainability and CSR have been used extensively. The third objective is to undertake a comparison of eco-justice and the concepts of sustainability and CSR. Therefore, section 2.4 reviews the academic debates surrounding the two terms CSR and sustainability and the debates regarding how (or if) they are connected to one another. In addition, it sets out an appropriate definition of eco-justice which does not neglect its foundations and contrasts eco-justice with CSR and sustainability. In doing so it explains why eco-justice is an important concept and why it can justifiably be used in this study.

In section 2.5 prior Saudi-based accounting disclosure studies which are either CSR or sustainability-related and examine environmental or social issues are reviewed and critiqued. As the thesis examines eco-justice disclosures in the annual reports of Saudi companies it is important to include discussions of these prior Saudi studies. Further, this review is able to identify a number of research gaps which the thesis is seeking to fill. In summary, these relate to: (i) a scarcity of prior Saudi studies published which examine CSR, environment or sustainability matters, and

those which are published are limited in their scope, (ii) prior studies not taking into account context relevant to Saudi Arabia, and (iii) the religious contextual element having been ignored in prior studies. Finally, section 2.6 concludes the chapter.

2.2 The origins and development of the concept of eco-justice

This section reviews the concept of eco-justice by examining its origins and foundations. It is of fundamental importance to understand the historical origins and the foundations of the concept and if the origins of the concept, which is rooted in principles connected to ethics, are not understood then there is a risk that a researcher may be using the term inappropriately. Therefore, this section explains both the concept and the origins of the concept.

By examining the genesis of the concept this section is able to provide appropriate parameters for subsequent discussions in this chapter and for the thesis. Very importantly, by considering the origins and foundations of the term ‘eco-justice’ the researcher is also able to explain later in this chapter why this thesis examines corporate disclosures through the lens of ‘eco-justice’ rather than ‘sustainability’ or ‘CSR’. This explanation is important as ‘sustainability’ and ‘CSR’ are the most conspicuously prominent concepts drawn on in prior environmental and social reporting disclosure studies.

2.2.1 Eco-justice as originally conceived

Eco-justice in its original conception was concerned with connecting, and placing equal value on, both ecology and justice. However, the scope of eco-justice was not limited to ecology as meaning ‘the environment’⁷. Instead, and very importantly, the concept was grounded in the belief that an environmentally healthy planet is impossible to achieve without making significant progress toward achieving fairness (justice) in respect of socio-economic matters, and vice versa (Hessel, 2011). Thus, the initial campaigners who commenced promoting eco-justice at the beginning of the 1970s were advocating that fighting for justice on environmental issues must be undertaken in such a way that it also incorporates seeking justice in respect of social and economic issues. Therefore, it is also important to note that the origins of the eco-justice concept are clearly associated with ethics in that it is concerned with justice.

There are some debates as to who first devised the term ‘eco-justice’. Titon, (2019), identifies Richard Jones and Owen Owens, both leaders of the American Baptist Association, as devising

⁷ It is not uncommon for ‘ecology’ and ‘environment’ to be used interchangeably. It is very important to note that eco-justice does not just concern itself with the ‘environment’.

the term ‘eco-justice’ in 1973. By contrast, Hessel (2011) contends that Norman Faramelli⁸ first formulated the term in 1970. Notwithstanding the debates as to who first devised the term, there is consensus that the first discussions relating to eco-justice can be traced back to 1970. In 1970, following the first Earth Day⁹, the ideas related to eco-justice became the theme of a group of North American Christian ethicists whose interests and commitments converged on both ecology and justice. The convergence occurred as they were concerned that the emerging environmental movement which was developing in the USA lacked adequate social justice principles and, on the other hand, that many social justice and peace activists appeared uninterested in environmental dimensions of their engagement (Hessel, 2011). Thus, Bakken, (2000, p.1) explains how in the late 1960s there was:

...tension and occasional open conflict ... between social justice advocates concerned with the alleviation of poverty and the overcoming of racism and environmentalists concerned with stopping air and water pollution and protecting wilderness and wildlife. Even those committed to both causes have been troubled by the frequent incompatibility between strategies to achieve justice for the poor and oppressed and efforts to protect environmental quality and ecological integrity.

By 1973, eco-justice became a strategy to advance an integrated ethics of ecology and justice, and the Eco-Justice Project and Network (EJPN) was initiated. EJPN was coordinated for two decades by the Presbyterian social ethicist William Gibson who has been one of the foremost advocates of eco-justice. Gibson, (1985, p. 25) discusses eco-justice ethics as:

...providing sustainable sufficiency for all, human well-being is nurtured not only by the provision of these material necessities but also by a way of living within the natural order that is fitting: respectful of the integrity of natural systems and of the worth of nonhuman creatures, appreciative of the beauty and mystery of the world of nature.

It is important to recognise that eco-justice in its original conception is spiritually grounded. It was established by Christian¹⁰ ethicists and is ethically-rooted in ideas of respect and fairness

⁸ Faramelli was a Boston-based priest. In setting out Faramelli’s credentials as the originator of eco-justice, Hessel (2011) quotes Faramelli as emphasising “choosing (to work for) ecology instead of (against) poverty, or vice versa, ius to make a bad choice”.

⁹ Earth Day originated from the initiatives of Senator Nelson in the USA. In 1969 the Senator began bringing together environmental activists and a range of other groups who were concerned about the harm being done to the environment. The first Earth Day was held in 1970 and resulted in the USA Environmental Protection Agency being established. In 1990 Earth Day moved beyond the USA to become a global event.

¹⁰ However, it is ecumenical and is not associated with any one particular branch of Christianity.

toward all creation, human and non-human (Gibson, 1985). Further, eco-justice ethics is not only concerned with the natural world and human life; it also affirms that environmental and human rights are indivisible and, therefore, devastation of the environment and socio-economic injustice go hand in hand (Pedersen, 1998).

Further writings on eco-justice in the two decades following the early 1970s have all continued to emphasise how it is concerned with respect for all kinds of life and with demonstrating an intersecting concern for ecology, justice, and faith. These works also continue to reiterate that concerns for the earth and all its creatures must, of necessity, also involve fighting on causes on behalf of oppressed and suffering people (Gibson, 2004). The Christian origins of the concept of eco-justice are built upon the premise that religion and moral behaviour are conjoined, and because justice in the social order must incorporate all creation then both planet and people are interconnected and of equal importance such that one cannot thrive unless the other also thrives (Gibson, 2004). Hence, eco-justice suggests that *all* people's needs should be taken into consideration in any arrangements that society makes for meeting the various needs of its members.

Hessel (2011) sets out the fundamental norms of eco-justice ethics as follows:

solidarity with other people and creatures ... ecological sustainability (which includes environmentally fitting habits of living and working) ... sufficiency as a standard of organized sharing ... (and) socially just participation ... to manage community life for the good in common (Hessel, 2011, p. 2)

The solidarity norm encompasses all diverse aspects of earth's community, while the sustainability norm emphasises ecological integrity and prudent, resource-conserving conduct. The sufficiency and socially just participation norms emphasise the distributive aspects of basic social justice (Hessel, 1996).

It is important to reiterate that the doctrine of eco-justice ethics has its roots in religion, with it presuming that faith in God implies this ethic should be followed. In 1975 the World Council of Churches (WCC)¹¹ supported the eco-justice ethics cause when it began proceedings by focusing on a 'just, participatory, and sustainable society'. An Australian biologist, Charles Birch, spoke as follows at the 1975 WCC assembly:

¹¹ The WCC is a global ecumenical partnership encompassing a very wide range of Christian faiths; for example, WCC membership includes Methodist, Pentecostal, Anglican, Quaker, Baptist and many others.

A prior requirement of any global society is that it be so organized that human life and other living creatures on which human life depends can be sustained indefinitely within the limits of the Earth. A second requirement is that it be sustained at a quality that makes possible fulfillment of human life for all people. A society so organized to achieve both these ends we can call a sustainable global society...with a new sort of science and technology governed by a new sort of economics and politics. (Birch, 1975).

Thus, eco-justice, with its faith-based roots, has developed to encompass an extremely wide range of issues “such as hunger action, sustainable agriculture, energy production and use, lifestyle integrity, economic development, debt relief, fair trade, good work, peacemaking, and ... justice for poor people, racial minorities and women” (Hessel, 2007). As a result, it can clearly be seen that eco-justice is much broader than just ‘environmentalism’; eco-justice incorporates issues of social justice such as equality and inclusion, human rights and oppression. Thus, Sachs (1996) very usefully notes that environmental justice is only one part of the eco-justice programme, whilst also reminding that when environmental justice comes to securing human environmental rights for impacted communities (which often comprise racial minorities, women and children) then much work needs to be done to make sure that corrupt governments, privileged classes, and polluting corporations do not have the right to ignore or oppress these groups. (Sachs, 1996).

From the above eco-justice ethics discussions, it is clear there is a need to ensure *justice* results from actions taken on the wide range of issues that eco-justice encompasses. The justice aspect requires that social and environmental benefits and burdens must not be inequitably distributed to race, class and gender. Thus, in respect of eco-justice there must be distributive justice whereby there is equality and fairness in how resources are distributed. Kuehn, (2000) notes as an example that the distributive aspect of eco-justice implies that whilst most communities suffer the damaging effects of environmental problems the current situation whereby the larger part of the burden is carried by poorer communities is unacceptable (Bullard, 1994). When considering distributive justice, Titon (2019) correctly notes that the manner in which supporters of the eco-justice movement understand social *justice* is such that both “moral and legal rights (are being extended) to the natural environment as a whole, (when) proclaiming that justice and human wellbeing are impossible without the well-being of the environment and all of its creatures - animals human and nonhuman, plants, landforms, and the earth itself” (p. 106). What is also contained with this aspect of distributive justice as applied to eco-justice is that it applies both

intra-generationally and inter-generationally. Therefore, in temporal terms we must not just consider the current generation, but it is equally important to consider future generations.

In summary, eco-justice as originally conceived is concerned with both the environment and the social. It seeks justice in both domains and considers them so intertwined that one cannot be acted upon alone, instead they need addressing jointly. It is broad in its concerns requiring, for example, that we “protect the commons against pollution and enclosure; carefully steward scarce resources and fairly distribute their benefits; preserve biodiversity; achieve social and political justice; and deliver environmental justice to the vulnerable” (Titon, 2019, p. 105). Additionally, it is an ethically-grounded concept whereby distributive justice demands that equality and fairness are what should aimed for when we act.

2.3 The concept of eco-justice within prior accounting studies

There are many published academic accounting studies investigating corporate disclosures in both developed and developing countries. The discussion in the previous section explains how eco-justice in its original conception incorporates issues relating to both the environment and social justice. Based on this conception of eco-justice, a significant proportion of the prior accounting disclosure studies could be classified as falling within the scope of eco-justice as established in its original form. However, it is noticeable that only a very limited number of the prior accounting disclosure studies make any specific mention of eco-justice and even fewer provide any form of discussion regarding how they either define or characterise eco-justice. Therefore, this section considers prior accounting disclosure studies with the following two principal objectives. One objective is to ascertain how eco-justice has been defined or characterised in the prior accounting literature and how, or if, these definitions or characterisations relate to eco-justice as originally conceived. A second objective is to consider potential reasons why the concept of eco-justice as set out in the prior section has not been taken up to any greater extent in accounting disclosure studies.

The structure of this section is as follows. First, the next sub-section 2.3.1 provides examples of accounting disclosure studies which make no mention of the term ‘eco-justice’ but which can be regarded as examining disclosure issues which relate to eco-justice. The purpose of this sub-section is to emphasise that many prior accounting disclosure studies which could legitimately be described as falling with the scope of eco-justice choose not to make any reference to the concept.

The relatively limited number of accounting disclosure studies which do refer to the notion of eco-justice are then examined in sub-sections 2.3.2 and 2.3.3. These accounting disclosure studies which have used the term ‘eco-justice’ can usefully be grouped into two categories. First, there

are those studies which have used the term eco-justice within their discussions but have not attempted to provide any definition or characterisation of the term. These studies are considered in sub-section 2.3.2. Second, there are a very much smaller number of studies which go further than the first group and include some discussion of the term 'eco-justice'. These studies are considered in sub-section 2.3.3. The purpose of these sub-sections 2.3.2 and 2.3.3 is to ascertain how eco-justice been defined or characterised in the prior accounting literature and how, or if, these definitions relate to eco-justice as originally conceived.

Sub-section 2.3.4 then considers possible reasons why the concept of eco-justice has not been taken up to a greater extent in accounting disclosure studies and sub-section 2.3.5 provides a summary for this section.

2.3.1 Prior accounting studies not referencing eco-justice

There are potentially a large number of accounting disclosure studies which make no mention of the term 'eco-justice' but which can be regarded as examining disclosure issues which relate to eco-justice. For example, there has been an extensive range of disclosure studies published which examine environmental issues (see, for example, Senn and Giordano-Spring, 2020; Lu and Abeysekera, 2017; O'Donovan, 2002; Patten, 2002; Gray et al., 1995). Such studies would fall to be described as eco-justice studies according to the original description of eco-justice. Namely, in the original conception of eco-justice by Christian ethicists, core to the notion is that we should be concerned about the health and wellbeing of the planet and the environment. The majority of prior environmental disclosure studies make no reference to eco-justice; those which do are described in the two sub-sections following this sub-section.

In addition to disclosure studies connected to the environment falling within the scope of eco-justice, there are also disclosure studies which examine aspects which can be considered as pertaining to social justice and these would also fall within the scope of eco-justice as it was originally conceived. Compared to the number of environmental disclosure studies, there are fewer disclosure studies which are social justice-related but the examples of disclosure studies provided below are of this type (social-related) and, again, these make no reference to eco-justice.

For example, in the prior corporate disclosure literature there are papers focused on equal opportunities and, as previously discussed, equity and justice are of fundamental importance for Christian ethicists advocating eco-justice. Papers in this area of equal opportunities include, for example: Adams et al. 1995, Adams and Harte 1998, Adams and McPhail 2004, Grosser and Moon 2005, Grosser, Adams and Moon 2008, Grosser and Moon 2008, Hossain et al. 2016. The paper of Adams et al. (1995) can be considered one of the pioneering works on equal opportunities

disclosure in annual reports. Using content analysis, Adams et al. (1995) investigate the social reporting practices of the top 100 UK companies in respect of equal opportunities. Equal opportunity is defined by Adams et al. (1995, p. 88) as “the achievement of fair treatment of groups facing discrimination. It involves combatting discrimination due to race, gender, disability, age, class, religion, etc.” Therefore, this definition of equal opportunities is clearly associated with the eco-justice concept in that it is concerned with fair treatment and justice. However, Adams et al. (1995) make no reference to the idea of eco-justice in their discussions of equal opportunity and instead, the authors analyse equal opportunities in relation to the context of CSR.

Adams and Harte (1998) and Adams and McPhail (2004) also study equal opportunities disclosures in respect of the employment of women (from 1935 to 1993) and ethnic minorities (1935 to 1998) within the annual reports of companies in the UK banking and retail sectors. Adams and Harte (1998) analyse how the disclosure practices reflect changing social, political and economic contexts. Despite Adams and Harte (1998) tracing the history of women’s employment and equal opportunities legislation in Britain, they not only make no reference to eco-justice, but also offer no explanations of the meaning of ‘equal opportunities’. Adams and McPhail (2004) situate their examination of the disclosure of equal opportunities in respect of ethnic minorities within a CSR framework rather than within an eco-justice framework.

Another accounting study analysing equal opportunities disclosures from a CSR perspective is that of Grosser and Moon, (2008). This research examines gender reporting practices of twenty best practice companies in the UK. The authors examine annual reports, CSR reports and company websites using quantitative content analysis in conjunction with holding interviews with company representatives. Similarly, Grosser et al. (2008) investigate corporate reporting on issues of gender equality in the workplace - including studying recruitment, retention, and career development and training - in three countries, Australia, the UK and the US. Both Grosser and Moon (2008) and Grosser et al. (2008) classify equal opportunities as a key CSR issue and as part of improved human capital management and equalities practice, and neither paper makes any reference or allusion to eco-justice.

In the paper of Hossain et al. (2016) gender reporting is examined from a Marxist Feminist perspective. The study builds on the argument of Marxist Feminism which highlights that the capitalistic mode of production is one of the reasons for women’s oppression and their second category status in UK society. The authors argue that the gender inequality issue is an outcome of the “unequal distribution of wealth, power, and privilege between men and women.” (Hossain et al, 2016, p. 13). The authors’ definition of gender inequality appears to be clearly related with

the idea of eco-justice in that it is concerned with the distributive aspect of justice. However, while the authors do define gender inequality, there is no mention of eco-justice. Instead, Hossain et al, (2016) identify gender inequality as a social issue and relate it to CSR.

The examples of prior social-related accounting disclosure studies which are discussed above examine corporate disclosures in one area allied to eco-justice, namely equal opportunities. Kamla and Rammal, (2013) provides an example of a disclosure study which is focused in a different social-related area and similarly falls under the scope of eco-justice. The study examines social reporting by Islamic banks with a focus on poverty reduction. Kamla and Rammal (2013) address the issue of poverty from an Islamic perspective and the paper includes the contention that Islam can play a significant role in advancing social justice in society. The authors highlight claims made by Islamic banks regarding their adherence to Sharia and social justice and counter these claims by highlighting the relatively weak levels and weak quality of disclosures related to poverty alleviation. The research discusses the link between social justice and Islamic rules, arguing that Islam includes rules for the redistribution of wealth in society. Thus, the paper is strongly connected to social justice but includes no reference to eco-justice.

The accounting disclosure studies provided in this sub-section make no mention of eco-justice; by comparison, the next sub-section discusses those studies which have used the term eco-justice within their discussions but have not attempted to provide any definition or characterisation of the term.

2.3.2 Prior accounting studies referencing eco-justice in a limited manner

Those accounting disclosure studies which make reference to eco-justice but in a very limited way are summarised in table 2.1. The three studies by Lodhia, Jacobs and Park, (2012), Fontana et al., (2015) and Tauringa (2020) include the term ‘eco-justice’ at some point in their papers. However, the use of the term in each of the papers is, arguably, best described as negligible to the extent that the reader could easily overlook the inclusion of the term. There is no explanation, partial or otherwise, as to what the authors mean to imply by including the term.

By comparison, the manner in which the three studies of Bebbington, Gray and Owen, (1999), Owen, (2008) and Samkin and Wingard, (2021) refer to eco-justice by briefly citing one or two issues which they state relate to eco-justice. Thus, Bebbington et al. (1999) and Owen (2008) both allude to social issues as being classifiable as issues that are pertinent to eco-justice whilst Samkin and Wingard (2021) refer to equal opportunities and the alleviation of poverty as relating to eco-justice. There is no explanation provided why these issues fall within the boundaries of eco-justice and no further discussions of eco-justice within the three articles.

Rather than citing issues which relate to eco-justice, Owen, Gray and Bebbington, (1997), Herath, (2005) and Moneva, Archel and Correa, (2006) go a little (but not much) further than the six studies just discussed in respect of their references to eco-justice. Owen et al. (1997) mentions eco-justice as being environment- and life-centred and concerned with how resources are distributed but adds no further comment on eco-justice per se, although there is some discussion of social justice but without specific reference being made to eco-justice. Herath (2005) states in the course of the article that “(a)ccounting for sustainability incorporates the equity aspects of the paradigm of eco-justice” (p. 1036) but does not develop this assertion further, and Moneva et al. (2006) reference Bebbington’s (2001)¹² discussion of weak and strong sustainability which includes reference to eco-justice in conjunction with eco-efficiency but includes no further analysis of the concepts.

The final four papers relevant to this sub-section are Gray, Owen and Adams, (1996), Gray, (2006), Dumay, Guthrie and Farneti, (2010) and Belal and Cooper, (2011). Gray et al. (1996) are recognised as being the first to introduce the term of eco-justice into accounting studies. Gray et al. (1996) define eco-justice as concerning “the wealth distribution (intragenerational equity) as well as the wellbeing of future generation (intergenerational equity)” (p. 61). Gray et al. (1996) also recognise eco-justice concerns as an ethical or moral need, and they link eco-justice to issues of community welfare and equitable chances. As a result, Gray et al.’s (1996) conception of eco-justice has become understood in accounting literature as the equitable distribution of wealth and natural resources within the current generation and between the current and future generations so that their respective needs are met. However, Gray et al. (1996) do not expand on this discussion, including no more explanation on the origins of eco-justice, as well as providing no explanation why community welfare and equal opportunities issues fall within the boundaries of eco-justice. In contrast, Gray (2006) proposes that eco-justice might be incorporated into an ecologically- and eco-justice-informed approach to reporting directly on sustainability. Gray’s (2006) exploration of the ecological and eco-justice approach is restricted and includes no explanation of the roots of eco-justice. Further, there is no specified definition of eco-justice although it appears to be understanding eco-justice as relating to social justice. Gray (2006) concentrates on fundamental ideas such as ecological footprints and social justice and describes the suggested approach as ‘embryonic’.

Dumay et al. (2010) and Belal and Cooper (2011) reference the eco-justice ideas of Gray et al. (1996) and Gray (2006). Dumay et al. (2010) state they are adopting Gray’s (2006) ecological and eco-justice (EEJ) approach and state this approach encourages adopting a broader definition

¹² Bebbington (2001) is discussed in the next sub-section.

of sustainability in accordance with the EEJ approach. However, no reference is made to the origins of eco-justice nor is there any discussion of a definition of eco-justice in this article. Despite the discussions in Dumay et al.'s (2010) article including these references to eco-justice, it is clearly not the focus of the article. Similarly, Belal and Cooper (2011) provide some references to eco-justice that are in part drawn from Gray et al.'s (1996) definition of eco-justice. Their paper refers to eco-justice as follows: (i) eco-justice issues relate to less powerful stakeholders, (ii) eco-justice is concerned with intra- and inter-generational equity, (iii) it is concerned with ethics and social and ecological justice and (iii) it is linked to issues such as race, gender, class, economics and politics. Although there is some discussion of eco-justice in Belal and Cooper (2011) it is brief and there is no discussion made to eco-justice's origins. Overall, Dumay et al. (2010) and Belal and Cooper (2011) both fail to expand on Gray et al. (1996) and Gray (2006)'s ideas on eco-justice.

In respect of the accounting disclosure studies discussed in this sub-section it is evident that there is no definition of eco-justice adopted or specified or discussed within any of the papers. The discussions of eco-justice are all very restricted and, more specifically, there are no discussions or references made to the origins or foundations of the concept of eco-justice. As there are no definitions provided and no discussions of the origins of the term, it is left to the reader to place their own interpretation upon the term 'eco-justice'. This lack of any clarity regarding a definition is potentially problematic as individual readers may construe the term differently. The next sub-section discusses the sole accounting paper which does have greater discussions of eco-justice.

Table 2.1 Accounting studies incorporating the term ‘eco-justice’ but providing no definition

Study	How the study refers to eco-justice
Gray et al. (1996)	The first article to introduce the term eco-justice into accounting studies. Refers to the concept in terms of inter- and intra-generational equity. Discussions of the concept relatively brief.
Owen et al. (1997)	Broadly suggests that eco-justice is environment-centred and life-centred and is concerned with the distribution of resources.
Bebbington et al. (1999)	Alludes to social issues as categorisable as eco-justice issues but no explanation provided why.
Herath (2005)	Sole reference to eco-justice is the assertion that, whilst ecoefficiency accounting is accounting for the environment, sustainability accounting incorporates equity aspects related to eco-justice.
Gray (2006)	Discusses an ‘embryonic’ ecological and eco-justice approach to sustainability but does not provide a definition of the concept or make any reference to its roots.
Moneva et al. (2006)	Cites and adopts Bebbington’s (2001) concepts of weak and strong sustainability which includes reference to eco-justice alongside ecoefficiency but does not incorporate further discussion of the concepts.
Owen (2008)	Alludes to social issues as categorisable as eco-justice issues but no explanation why.
Dumay et al. (2010)	Cites and adopts Gray’s (2006) ecological and eco-justice (EEJ) approach but does not incorporate further discussion of the approach.
Belal and Cooper (2011)	Some references are made to what eco-justice issues might be concerned with and provides examples of issues eco-justice might be connected to.

Lodhia et al. (2012)	Eco-justice is mentioned by referencing Dumay et al. (2010) paper but no further commentary is added.
Fontana et al. (2015)	States, in passing, managers may lack awareness and knowledge of eco-justice issues.
Tauringa (2020)	Quotes Belal and Cooper (2011) with reference to eco-justice but provides no further commentary or discussion on eco-justice.
Samkin and Wingard (2021)	Equal opportunities and poverty alleviation are referred to as eco-justice issues but no explanation provided why.

2.3.3 Prior accounting studies referencing eco-justice to some greater extent

Whilst the papers in the previous sub-section are very limited in their discussions of eco-justice, Bebbington, (2001) can be considered the sole accounting paper which discusses the concept of eco-justice in some depth. Bebbington (2001) is not a disclosure study but is instead a review of the concept of sustainable development. The paper initially reviews the international development literature to review the different ways in which sustainable development has been comprehended in this strand of literature. Bebbington concludes, inter alia, that the concept of eco-efficiency can be considered consistent with notion of *environmental* sustainability contained within the Brundtland Report; eco-efficiency being concerned with ensuring resources are used as efficiently as possible.

Bebbington introduces eco-justice into her discussions by arguing that sustainable development cannot be judged to have been fully achieved if the environmental efficiency gains are accrued by one particular section of society whilst the needs of other sections of society remain unmet. Bebbington then adds that eco-justice incorporates this concern regarding meeting needs as it includes the idea that the needs of current and future generations need to be taken into account. Hence, Bebbington's (2001) reflections on the concept of eco-justice are that it applies both intra-generationally and inter-generationally, with the aim being to ensure that benefits and

burdens of eco-efficiency are not distributed inequitably. Thus, eco-justice as described in Bebbington's paper is concerned with justice and equity.

Bebbington (2001) relates these discussions on eco-justice to businesses by suggesting that equitably meeting the needs of all sections of society may require countries in the developed world to accept reductions in their wealth which, in turn implies that "(e)co-justice may ... have a large impact on the operation of business activities which have traditionally focused around delivering greater levels of material wealth to sub-groups within society on the basis of increasing consumption levels or via wealth accumulation." (p. 137-138). This focus on business leads Bebbington's (2001) to state that eco-justice must, therefore, include equitability-related concerns such as income distributions, current population levels, future population growth and consumption patterns.

The focus of the remainder of Bebbington's (2001) paper is in two principal areas. The first area of focus is with regards to discussions on 'weak' and 'strong' sustainable development. In the paper, 'weak' sustainable development is considered to be where existing approaches to economic development remain unchanged, whereas 'strong' sustainable development is where there is a real willingness to ask fundamental questions about how best to change these existing approaches to economic development. Bebbington contends that eco-justice concerns will differ under the weak and strong forms. The assertion made is that under the strong form "(i)ntergenerational equity is an integral and essential part of sustainability" whereas under the weak form it "is a separate issue, (and the) sustainability focus is primarily on environmental issues, equity issues will follow from them." (Bebbington, 2001, p. 140). However, there is no clear rationale provided for this assertion.

The second area of focus is on sustainable development and accounting. With regards to this, Bebbington makes some suggestions of what might be considered different eco-efficiency and eco-justice issues (note that she regards eco-efficiency and eco-justice as comprising the two elements of sustainable development and the suggestions are, in effect, example of issues and not a comprehensive list) which might indicate whether a business is achieving weak or strong sustainable development. For example, one eco-justice issue indicating a business is moving towards strong sustainable development is "transparency on transfer pricing and resource acquisition issues" (Bebbington, 2001, p. 147) and an eco-justice issue indicating a business is at the level of weak sustainable development is the provision of "value-added statements" (Bebbington, 2001, p. 147). However, yet again, there is no clear rationale provided regarding why the items listed as indicators should be considered eco-justice issues or why they relate to weak or strong sustainable development.

Overall, Bebbington's discussion of eco-justice is more developed than the discussions set out in the prior sub-section. Some of the discussions have a clear link to aspects of eco-justice as it was originally conceived. These are the discussions of intra-generational and inter-generational equity. However, it is important to also note the following. First, there is no clear definition of eco-justice provided. Second, the emphasis is on the environment and the social aspect of eco-justice which is crucial in the original conception of eco-justice is largely missing. Third, separating eco-justice and eco-efficiency does not accord with the original conception of eco-justice. Eco-justice as originally conceived effectively subsumes eco-efficiency for, as noted in the prior section 2.2, one of the norms associated with the original conception of eco-justice that the sustainability norm emphasises prudent and resource-conserving conduct in respect of natural resources and the environment. Fourth, Bebbington makes no reference to the foundations and origins of the term eco-justice. For example, there is no reference to Gibson or to any of the other Christian ethicists who developed the term. Because of this Bebbington's (2001) discussions of eco-justice ignores its faith-based origins in that religion and moral behaviour are conjoined.

In conclusion, the discussion in this and the previous sub-sections demonstrate that prior accounting studies avoid defining the concept of eco-justice and make no reference to its roots. The papers reviewed above often cite one or more of Gray et al. (1996), Gray (2006) or Bebbington (2001); however, they do not develop the eco-justice discussions contained in Gray et al. (1996), Gray (2006) or Bebbington (2001) any further. This raises the question why prior accounting literature has not taken up eco-justice as a focus to a greater extent and why it has not made any reference to the origins of the concept? This question is considered in the next sub-section.

2.3.4 Why has the concept of eco-justice not been taken up to a greater extent?

It is notable from the previous sub-sections that only a small number of prior accounting disclosure studies specifically reference eco-justice, and even fewer give any discussion of how they define or characterise eco-justice. As a result, this section considers the possible reasons why the concept of eco-justice has not been used more extensively in accounting disclosure research. It is only possible to make conjectures why this is the case, but these may be helpful to consider.

Religion originally shaped the notion of eco-justice and this religious dimension might be one possible reason for the scarcity of any mentions of eco-justice in the accounting literature. The concept of eco-justice was founded by Christian ethicists and is ethically based on concepts of respect and justice for all *creation*, including human and non-human life (Gibson, 1985). Van Buren et al. (2020) explain how religion can be seen as taboo in management research, contending

that “the topic of religion is often seen as divisive and best avoided within management scholarship and organizational practice” (pp. 800-801). Eco-justice as originally conceived is ultimately grounded in a spiritual view of the world, and it is possible accounting scholars have given little attention to ‘eco-justice’ as management studies can be prone to be averse to topics that have religious roots. Some of the conceptions of eco-justice that have grown out of the original ideas make very clear and specific reference to the religious origins. For example, the Christian ethicists who write on eco-justice may make reference to passages in the Bible¹³ that can be argued as supporting eco-justice ideas, and this clear linking between eco-justice and Christianity might be a reason for the lack of accounting references to the original concept. The lack of attention paid to the concept of eco-justice, based on it being a topic to avoid because of its religious dimensions, might possibly have resulted in this concept not being well-developed in the literature. As previously stated only Bebbington (2001) can be described as providing a relatively extended discussion of eco-justice and there is no reference in Bebbington (2001) or any of the other papers to religion or the spiritual.

A second possible reason is that the idea of eco-justice can be ambiguous even in its original conception and over time different groups have developed different ideas regarding how to define eco-justice¹⁴. Thus, accounting researchers might avoid discussing the concept of eco-justice because of problems in defining the concept. This may explain why the few accounting studies which have made reference to study eco-justice do not go beyond Gray et al. (1996) and Bebbington’s (2001) explanations of the eco-justice concept. Consequently, the concepts of ‘sustainability’ and ‘CSR’ have remained dominant in most accounting and business studies. This is understandable as it is not easy to define eco-justice (although CSR and sustainability can also be difficult to define). However, the purpose of the next section of the chapter is to set out an appropriate definition of eco-justice which does not neglect its foundations. Further, it seeks to explain why eco-justice is at least as important a concept as sustainability or CSR.

2.3.5 Concluding comments on prior accounting disclosure studies and eco-justice

The concept of eco-justice is defined only vaguely in prior accounting disclosure studies, and the small number of accounting disclosure studies which have incorporated the eco-justice concept give only partial explanations of the concept. While Bebbington’s (2001) discussions of

¹³ For example, the account in the book of Genesis of the creation of the heavens and the earth by God.

¹⁴ For example, in 2000 the first of four volumes of an ‘Earth Bible’ were published. The purpose of the Earth Bible is to guide readers as to how to read the Bible from an eco-justice perspective. The Earth Bible has its own definition of the principles underpinning eco-justice. One of these is “The Principle of Voice: Earth is a living entity capable of raising its voice in celebration and against injustice.” (Earth Bible).

eco-justice go further than other prior studies it still has limitations and, in particular, it does not make any reference to the origins of the term. One possible reason for the lack of discussion of the origins of eco-justice may be due to its religious basis, which can be considered a taboo subject Van Buren et al., (2020). As a result, this concept has not been well-developed in the literature.

This review of prior accounting disclosure studies reveals there is a research gap which, as noted in chapter 1, this thesis seeks to fill by being the first accounting disclosure study to use the concept of eco-justice as it has originally been conceived and the first to use the concept as the basis for analysing annual report disclosures.

It is also noted in chapter 1 that, because this study is Saudi-based, eco-justice seems an appropriate concept to utilize on two grounds. This justification is explained in further detail in sub-section 2.4.5. However, the following two aspects can usefully be noted in respect of why eco-justice is an appropriate concept to utilize. First, eco-justice places an equal focus on environmental and social issues, and in Saudi Arabia both are equally important too. In respect of social issues in Saudi Arabia there have been ongoing powerful debates regarding social justice, for example, in respect of women's rights and political freedoms, and in respect of the environment Saudi Arabia faces highly significant challenges from climate change and extreme weather. Second, Saudi Arabia is a highly religious country with Islam of the utmost importance, and this resonates with the faith-base that is a part of the original concept of eco-justice.

2.4 Corporate social responsibility, Sustainability and Eco-justice

The discussion in the previous section explains how, if the concept of eco-justice is not defined, then this makes conducting an eco-justice disclosure study problematic. This is reflected in the discussions of the small number of accounting disclosure studies in the previous section. These prior accounting disclosure studies fail to give a full explanation and definition of eco-justice. Instead, the concepts of 'sustainability' and 'corporate social responsibility' (CSR) have remained dominant in comparison to eco-justice and it is equally important to understand how these two dominant concepts have been defined and differentiated in the literature.

Therefore, this section reviews the academic debates surrounding the two terms CSR and sustainability and the debates regarding how (or if) they are connected to one another. In addition, it sets out an appropriate definition of eco-justice which does not neglect its foundations and contrasts eco-justice with CSR and sustainability. In doing so it explains why eco-justice is an important concept and worthy of study.

Sub-section 2.4.1 reviews the phases of the development of corporate responsibility. Sub-section 2.4.2 and sub-section 2.4.3 analyse and discuss definitions that have been attached to CSR and sustainability. Sub-section 2.4.4 then considers in what ways CSR and sustainability may (or may not) overlap. This leads to sub-section 2.4.5, which argues that the scope of eco-justice is broader than sustainability and CSR, and it explains why eco-justice, as a concept, is more appropriate to assess corporate disclosures in the Saudi context than sustainability or CSR.

2.4.1 The development of corporate responsibility

Many scholars (see, for example, Blowfield and Murray, 2008; Carroll, 2008; Murphy, 1978) trace the historical development of corporate responsibility through four phases. Whilst there may be other approaches to tracking how perceptions of corporate responsibility have altered over time, the four-phase interpretation of the development of corporate responsibility set out in this sub-section provides useful context to subsequent discussions of definitions of CSR and sustainability. In summary, the four phases as discussed below concern: (i) the emergence of corporate responsibility after the industrial revolution and welfare movements of business owners, (ii) the introduction of social responsibility as a concept in the 1950s, (iii) the ascent of social responsibility practices and growing concerns about the inequality issues within communities in Western countries, and (iv) the contemporary social and environmental discourse surrounding global concerns and the inclusion of the concept of sustainability concept.

2.4.1.1 First phase: pre-1950s

The first phase commences in the late nineteenth century and continues through to the 1950s. During this period, social issues related to the industrial revolution emerge. Unethical and unjust practices are being practiced by factory and mine owners who are now employing large number of families who have relocated from rural areas into the cities. These employees have to endure poor working conditions including working excessively long hours and suffering from injuries and deaths caused by unsafe working environments. Slave labour is also being exploited to ensure raw materials such as cacao, iron and coal are available for supply to the factories. For example, the Cadbury chocolate company is using slave labour on cocoa farms to collect cacao beans (Blowfield and Murray, 2008).

Social movements began to emerge petitioning for reforms to workers' rights and making calls for social justice. For example, William Wilberforce leads an anti-slavery movement that results in the UK Parliament passing the Slave Trade Act in 1807 (Blowfield and Murray, 2008). After the passing of Slave Trade Act business owners paid greater attention to issues related to labour practices and to other social issues related to different welfare movements. During this

phase corporate responsibility was expressed in the form of paternalistic and philanthropic behaviours of business owners (Sluysman, 2012; Blowfield and Murray, 2008; Carroll, 2008).

2.4.1.2 Second Phase: 1950s-1960s

In 1950s the so-called ‘Great Smog of 1952’ occurred in London, UK and it is argued this event focused attention on the impacts of pollution and the importance of a healthy environment¹⁵. Scientific studies of environmental pollution increased during this phase including the publication in 1962 of the now-famous book by Rachel Carson ‘Silent Spring’. Carson’s book raised serious concerns regarding pesticide use in the USA and, despite receiving severe criticism from the USA chemical industry, her work brought concerns about the degradation of the environment to the attention of American society (Blowfield and Murray, 2008). The publication of Silent Spring raised public awareness sufficiently, that the United States government enacted anti-pollution legislation and created the USA Environmental Protection Agency.

The increased public attention which was being directed towards environmental issues resulted in a reconsideration of the impact of business activities on society and the environment in the 1950s and 1960s. This led to discussions of the concept of social responsibility as it might apply to businesses. Bowen's (1953) pioneering book “Social Responsibilities of the Businessman” contained discussions of ethics and the social responsibilities that are incumbent upon business people, with Bowen arguing that business people are obliged to act in accordance with the values and objectives of society. In the 1960s, a modern concept of corporate responsibility emerged in the USA and Europe (Roslender, 2017). Groups including academics and scientists (for example, Keith Davis, Joseph McGuire, William C. Frederick and Clarence C. Walton) made calls for companies to recognize their responsibilities towards society and the environment (Carroll and Shabana, 2010). McGuire (as cited in Carroll, 1979) argued that “(t)he idea of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations” p. 497). This second phase resulted in the formation of the concept of corporate social responsibility.

2.4.1.3 Third Phase: 1970s–1980s

The 1970s is widely seen as a continuation of the second phase in terms of corporate responsibility and it is during this period that academics begin to devote their attention to the idea (Blowfield and Murray, 2008). Two particularly influential campaigning groups are established in the early 1970s; Friends of the Earth (1970) and Greenpeace (1971) who protest and campaign

¹⁵ It is estimated over 4,000 people died as a result of respiratory problems caused by the Smog.

on a range of issues including human rights, inequality, indigenous people, child labour and air pollution (Blowfield and Murray, 2008). Also, during the 1970s legislation is introduced on important social issues; for example, the Equal Pay Act of 1970 and the Sex Discrimination Act of 1975 in the UK, the 1976 Act on Equal Pay for Men and Women in Denmark, and the 1978 Act on Gender Equality in Norway (Blowfield and Murray, 2008).

Corporate responsibility in the form of CSR is also becoming a topic of interest for research for accounting academics (Carroll, 2008). Early models of CSR emerge, including Carroll's (1979) model and the idea of Freeman, (1984) that business has responsibility for all its stakeholders (namely, stakeholder theory) is widely adopted. Accounting academics such as Adams, Gray, Owen, and Bebbington commence publishing CSR-related papers in this phase on themes such as corporate social responsiveness, corporate social performance, public policy, business ethics, and stakeholder theory (Carroll, 2008). Businesses begin initiatives that connect to social responsibility (Gray et al., 1996) and the accounting profession also contributes to CSR-type reporting initiatives. For example, the publication of the Corporate Report (1975) in the UK provides information and suitable measures for businesses to report on their economic activities besides non-financial activities (Deegan and Unerman, 2011).

2.4.1.4 Fourth Phase: 1990s to the present

The fourth phase encompasses the period from the late 1980s-early 1990s through to the present. Of fundamental importance in the early part of this phase is the publication of The Brundtland Report 'Our Common Future' in 1987. Globalisation is part of the backdrop to the report as during the 1980s multinational companies (MNC) are seen as influential in the global economy and having major social and political impacts globally. This prompted discussions on the implications of continued economic growth for nature and society. The Brundtland Report has a sustainability focus and suggests there are three elements to sustainable development: the environment, the economy and society. The report argues that it is possible to achieve social equity, economic growth, and preservation of the environment concurrently, but that this will require social change. Further, it notes that issues related to inter- and intra-generational equity such as poverty alleviation, starvation, child labour, inequality are central to the sustainability agenda (Deegan and Unerman, 2011).

Further significant events in the early part of this phase which were also focused on sustainable development include, for example, the 1992 'Earth Summit' and the EU report 'Towards Sustainability' (Deegan and Unerman 2011; Gray et al., 1996). These initiatives criticised the practices of businesses and further impetus for 'sustainability' as an agenda item

arose because of a number of high profile social and environmental disasters in the mid-1990s and early 2000s (for example, the BP oil spill). Triple bottom line reporting was also introduced in this period by Elkington, (1997) with its three dimensions of people (social equity), planet (the environment) and profit (the economy). Subsequently in this phase corporate responsibility, CSR and sustainability have continued to grow in importance as debates about the roles of companies in respect of the environment, sustainability, and social equity have intensified not least because of important issues such as climate change, and gender and race (in)equality still needing solutions.

The next sub-sections consider the concepts of CSR and sustainability in more detail. There have been extensive academic debates on how we should understand the two terms CSR and sustainability, and debates regarding how (or if) they are connected to one another. Thus, there are debates, for example, whether CSR and sustainability are synonymous, and if CSR incorporates sustainability or vice versa. The different definitions that have been attached to CSR are analysed and discussed in sub-section 2.4.2 and the different ideas pertaining to sustainability are analysed and discussed in sub-section 2.4.3. Sub-section 2.4.5 then considers in what ways CSR and sustainability overlap.

2.4.2 Defining CSR

CSR is a term that has received a great deal of attention in the academic literature with accounting scholars producing a wide array of papers which examine CSR reporting practices (Andrew and Baker, 2020). Bowen (1953) first discussed corporate responsibility as a matter of companies not solely having an obligation to produce profits for shareholders but also having broader social responsibilities. Subsequently, CSR has been linked by some authors to wider concepts of corporate citizenship, business ethics (Crane and Matten, 2007) and sustainability (Young and Tilley, 2006). As discussions of CSR have developed, it has been argued that it lacks “a clear dominant paradigm” (Lockett, Moon and Visser, 2006, p. 133) and different definitions of CSR have arisen.

Quazi and O’Brien, (2000) consider CSR as a series of four approaches. The first of these approaches is the shareholder/classical approach. This is consistent with Friedman’s¹⁶ view of CSR that the social responsibility of business is confined to increasing its profits (Friedman, 1962). According to this perspective, shareholders are central in the company and the purpose of any company is to maximise profit. In this approach, government is considered to be the entity

¹⁶ Friedman referred to social responsibility as ‘subversive’.

that deals with societal issues and socially responsible activities fall under its remit not under the remit of companies.

However, as noted by Quazi and O'Brien (2000) this is a very restricted view of the role companies hold in respect of their responsibilities to wider society and it "ignore(s) the reality that business is a part of the larger society with a wider responsibility reaching beyond the narrow perspective of profit" (pp. 34-35). The second approach they suggest a company may adopt to CSR is what they label a 'socioeconomic' approach. In this approach a company may decide that profit maximization is more likely to be achieved if they take on some degree of social responsibility. This is still a narrow view of CSR as it implies companies are engaging with social responsibility only when it helps create value for shareholders; for example, they may take some socially responsible action because it enhances the company's reputation which leads to increased sales.

The third approach they label the 'modern view' which is based on a stakeholder approach. This approach asserts companies have an accountability which extends beyond shareholders to also include other stakeholders, with stakeholders being any individual or entity which can affect or is affected by the achievement of the organisation's main objectives (Freeman, 1984). This is a broader view of CSR than the first two approaches as companies are engaging in CSR because they believe they have a social responsibility to take into consideration their different stakeholders' needs.

The 'philanthropic' approach is the fourth approach outlined by Quazi and O'Brien (2000). This goes wider than the 'modern view' as companies are, in addition, engaging in "charitable activities even though this is perceived as a net cost. This impetus may come from altruistic or ethical feelings to do some good for society" (Quazi and O'Brien, 2000, p. 36).

Whilst Quazi and O'Brien (2000) are helpful in setting out different possible approaches to CSR there is no clear guidance given as to what they consider to be an appropriate definition of CSR. This is understandable given the different CSR definitions which have been provided in the CSR literature. Montiel, (2008) undertakes a comprehensive review of the management literature to identify the different CSR definitions used over time and notes that Carroll's (1979; 1991) conception of CSR is cited most often in the literature. Carroll, (1979, p. 499) defines CSR as a "range of obligations a business has to society". He groups these obligations into four 'primary' responsibilities all of which reflect a company's social responsibility, and these are economic, legal, ethical, and discretionary responsibilities. Carroll's (1979) four types of responsibility are

intended to emphasise that a firm has ethical and discretionary responsibilities and that it is not restricted to having economic and legal responsibilities.

Carroll, (1991) expands on Carroll (1979)'s four-component idea by envisaging the four components as a pyramid. At the foundation of the CSR pyramid are economic responsibilities with the premise being that economic performance (being profitable) is underpinning all other responsibilities. Next in the pyramid fall legal responsibilities. That is, companies must follow the laws set by society in order to be deemed acceptable by the society in which they operate. The next responsibility is to be ethical which, fundamentally, requires businesses to do what is right, fair, and just while avoiding causing any harm to their stakeholders (Carroll, 1991). Carroll's pyramid concludes with discretionary responsibilities. In discussing these responsibilities which sit at the top of the pyramid Carroll (1979) states these are responsibilities for which:

society has no clear-cut message for business They are left to individual judgment and choice. Perhaps it is inaccurate to call these expectations responsibilities because they are at business's discretion; however, societal expectations do exist for businesses to assume social roles over and above those described thus far (p. 500).

Consequently, these are responsibilities with respect to being a good corporate citizen by providing financial and human resources to benefit the community and enhance the quality of life. Montiel (2008) suggests that definitions of CSR prior to Carroll were relatively ill-thought through. By comparison, Carroll's (1979) definition has greater clarity and this may explain why it has been cited frequently.

2.4.3 Sustainable development and sustainability

The term 'sustainability' has risen to prominence over the last three decades, initially becoming conspicuous when The United Nations World Commission on Environment and Development published the Brundtland Report ('Our Common Future') in 1987, with its emphasis on sustainable development (SD) (Bebbington et al., 2017; Hessel, 2011). The Brundtland Report placed sustainability on the agenda of governments and businesses worldwide after the report was initiated by the General Assembly of the United Nations (Deegan and Unerman, 2011). The introduction to the report states "What is needed now is a new era of economic growth – growth that is forceful and at the same time socially and environmentally sustainable" (United Nations World Commission on Environment and Development, 1987, p. 7). The report was created to produce a global agenda that called businesses to challenge

conventionally held economic and business principles, to reconsider accepted practices, and be participants in advancing quality of life in a sustainable manner (Bebbington, 2001).

The Brundtland Report defined sustainable development as “(d)evlopment that meets the needs of the present without compromising the ability of future generations to meet their own needs” (United Nations World Commission on Environment and Development, 1987, p. 8). This definition of sustainable development is now very commonly referenced. Importantly, the report was concerned with exploring the relationships between economic growth, the environment and social equity. One of the senior advisors to the Brundtland Commission explained subsequently how:

“The report came at a time when the oil shocks of the seventies, droughts in Africa, concerns about tropical forests, the depletion of the ozone layer and several other problems were posing great challenges to policy at every level, and it offered a way of looking at these problems in a holistic way ... The main long-term impact of the report is that we can no longer talk of economic and environmental policy in separate compartments.” (United Nations World Commission on Sustainable Development, 2007, p. 1)

Sustainable development can thus be seen to be concerned with four issues related to: (i) meeting the needs of future generations, (ii) sustainable use of natural resources, (iii) equitable use of natural resources, and (iv) integration of environment and development (Tladi, 1994). The interpretation of sustainable development by The Brundtland Report is important because it emphasises issues of justice, particularly issues associated with intergenerational and intragenerational equity, as well as rational use of natural resources (Deegan and Unerman, 2011; Gray et al, 1996; Gladwin et al, 1993). Hence, Gladwin et al. (1995) argue that sustainability “represents a fundamental paradigm shift around the notion of human progress that shifts human values and visions and societal rules from economic efficiency towards social equity, collective obligations, community, quality of life, equal opportunity, current and future generation.” (p.37).

Following the Brundtland Report, the Rio Declaration of 1992¹⁷ was produced by the United Nations as a guide for countries in respect of sustainable development. The Rio Declaration comprises 27 principles which have been created:

17 The Brundtland Report is considered to have been instrumental in the establishment of the Earth Summit held in Rio de Janeiro in 1992. The Earth Summit resulted in the Rio Declaration on Environment and Development. It also resulted in the Convention on Biological Diversity, the Framework Convention on Climate Change, Principles of Forest Management, and the creation of the UN Commission on Sustainable Development

With the goal of establishing a new and equitable global partnership through the creation of new levels of cooperation among States, key sectors of societies and people, Working towards international agreements which respect the interests of all and protect the integrity of the global environmental and developmental system, Recognizing the integral and interdependent nature of the Earth, our home (The Rio Declaration, 1992, p.1).

The first Principle states that “human beings are at the center of concerns for sustainable development” (The Rio Declaration, 1992, p.1). In this sense, sustainable development seeks to guarantee that the basic needs of humankind are met, such as, food, clothing, and employment.

The final Principle 27 ends the Rio Declaration as follows: “States and people shall cooperate in good faith and in a spirit of partnership in the fulfilment of the principles embodied in this Declaration and in the further development of international law in the field of sustainable development” (The Rio Declaration, 1992, p.5). Consequently, later attempts at explaining sustainable development suggest that at the international level, the concept can be structurally conceived as consisting of three pillars, namely: environmental law, human rights law and economic law (McGoldrick, 1996). However, what needs to be remembered is that the essential idea behind sustainable development is that current behaviours are unsustainable, and our current actions threaten both current and future generations.

In the context of businesses, explanations of sustainable development suggest that at the organisational level the concept can be fundamentally conceived of three pillars: environmental, social and economic (Bebbington and Larrinaga, 2014). These three pillars are embedded within the concept of triple bottom line (TBL) which is well-recognised as making an important contribution to sustainable development debates in the business-accounting context. TBL was developed by Elkington in the 1990s and comprises an economic, social and environmental element and, it is argued, that balancing these three will move organisations in more potentially sustainable directions (Gray and Bebbington, 2007; Young and Tilley, 2006).

The triple bottom line (TBL) approach emphasizes that the three dimensions/pillars are on an equal footing and that creating a balance between economic interests, environmental needs and social expectations will integrate the spirit of sustainable development into the business strategy. According to Dyllick and Hockerts, (2002, p.133) fully sustainable companies should integrate all the elements:

- (i) companies need to guarantee at any time cash-flow sufficient to ensure liquidity while producing a persistent above average return to their

shareholders (economic sustainability), (ii) companies need to use only natural resources that are consumed at a rate below the natural reproduction, or at a rate below the development of substitutes. They do not cause emissions that accumulate in the environment at a rate beyond the capacity of the natural system to absorb these emissions, or they do not engage in activity that degrades eco-system services (ecological or environmental sustainability); and (iii) companies need to add value to the communities within which they operate by increasing the human capital of individual partners as well as furthering the societal capital of these communities, i.e. they manage social capital in such a way that stakeholders can understand its motivations and can broadly agree with the company's value system (social sustainability). (Dyllick and Hockerts, 2002, p.133)

Refinements to how businesses might understand sustainability that go beyond the TBL include the suggestion that the three pillars of corporate sustainability can be split into two components, eco-efficiency and eco-justice (Bebbington, 2001; Gray et al, 1996; Gladwin, 1993; Hawken, 1993). Eco-efficiency (which is usually defined as 'doing more with less') requires companies to review how their operations affect the environment. This implies considering how efficiently materials and resources are being used and waste levels (Schmidheiny, 1992). Hence, eco-efficiency is achieved by "the delivery of competitively priced goods and services that satisfy human needs and bring quality of life, while progressively reducing ecological impacts and resource intensity throughout the life-cycle to a level at least in line with the earth's carrying capacity" (DeSimone and Popoff, 1997, p. 47).

Eco-efficiency is, however, not a sufficient condition for achieving sustainability (Gladwin, 1993; Hawken, 1993). For example, corporate resources might be used in an environmentally efficient way, but if there is uneven distribution of the benefits across the community sustainability will not have been accomplished. This is because, as the Brundtland Report clearly establishes, sustainability includes the requirements that the needs of the present and future generations are met, and that there is equity in how the benefits are dispersed. According to Bebbington (2001) the concept of eco-justice incorporates these two concerns. In Bebbington's argument eco-efficiency and eco-justice are 'different but equal' components of sustainability which means that efficiency alone without justice is insufficient as it does not achieve equity for less fortunate members of society. Similarly, if one were to concentrate too greatly on justice (equity) then efficiency is potentially neglected and the environment suffers.

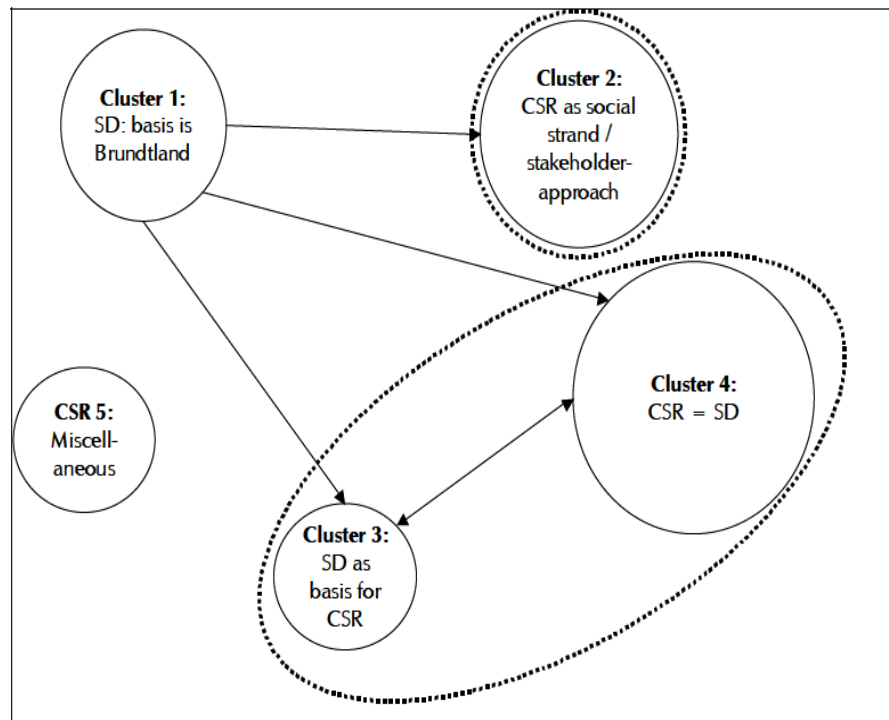
Some authors, however, such as Gray and Bebbington, (2007), go beyond splitting sustainability into the two components of eco-efficiency and eco-justice and split it into the three components of eco-efficiency, eco-effectiveness and social justice. Gray and Bebbington (2007) suggest this is necessary because eco-efficiency concerns companies reducing resources on a per unit basis but this does not include whether greater amounts of resource have been used on an overall basis. For example, a company may be less wasteful in the amount of materials used to make each unit of product but if it has increased total production (perhaps to meet higher levels of consumer demand) then overall it may be using more materials than in previous years. Hence, eco-effectiveness is concerned with creating more value with less overall impact (The World Business Council for Sustainable Development , 2000).

It was noted in discussing CSR that there is no one accepted definition, and despite widespread recognition of the importance of sustainable development, there is no one accepted definition of the concept of sustainability (Carroll, 2015). One problem in developing a universally agreed upon definition is that the term embraces social justice, environmental conservation, and economic progress (Tladi, 1994). In respect of Montiel's (2008) review of the management literature identifying the different sustainability definitions there are two key aspects that stand out. First, the definition most often referred to in the literature is the definition provided in the Brundtland Report. Second, there are a group of definitions whose approach is to use "the term ecological sustainability to identify (sustainability) primarily with the environmental dimension of business" (Montiel, 2008, p. 254).

2.4.4 CSR and sustainability: connections and overlaps

This section now considers the possible connections between the concepts of CSR and sustainability. Behringer and Szegedi, (2016) note how, subsequent to the development of the notion of sustainability, there has been an interchange between the concepts of corporate social responsibility and corporate sustainability. The World Business Council for Sustainable Development (WBCSD) judges that CSR should be understood as an integral aspect of corporate sustainability (The World Business Council for Sustainable Development , 2000) whereas other organisations regard CSR synonymous with corporate sustainability (UN Global Compact, 2013). Ebner and Baumgartner (2016) provide a clear framework for contemplating the relationship between CSR and sustainability. This framework (see figure 2.1) sets out five clusters which they have derived from a review of CSR and sustainability articles.

Figure 2.1 Debates on the relationship between sustainable development (sustainability) and corporate social responsibility



Source (Ebner and Baumgartner, 2016, p. 12)

The first is a cluster (or collection) of articles which are sustainability-focused and are adopting the Brundtland definition of sustainable development. This collection of articles also includes papers which follow the TBL approach as TBL derives from Brundtland. The second cluster is a grouping of CSR-focused articles which “presents CSR as a kind of social strand of (sustainable development) SD” (Ebner and Baumgartner, 2016, p. 5). Thus, these are a group of articles which leave out the economic and environmental aspects of sustainability and perceive CSR as comprising social responsibilities. Hence, the articles are focused on CSR as *social* responsibility.

The third cluster of articles maintain that sustainable development is the foundation on which to base CSR. This is because the sustainability has breadth (for example, in relation to TBL) and has some ethical justification, and whilst sustainability can be seen to operate at a societal level CSR is at the company level. The fourth cluster are articles which view sustainability and CSR as synonymous. Figure 2.1 loosely connects clusters three and four on the basis that sustainable development is either partially or fully being used as the base for CSR. The final, fifth, cluster comprises a group of miscellaneous articles not fitting within one of the other clusters.

A further note in respect of figure 2.1 is that it depicts cluster one as a ‘pre-stage’ for clusters two, three and four. The implication being that the development of the concept of sustainability (and sustainable development) has broadened how corporate responsibility is thought about such that corporate responsibility often now includes the management of natural (ecological/environmental sustainability) and human resources (social sustainability) as well as economic factors (Young and Tilley, 2006). Therefore, the conceptualization of CSR that integrates economic, social, and environmental dimensions and the triple bottom line conceptualization of sustainability which also comprises economic, social, and environmental dimensions are very similar.

Although it is now common for CSR and sustainability constructs to have similar conceptualisations of the economic, environmental and social dimensions there are still some differences. On one hand, sustainability scholars argue that the economic, social and environmental pillars are interconnected (see, for example, Bansal 2005; Gladwin and Kennelly 1995) whilst many empirical CSR studies treat social and economic performance as independent elements. Hence, sustainability describes a ‘nested system’ in which the economy is part of society which in turn is part of the larger ecological system and, therefore, systems are connected.

Another distinction between CSR and sustainability definitions is their conceptualization of the economic dimension. According to Bansal (2005) the economic dimension of sustainability is defined as economic wealth derived through value creation. In this view “firms create value through goods and services they produce. Therefore, firms increase the value created by improving the effectiveness of those goods and services efficiently” (Bansall, 2005, p. 200). In Carroll’s (1979) definition of CSR social responsibility *supplements* the primary fundamental responsibility of businesses which is economic prosperity.

The above discussions suggest that, whilst some authors have viewed sustainability and CSR as synonymous, we are at a point in time where it is reasonable to contend that the concept of CSR can be deemed to be incorporated (or subsumed) within the concept of sustainability. If this contention is accepted then sustainability as a concept has greater breadth than CSR. Consequently, the next section considers how sustainability (rather than CSR) overlaps with, and differs from, the idea of eco-justice. This is, however, not to deny the importance of CSR; rather the argument is that discussing sustainability in relation to eco-justice implies that CSR has also been taken into account.

2.4.5 Eco-justice and sustainability: similarities and differences

Based on the previous discussions it can be argued that sustainability (or sustainable development) and eco-justice are conceptually related. For example, this seems evident if one considers how the Brundtland Report emphasises the necessity of sustainable development in achieving equity and justice for present and future generations (Hunter, 1997). As a result, it can be contended that eco-justice and sustainable development are, at least to some extent, intertwined concepts that address both social justice and environmental problems. Despite there being linkages between eco-justice and sustainability, it is argued in this sub-section that sustainable development and eco-justice concepts are not wholly interchangeable concepts, and importantly, it is argued that eco-justice is a broader concept and particularly apt for this study. As a result, eco-justice disclosure differs from social and environmental disclosure for a number of reasons.

The Brundtland Report has three elements which comprise sustainable development and these are the same three elements in TBL accounting: the environment, the economy and society. The Brundtland Report argues social equity, economic growth, and preservation of the environment are achievable concurrently if there is social change, with social equity requiring paying attention to inter- and intra-generational equity. This opened the way for two significant developments in global ethics discourse: perceiving holistic links between humanity's social, ecological, and economic commitments, and demanding responsibility for future generations as well as present generations. When considering eco-justice then this does not seem to be too far away from the original notion of eco-justice which also integrates humanity's social, ecological, and economic concerns and asserts there is a need to take on responsibility for achieving justice for both future and present generations.

However, there are important differences. The ethical drive of the 1987 Brundtland Commission's definition of sustainable development is that sustainable development must meet "the needs of the present without compromising the ability of future generations to meet their own needs." Hence, the Brundtland Commission is focused toward meeting the needs of humankind. It does not pay any direct attention to the well-being of 'otherkind', beyond their instrumental value to humans (Hessell, 2011). This is an anthropocentric perspective of nature which places humankind at the centre of existence and deems humankind of greater importance than animals or other elements of nature. The 1992 Earth Summit also shared an anthropocentric viewpoint, for as is stated in Principle 1 of the Rio Declaration the claim is made that "human beings are at the core of concerns for sustainable development" and the Rio Declaration refers to a rights-based approach to development which holds that humans deserve a fair standard of living and can accomplish this through development and resource exploitation. The fact that the

definitions of sustainable development in the 1987 Brundtland report and Principle 1 of the Rio Declaration adopt an anthropocentric-centred language which accentuates the primacy of human needs creates a conceptual barrier for other actors who are attempting to incorporate sustainable principles into their decision making. For example, this is evident in the activities of businesses who regularly appeal to the anthropocentric view by highlighting their role in the creation of employment and societal wealth and who argue that their contributions to society ought not to be encumbered by environmental legislation that impedes job creation for humans (United Nations, 2011).

Eco-justice rejects this anthropocentric worldview and argues that the right to a healthy and productive living must necessarily also occur in harmony with the environment. Eco-justice adopts an eco-centric perspective as opposed to an anthropocentric perspective (Titon, 2019). That is, the eco-justice perspective derives from a “holistic spirituality that experiences God in the whole of life ... (so we can) move from the devouring anthropocentrism we live in to a life-centred worldview” (Cano, 2019, p. 195). Hence, eco-justice considers the social order as encompassing all creation with both the planet and people interconnected and of equal importance and status (Gibson, 2004). It is a theology of holism which highlights that humans have to be fully respectful of non-humans as they have equal worth (Hessell, 2011). As such eco-justice:

“[R]equires a willingness to entertain an ecological rationality that treats the forces and beings of nature, plants and animals and landforms, as if they deserve the respect that governs, or rather should govern, relations among all beings ... (and) means fair treatment for all beings, human and otherwise” (Titon, 2019, p. 103-4).

Consequently, eco-justice differs from the sustainability principles in the Brundtland Report and the Rio Declaration in that it adopts an eco-centric perspective (Titon, 2019). The eco-justice perspective derives from a “holistic spirituality that experiences God in the whole of life ... (so we can) move from the devouring anthropocentrism we live in to a life-centred worldview” (Cano, 2019, p. 195). Hence, eco-justice considers the social order as encompassing all creation with both the planet and people interconnected and of equal importance and status (Gibson, 2004). It is a theology of holism whereby there is solidarity between humans and non-humans (Hessell, 2011).

In addition, the two concepts differ in respect of the emphasis each places on the ‘economic’. The introduction to the Brundtland Report states “What is needed now is a new era of economic growth – growth that is forceful and at the same time socially and environmentally sustainable”

(UNWCED 1987, p. 7). Sustainability is, therefore, inclined to place greater emphasis on the economy than it does on the social and environmental. Thus, businesses demonstrate their societal value by contributing to economic growth, portraying this as the necessary and ultimate path to take in order to preserve progress (United Nations, 2011). By comparison, eco-justice is concerned with connecting, and placing equal value on, the environment, the social and economic justice. Thus, eco-justice is not ignoring the economic aspect, but it is greatly concerned to ensure economic systems achieve social and environmental justice. Because of this, eco-justice rejects the assumption that social or environmental justice can be postponed until a country has developed economically. Eco-justice sees a holistic relationship between social, ecological and economic concerns. Therefore, there is “no absolute distinction between social and environmental questions. “Ecology”—the sum of Earth’s ecosystems and processes—is inherently and inseparably linked to “justice”—the work of ensuring fairness and equity between all people” (O’Brien, 2012, p. 140). This is because eco-justice considers that dangers and crises confronting the environment and human society in respect of social justice are so deeply interwoven that they have be addressed concurrently and it is not possible to consider them independently.

This thesis adopts the concept of eco-justice as discussed in sub-section 2.2.1 and drawing on Gibson’s notions, then we can define eco-justice as concerned with demonstrating an intersecting concern for ecology, justice, and faith, and with these concerns being ethically-rooted in ideas of respect and fairness toward all creation, human and non-human (Gibson, 1985). This definition contains within it the notion that planet, people and all living creatures are interconnected and of equal importance such that one cannot thrive unless the other also thrives and justice in the social order must embrace all creation (Gibson, 2004).

Hence, if one is pursuing justice on environmental issues then eco-justice implies it needs to be done in such a way that one also incorporates seeking justice in respect of social and economic issues. Or if one is seeking justice in respect of people then eco-justice suggests that *all* people’s needs should be taken into consideration in any arrangements that society makes for meeting the various needs of its members. Of necessity, this involve working on causes on behalf of oppressed and suffering people (Gibson, 2004).

This notion of eco-justice is, arguably, highly appropriate given the current social, environmental and economic challenges confronting the world. As previously discussed in section 2.2, the concept of eco-justice provides an ethical approach for shaping a just world which socially, ecologically and economically stressed. Thus, eco-justice encompasses an extremely wide range of issues “such as hunger action, sustainable agriculture, energy production and use, lifestyle integrity, economic development, debt relief, fair trade, good work, peacemaking, and

... justice for poor people, racial minorities and women” (Hessel, 2007). In the case of Saudi Arabia, there are a range of difficult issues needing to be tackled; for example, gender (in)equality, high unemployment levels, discrimination, corruption, environmental pollution, and water scarcity. There are inter-connections between these eco-justice issues and they continue to exist in Saudi society despite attempts by the Saudi government to address the issues. Therefore, instead of focusing on ‘sustainability’ or ‘corporate social responsibility’, this thesis analyses corporate disclosures through the lens of ‘eco-justice’ as the concept comprehensively integrates social, ecological, and economic concerns and asserts that there must be respect given to, and justice achieved for, all creation.

There are two further reasons for adopting eco-justice in the thesis. The first, which has been previously mentioned in the thesis, is that because eco-justice is faith-based then this accords with Saudi Arabia being a highly religious country with Islam of the greatest importance that places a high value on both the environment and social justice. And religious belief systems have a strong effect on Saudi business.

The second reason is, perhaps, not as obvious. Jucker (2002) in advocating for eco-justice, critiques the current model of development which is implicit in reports such as Brundtland. In his critique, which is stated with reference to the USA but is universally valid, Jucker (2002) argues that we should move away from thinking about development as it is currently configured. This is because it is Western-centric and implies ‘developing’ countries should wish to emulate, and ultimately, become like ‘developed’ countries. Hence, Jucker (2002) explains how development contains:

... the assumption that there is a linear and necessary and positive progression from “barbaric”, “uncivilised” and “undeveloped” indigenous peoples to the American way of life has been debunked as absurd, for two main reasons: first, if, as implied, all people on earth should lead American lifestyles, we would need at least another four planet earths to provide resources for this endeavour; second, the idea is in effect totalitarian: it assumes that the Western lifestyle is the only valid one and that all other ways of living have to be destroyed. Yet this idea is still at the heart of the North-South dialogue ... (Jucker, 2002, p. 11).

Given Jucker’s (2002) argument, adopting eco-justice rather than sustainability (or CSR) for a Saudi-based study appears appropriate as it avoids relying on terms which potentially contain Western-oriented connotations. It might, of course, be argued that because eco-justice derives

from North American Christian ethicists then it is also open to this criticism. However, those involved in eco-justice education would contend this is not the case. They would argue that eco-justice is “an attempt to unlearn or deconstruct how Westernized culture has shaped our frames, which affects our understanding of how humans relate to the earth, how males relate to females, how we relate to others who are different” (Morrison, 2018, p. 113). This has an accord with Banerjee's (2021) contention that care must be taken when researching countries that are located within the West as “possible biases (result) from the popularity of Western theories and their increasing (mis)application in other contexts” (Banerjee, 2021, p. 2).

2.5 Prior Saudi-based accounting disclosure studies

The literature review has so far made no mention of prior Saudi-based accounting disclosure studies which are either CSR or sustainability-related and examine environmental or social issues. As the thesis examines eco-justice disclosures in the annual reports of Saudi companies it is important to include discussions of these prior studies.

It was noted in chapter one that a search for Saudi-based studies of this type in the leading accounting journals revealed no papers. Additionally, there have been only a very limited number of Saudi accounting disclosure papers published in other journals which concern CSR or sustainability. Therefore, there is a scarcity of Saudi-based accounting disclosure studies which are either CSR or sustainability-related and examine environmental or social issues.

Al-Gamrh and Al-Dhamari (2016), Alotaibi and Hussainey (2016), Habbash et al. (2016), Habbash, (2016) and Issa, (2017) examine CSR disclosures of Saudi firms and all adopt the same approach by testing for associations between Saudi firm-specific characteristics and the level of CSR disclosure as measured by CSR disclosure indices. Thus, the five papers test for an association in respect of a wide range of firm-specific characteristics including, for example, firm size, industry type, firm age, board size, audit committee size, auditor type, and firm profitability. What is noticeable about these studies is they replicate prior CSR studies undertaken in other countries and do not attempt to take into account any context relevant to Saudi Arabia. In chapter one it was explained that a major criticism of CSR-SEA disclosure studies in developing countries is that they are of this type, “replicat(ing) archival studies in the Western literature, for example, to test the effect of various firm characteristics (size, financial performance, industry, etc.) on social and environmental disclosure behaviour or performance ... ignoring the rich contextual information in that country” (Qian et al., 2021, p. 1022-3).

Thus, these papers of Al-Gamrh and Al-Dhamari (2016), Alotaibi and Hussainey (2016), Habbash et al. (2016), Habbash (2016) and Issa (2017) all fail to examine social and

environmental issues in relation to the Saudi context. Hence, for example, they omit any reference to pertinent issues such as high levels of unemployment, inequality, Saudization of the workforce and corruption. These studies have, in effect, adopted a Western approach to CSR but in doing so are ignoring the contextual differences. This impacts on the adequacy of their results in the sense that important information relevant to understanding CSR disclosures in the Saudi setting is missing.

Only one study has incorporated some discussion related to contextual factors in Saudi Arabia and this is the paper of Emtairah et al. (2009). Emtairah et al. (2009) do not study CSR disclosures but instead interview managers from 35 Saudi companies to ascertain what shapes the perceptions of Saudi firms from a CSR perspective. The authors find that normative and institutional pressures have a significant impact on the perceptions and practices of CSR in Saudi context. Further, the authors ascertain that some market and institutional drivers and incentives for CSR in Western context cannot be found in the Saudi context. One specific contextual factor they note is of importance is Islam is cited by the managers as influencing how they think about their responsibilities.

In addition, Emtairah et al. (2009) note that CSR in Saudi Arabia is underexplored and that there is a lack of understanding of the Saudi Arabian context. Tilt, (2016) makes very clear how important context is:

As more and more research on CSR in developing countries emerges in the academic literature, it is important to ensure that appropriate consideration is given to the context in which the research takes place. Examination of CSR and CSR reporting practices without contextualisation could perpetuate flawed understandings that are based on evidence from research in the developed world. (Tilt, 2016, p. 7).

Ali and Al-Aali, (2012), Mandurah, Khatib and Al-Sabaan, (2012) and Khan, Al-Maimani and Al-Yafi, (2013) also support the argument of this thesis which is important to consider contextual factors. These three papers all argue that applying CSR perspectives on social and environmental issues without considering contextual factors (for example, religion) is problematic.

Consequently, for this thesis it is important to take into account contextual factors. Further, because this study is Saudi-focused it would be problematic for the thesis not to consider the religious aspect which eco-justice makes very clear and specific reference to. The prior Saudi CSR disclosure studies of Al-Gamrh and Al-Dhamari (2016), Alotaibi and Hussainey (2016),

Habbash et al. (2016), Habbash (2016) and Issa (2017) ignore all contextual aspects, including the religious aspect which permeates all facets of Saudi life.

The above discussions regarding prior Saudi disclosure studies make clear that there are important research gaps which this thesis seeks to fill. These gaps have been explained in detail in chapter one, however it is worth reiterating that the second, third and fourth research gaps discussed in chapter one all relate to the above discussions and, in brief, these are as follows. The second research gap explained in chapter one is that there are very few prior Saudi studies published which examine CSR, environment or sustainability matters, and those which are published are limited in their scope, the third research gap is that prior studies have ignored taking into account context, and the fourth research gap is that the religious contextual element has been disregarded.

2.6 Conclusion

In conclusion, this chapter has explained how the prior accounting disclosure literature has had only a very restricted focus on the concept of eco-justice and has not attempted to understand the concept as it was originally conceived. Unlike these prior accounting disclosure studies, this thesis examines annual report disclosures through the lens of ‘eco-justice’. The chapter has explained the concept of eco-justice based on how it was originally conceived and has argued that this is a more appropriate concept to adopt for this study than CSR or sustainability. The primary reasons cited for adopting the concept of eco-justice in the study are not solely based on it being highly appropriate given the current social, environmental and economic challenges confronting the world. Further reasons are that the faith base upon which eco-justice is built resonates with the Islamic foundations upon which Saudi Arabia is built and, additionally, that it is a less Western-centric approach which is more appropriate for studying the disclosures of Saudi companies.

Saudi-based accounting disclosure studies have been reviewed in the chapter and it has been identified there is a scarcity of prior Saudi studies published in this area, that those which are published do not take into account context relevant to Saudi Arabia including the religious contextual element. Examples of important issues which might be relevant to the Saudi context include poverty, unemployment (particularly of younger people), inequality, and corruption. By taking into account relevant context when examining the eco-justice disclosures, the thesis aims to provide a detailed and comprehensive understanding of the companies’ disclosure practices. The next chapter explains and discusses the theories employed in the study.

Chapter 3: Theoretical framework

3.1 Introduction

This chapter outlines the theories commonly used in voluntary social and environmental disclosure studies and justifies an appropriate theoretical framework for this thesis. Several studies in voluntary social and environmental disclosure have employed social theories to analyse managerial motivations for disclosing social and environmental issues based on stakeholder, legitimacy, or political economy theory. Despite the fact that there has been an upsurge in interest concerning CSR practices regarding why companies do (or do not) disclose information relating to CSR, there has been no in-depth examination and investigation of eco-justice disclosure practices in the accounting literature. Thus, it is hazardous to rely on a single theory, where other potential aspects of eco-justice disclosure practice may be significant. As a result, in this thesis, an examination of both stakeholder and legitimacy theories is deemed relevant.

The chapter begins with discussing theories widely used in the prior literature, including stakeholder, legitimacy, and political economy theories, for understanding voluntary social and environmental disclosure activities (see section 3.2). The discussions in this section show that the applicability of the political economy theory to this thesis is inadequate, as it does not fully explain what motivates Saudi sampled companies to (non)disclose on eco-justice issues.

Section 3.3 presents the theoretical application of social theories (namely, stakeholder and legitimacy) in prior Saudi studies on voluntary social and environmental disclosures. The section argues that Saudi studies are lacking theoretical development in explaining voluntary social and environmental disclosures. Many prior studies in Saudi Arabia have used multiple theories (stakeholder and/or legitimacy theories); however, the appreciation of these theories is insufficiently developed to frame the interpretation of voluntary social and environmental disclosures. In addition, Saudi studies lack justifications for their combined theories when explaining how they contribute to understanding voluntary social and environmental disclosure practices.

Section 3.4 then discusses how stakeholder theory and legitimacy theory are overlapping theories. The chapter argues that despite both stakeholder and legitimacy theories focusing on different aspects at the resolution level, they complement each other. Both theories have derived from the same broader political economy perspective, and both seek the same ultimate outcome

(organisational legitimacy). Further, the chapter justifies why stakeholder and legitimacy theories in combination are more appropriate to use in this thesis. In prior studies, theories of stakeholder and legitimacy have been applied to explain the (non)disclosures of social and environmental activities. The majority of these studies seek to analyse and explain the disclosure of CSR-related activities in general, rather than explaining companies' (non)disclosure on eco-justice issues, which are an integral part of CSR (Gray and Bebbington, 2007; Bebbington, 2001; Ruhl, 1998; Gray, Owen and Adams, 1996). This remains largely uncharted territory which this thesis intends to explore.

Therefore, relying on a single theory would be problematic since there is a lack of knowledge of eco-justice disclosure practice in accounting literature. As a result, this thesis adopts stakeholder theory and legitimacy theory (in combination) as they complement each other in examining the managerial motivations of the (non)reporting of eco-justice issues and provide a fuller and richer explanation than would be possible if only one theory was considered in isolation. Section 3.5 summarises the discussions and concludes the chapter.

3.2 Theories in voluntary social and environmental disclosure literature

The empirical investigation of voluntary social and environmental disclosures can be classified into three main theoretical groups (Gray et al., 1995). These include (i) decision-usefulness studies, (ii) economic theory studies, and (iii) social and political theory studies. According to decision-usefulness theories, companies voluntarily disclose social information to assist traditional user groups (such as investors, creditors, and shareholders) in making investment choices (Milne and Chan, 1999; Blacconiere and Patten, 1994; Dierkes and Antal, 1985). The application of decision-usefulness theories, however, is inappropriate for this study since the focus of this study is not on how 'useful' user groups find eco-justice information, but rather on what motivates Saudi companies to communicate information on eco-justice issues. According to Gray et al. (1995), voluntary disclosure is not always driven by a concern for the needs and desires of financial participants. As a result, this thesis rejects the assumption that voluntary social and environmental disclosure is solely motivated by financial user groups, instead focusing on other segments of society that may influence voluntary social and environmental disclosure practises, particularly eco-justice disclosure.

The second group comprises economic theories-based studies informed by agency theory and positive accounting theory (see, for example, Milne, 2002; Deegan and Hallam, 1991; Ness and Mirza, 1991; Karpik and Belkaoui, 1989). Agency theory, for example, implies that companies may utilise voluntary disclosure to decrease agency costs. However, these concepts largely

explain voluntary financial reporting while failing to explain managerial motivations for reporting social and environmental activities. As a result, applying economic theory to this study is unsuitable because the focus is on reporting eco-justice information.

Since decision-usefulness and economic theories have limited explanatory power, many voluntary social and environmental disclosure studies employ social theories, such as legitimacy theory and stakeholder theory (see, for example, Huang, and Kung, 2010; Bebbington et al., 2008; Islam and Deegan, 2008; Boesso and Kumar, 2007; Magness, 2006; O'Donovan, 2002; Deegan, Rankin, and Tobin, 2002; Cormier and Gordon, 2001; Wilmshurst and Frost, 2000; Neu, Warsame and and Pedwell, 1998; Roberts, 1992); or political economy theory (see, for example, Garriga and Melé, 2004; Tinker and Gray, 2003; Buhr, 1998; Gray et al., 1995) to interpret voluntary social and environmental disclosure practices. The usefulness of these theories is that they provide a comprehensive and careful examination of voluntary social and environmental disclosure activities, particularly when addressing corporate disclosure practices in response to societal and political pressures. The following sub-sections will explain and discuss social and political theories; namely, stakeholder theory, legitimacy theory, political economy theory, and the effectiveness of certain theories over others in understanding the managerial motives for eco-justice disclosure in Saudi companies' annual reports.

3.2.1 Political economy theory

One of the social theories employed in the voluntary disclosure literature is political economy theory. The notion of political economy emerged in the eighteenth century as a result of increasing government intervention in the market economy to provide safety, security, and welfare for its citizens (Caporaso and Levine, 1992). However, since the emergence of globalisation, the government and other players such as civil society, academia, and the media, have shared the power (Caporaso and Levine 1992).

The political economy theory is based on the argument that there are conflicting political, social, and economic motives within society (Gray et al., 1996), and socio-political concerns primarily drive voluntary disclosure. The theory has been defined by Gray et al. (1996, p.47) as "the social, political and economic framework within which human life takes place." Thus, companies' activities are influenced by society, politics, and economics, and at the same time, they affect the society within which they operate (Deegan 2002; Gray et al. 1995, 1996). This implies that social, political, and economic arrangements cannot be separable when investigating economic issues (Deegan and Unerman, 2011; Mäkelä and Näsi, 2010; Gray et al., 1996). Therefore, considering the political economy and social issues can help better understand

disclosure practices' effects on power relations, structural inequalities in society, social conflicts, historical and institutional structures, and State (Gray et al., 1996; Tinker, 1980).

Degeling et al. (1996) and Gray et al. (1996) have classified political economy theory into two theoretical positions, namely 'classical' and 'bourgeois' political economy at the analysis level of resolution. As Gray et al. (1995, p. 53) state,

The distinction is crucial because Marxian political economy places sectional (class) interests, structural inequity, conflict and the role of the State at the heart of its analysis. Bourgeois political economy largely ignores these elements and, as a result, is content to perceive the world as essentially pluralistic.

According to Gray et al. (1996), from society's viewpoint, the classical perspective of political economy theory conflicts with the bourgeois perspective. The classical political economy theory (the Marxism code) focuses on the interaction of socio-political relations, especially on the allocation of power and conflicts of interest in society, inequity, and the function of the state (Gray et al., 1996). The bourgeois perspective, on the other hand, mainly ignores differences between social classes and adopts a pluralistic view (Deegan and Unerman, 2011; Gray et al, 1996), which argues that each individual within a society has equal power and hence no one can affect the society as a whole (Gray et al, 1996).

The bourgeois political economy and stakeholder theory are overlapping. It concentrates on stakeholders' implicit power, which impacts the interests of their particular companies as well as the interests of the State or other firms, and ignores any conflict in a society (Puxty, 1991). The bourgeois political economy theory also has some similarities with the legitimacy theory. It specifically suggests that governments play a critical role in safeguarding the interests of its citizens in order to attain their goals (Williams, 1999). Governments will intervene to safeguard individual rights within the community if the firm's operations have an impact on the community. Such an intervention, however, may damage the firm's self-interest (Guthrie and Parker, 1990). This might indicate that companies may utilise voluntary disclosure to defend their self-interests, not just to legitimise their relationships with the public, but also to prevent any regulatory interventions.

Political economy theory does have some relevance in this thesis, but it is limited. It fails to fully explain why Saudi companies are voluntarily disclosing information on environmental justice problems. Classical Political Economy Theory, in particular, is unable to explain why companies may raise or decrease their disclosure on environmental justice problems in their

annual reports, nor why companies strategically use environmental justice disclosure as a tactic. The reasons for this, is that the theory focuses on the role of State and, thus, provides little explanation of corporate disclosure practice as it explains “general trends of corporate disclosure in systemic political terms” (Gray et al., 1996, p. 48). The political economy theory argues that the State provides legislation or promotes voluntary disclosures to maintain the legitimacy of the capitalist system as a whole (Gray et al., 1996). Thus, its analysis focuses on a single individual (the State or organisation) with more power than another to influence or form the world view or social ideology and change public expectations (Adams, Coutts and Harte, 1995).

In addition, voluntary disclosure from the political economy theory perspective is seen as a proactive document (Adams, Hill and Roberts, 1998). In the case of eco-justice disclosure, it could be argued companies tend to use this disclosure strategically to seek greater or lesser regulations from national policymakers (that is, the government). Therefore, voluntary corporate disclosures “portray ‘social realism’ in a manner which will be useful to decision-makers” (Adams et al., 1995, p.102). In this sense, eco-justice disclosure plays a part in forming the ‘society view’ by delaying or influencing legislation or changing public expectations (Grosser, Adams and Moon, 2008; Gray, Owen and Adams, 1996). It explains the lack of compliance with regards to legislation that requires companies to report on particular issues (Adams et al., 1995; Grosser et al., 2008). As a result, the political economy theory lacks relevance, especially given that the thesis’s focus is not on a lack of conformity with Saudi legislation; corporate disclosure on eco-justice issues is still voluntary in Saudi Arabia.

Furthermore, the political economy theory suffers from a number of problems, including a lack of specificity, and an uncertain ability to anticipate and explain managerial motivations behind disclosure on voluntary social and environmental issues. It is for this reason that this thesis employs theories of stakeholder and legitimacy to better explain eco-justice disclosures practices in Saudi Arabia, with an emphasis on the interactions between different actors (individuals or societies) rather than just one actor (the State) (Guthrie and Parker, 1990). The following sections discuss stakeholder and legitimacy theories.

3.2.2 Stakeholder theory

Stakeholder theory has been used widely in social and environmental accounting studies, in which the principles of the theory have emerged from business ethics (Clarkson et al., 1994). The primary assumption of stakeholder theory is that firms have responsibilities not only towards their shareholders but also towards their stakeholders as their business operations cause social and environmental harm (Donaldson and Preston, 1995; Freeman, 1984). Thus, it considers social

issues (along with maximizing financial returns) that affect stakeholders in a more or less equal way (Donaldson and Preston, 1995; Freeman, 1984).

3.2.2.1 Definition of stakeholder

The term ‘stakeholders’ originated in the 1960s, when the term was initially developed by Ansoff, (1965) and increased usage occurred in 1984, after Freeman’s (1984) definition of stakeholders was published. Freeman (1984, p. 46) defines the term ‘stakeholders’ as “any identifiable group or individual who can affect the achievement of an organization’s objectives.” In addition, Gray et al. (1996, p. 45) define stakeholders as “any human agency that can be influenced by, or can itself influence, the activities of the organization”. In this regard, stakeholders are generally divided into two groups: (i) a group of stakeholders who affect the company; and (ii) a group who affected by the company’s activities. The term, therefore, refers to the many interest groups who can affect, or be affected by, the firm’s activities such as investors, employees, customers, suppliers, government, competitor, pressure groups, stock market, industry bodies, foreign governments, future generation (Gray et al., 1996). Clarkson (1995), further, offers a somewhat narrow definition of stakeholders, in which he distinguishes between two groups of stakeholders: primary and secondary. The first group consists of the key persons or organisations such as shareholders, government, employees, customers, investors, suppliers, and communities. The secondary group consists of the stakeholders who are affected by organisational activities but are not directly involved in their operating activities such as society and nature.

Table 3.1 Definitions of stakeholders in literature

Author	Definition of Stakeholder
Stanford Research Institute (1963)	‘those groups without whose support the organization would cease to exist’
Rhenman (1968)	‘are depending on the firm in order to achieve their personal goals and on whom the firm s depending for its existence’
Freeman (1984)	‘can affect or is affected by the achievement of the organization’s objectives’
Evan and Freeman (1988)	‘benefit from or are harmed by, and whose rights are violated or respected by, corporate actions’
Hill and Jones (1992)	‘constituents who have a legitimate claim on the firm ... established through the existence of an exchange relationship’ who supply ‘the firm with critical resources (contributions) and in exchange each expects its interests to be satisfied’
Clarkson (1995)	‘have, or claim, ownership, rights, or interest in a corporation and its activities’

By looking at the definitions in table 3.1, the similarity between those definitions of stakeholders refers to the principle of corporate effect proposed by Evan and Freeman (1993). The principle of corporate effect implies that almost ‘any group’ that can affect or is affected by the firm is considered a ‘stakeholder’. Surprisingly, this principle (see Freeman, 1984, Gray et al., 1996) confirms that terrorists and competitors are potential stakeholders of the firm due to their ability to significantly impact on a firm’s activities. This raised serious concerns over stakeholder definitions that are based on the principle of corporate effect. As Clarkson (1994, p. 119, cited in Philips, 2003) argues, “stakeholder theory should not be used to weave a basket big enough to hold the world’s misery”. Therefore, defining stakeholder is not a simple task. For this reason, some researchers, for instance, Hawrysz and Maj (2017), found that stakeholder definition or identification of stakeholders, in reality, is unclear, despite a large body of literature that has made numerous attempts to define and identify who are the stakeholders from those who are not. However, these attempts caused disagreement in the literature on what constitutes a stakeholder (Mitchell, Agle and Wood, 1997). As Stoney and Winstanley state “...there is considerable confusion arising from the multitude of conflicting views [and]... failure to recognise and map this diversity has weakened rather than strengthened the stakeholder concept” (2001, pp. 605-606)

Therefore, different stakeholders’ definitions make it difficult to reach a general agreement on who are stakeholders (Gray, 2001). However, while several studies suggest that the term of stakeholder suffers from vagueness and ambiguity (see, Crane and Ruebottom, 2011; Fassin, 2009), Freeman et al., (2010) argue that different definitions are generated to serve different purposes, and each definition focuses on attributes that are relevant to the context of the study. Stakeholders from the principle of corporate rights are those to whom the company has a moral obligation and legitimate relationship, regardless of whether the stakeholder is of human or non-human origin. This definition was found by Phillips (1997, 2000) in which stakeholder is described as:

Whenever persons or groups of persons voluntarily accept the benefits of a mutually beneficial scheme of cooperation requiring sacrifice or contribution on the parts of the participants and there exists the possibility of freeriding, obligations of fairness are created among the participants in the cooperative scheme in proportion to the benefits accepted (Phillips, 1997, p. 51).

The adopted definition has a common theme with the notion of eco-justice that people have a moral obligation and legitimate relationship to their total environments, human and non-human. According to Bowers (2001):

The ambitious aim of eco-justice is to develop an ethic of social and ecological justice where issues of race, class, gender, language, politics, and economics must be worked out in terms of people's relationship to their total environments human and non-human. (Cited in Gruenewald, 2003, p. 6)

Phillips (1997, 2000) proposed that the adopted definition of stakeholder includes individuals or groups such as suppliers, the state, customers, employees, communities, local government, investors, nature, and future generations. In that sense, it contrasts with earlier versions of the stakeholder definitions (see, table 3.1), which excludes individual or groups who do not have a moral obligation and legitimate relationship with the company, even if they can affect organisational activities such as competitors, terrorists, and media (Fassin, 2009).

3.2.2.2 Relationships with stakeholders

From a stakeholder definition, a firm exists within a complex network of relationships between various stakeholder groups (Rowley, 1997) and should therefore take the needs and preferences of its stakeholders into account in decision making for reasons normative, instrumental, or both (Mitchell et al. 1997; Donaldson and Preston 1995). To this extent, Stakeholder theory has distinguished between different forms of stakeholder-company relationships through two branches (or perspectives), an ethical branch and managerial (instrumental) (Deegan and Unerman, 2011; Hasnas, 1998).

The normative perspective of stakeholder theory focuses on the company's moral and ethical obligations vis-a-vis its stakeholders and thus provides the answer to why firms should consider their stakeholders' interests other than shareholders (Hayibor, 2017; Crane and Matten, 2016). In particular, it is argued that all stakeholders without exception have equal rights and interests. This implies that the company should prioritise all stakeholders' interests, especially when conflicts arise between various stakeholder groups (Hasnas, 1998).

In contrast, the managerial (or instrumental) perspective of stakeholder theory argues that it is unlikely a company can meet the expectations of 'all' its stakeholders (Cobb, 2016; Deegan and Blomquist, 2006; Deegan, 2002). Therefore, companies may not engage with all their stakeholders but rather respond to the 'key' stakeholders (Nasi et al., 1997).

This perspective suggests that various stakeholder groups' interests or goals often differ from one another, implying that the company needs to satisfy the needs of its 'key' stakeholders to maintain access to the resources necessary for its survival (Freeman, 1999; Brenner and Cochran, 1991). Mitchell et al. (1997) developed the most commonly used model that explains how

managers prioritise their relationships with key stakeholders based on their perceived salience. This model has since been used regularly by practitioners and researchers, which is defined as “the degree to which managers give priority to competing stakeholders’ claims” (Mitchell et al., 1997, p. 854). The Mitchell et al.’s (1997) stakeholder salience model assesses the importance of the stakeholders based on three attributes: (i) power, which refers to a stakeholder’s ability to exert its influence on the organisation; (ii) legitimacy, which represents the extent to which a stakeholder’s claims conform to the norms and bounds of the wider society and (iii) urgency that implies the degree to which the claims of a stakeholder demand immediate action (Farmaki and Farmakis, 2018). In essence, the stakeholder salience model suggests that companies tend to respond to stakeholders’ expectations with more salient (two or all attributes) than less salient stakeholders who have one attribute (Farmaki and Farmakis, 2018; Kaur and Lodhia, 2018).

According to the power attribute, prior literature defined stakeholder power as “the ability of those who possess the power to bring about the outcomes they desire” (Pfeffer and Salancik, 1974, p. 3). Gruenfeld et al., (2008) also defined power as “the capacity to influence other individuals through asymmetric control over valuable resources and the ability to administer rewards and punishments.” (p. 112). Therefore, the power attribute is viewed as a stakeholder’s degree to control corporate management, by controlling the supply of critical resources required by an organisation or by holding a principal position to reward or disregard the actions of an organisation (Kaur and Lodhia, 2018; Mitchell et al., 1997). Thus, the more critical (powerful) stakeholders’ resources required by the firms, the greater expectation that the stakeholder’s demand will be met.

The legitimacy attribute, then, is used to explain the legitimacy of a stakeholder’s relationship with an organisation. Mitchell et al. (1997) argued that only legitimate stakeholders’ claims would be addressed by an organisation. However, it is argued that legitimate stakeholders would not ‘always’ have a serious effect on the decisions and activities of the organisation without power, but legitimate stakeholders could still gain power over time and change the organisation’s actions (Kaur and Lodhia, 2018; Driscoll and Starik, 2004). The third attribute of stakeholder salience, urgency, is related to “the degree to which stakeholder’s claims call for immediate attention” (Mitchell et al., 1997, p. 687). This attribute, according to Mitchell et al. (1997), characterises as time sensitivity (issues that need to be given immediate attention) and necessity (claims that are critical and highly important). In other words, stakeholders with the urgency attribute can take actions against the firm in their attempt to protect their interests, and such actions may take different forms such as boycotts, divestments, regulation, and strikes (Hayibor, 2017). However,

Mitchell et al. (1997) suggested that stakeholders were very likely unable to take immediate action without possessing power. In this sense, urgency is often implicitly related to power.

As a result, the power attribute in Mitchell et al. (1997)'s model tends to be the most influential feature in prioritising stakeholders' relationships with the organisation. For instance, Frooman (1999) provided an extensive discussion of how stakeholders can exercise influence over the firm according to how much power they have in their relationship with the company. Specifically, key stakeholders with power attributes can threaten to withdraw their resources from being used by the firm. Then they can attach conditions to the continued supply of their resources (Frooman, 1999). Moreover, according to Bridoux and Vishwanathan (2020), powerful stakeholders can constrain the scope of stakeholder orientation; instead, they use their power to confiscate other stakeholders. Powerful stakeholders also can exercise their influence to sacrifice the short-term benefits and ensure fair allocation of firm resources (Herremans, Nazari and Mahmoudian, 2016). For instance, Tantalo and Priem, (2016) argue that investors with a long-term orientation expect their investee companies to compensate employees fairly. This increases their motivation at work and hence their productivity, which often leads to an increase in the company's long-term profitability. Flammer and Bansal, (2017) provide empirical support for this argument, showing that shareholder proposals to tie executive compensation to the company's long-term growth would encourage managers to improve its stakeholders' relationships (for example, employees), which in turn leads to more significant improvement in its long-term profitability.

Consequently, these attributes can play an essential role in the identification and prioritisation of stakeholders. In addition, the salience of stakeholders can reflect the degree to which eco-justice disclosure claims are given priority. Moreover, Mitchell et al. (1997) pointed out that different stakeholder groups' salience can change over time. Mitchell et al. (1997, p. 879) posit "[...] stakeholders change in salience, requiring different degrees and types of attention depending on their attributed possession of power, legitimacy, and/or urgency, and that levels of these attributes (and thereby salience) can vary from issue to issue and from time to time". From this quotation, various activities undertaken by organisations, including public disclosure, are likely to change depending on different stakeholder expectations and salience to continue their ability and success. In this thesis, stakeholder analysis becomes relevant as it involves identifying key stakeholders and their interests and assessing their influence and relationships with organisations.

3.2.2.3 Implications of stakeholder theory

Stakeholder theory views firms as existing within a network of relationships with their various stakeholders (Rowley, 1997). In this nexus of relationships with multiple stakeholders, companies use (voluntary) disclosure as a tool to manage the relationships with their stakeholders (Deegan and Unerman, 2011). According to Gray et al. (1996, p. 45), “information is a major element that can be employed by the organisation to manage (or manipulate) the stakeholder to gain their support and approval or to distract their opposition and disapproval.” Prior studies in the field of voluntary disclosure, particularly in corporate social reporting (see, for example, Phiri, Morgenroth and Xu, 2019; Hamzah and Abdullah, 2018; Chiu and Wang, 2015; Thijssens, Bollen and Hassink, 2015; Deegan, Loh and Inglis, 2014; Wen, Leung and Cooper, 2013; Huang and Kung, 2010; Islam and Deegan, 2008; Boesso and Kumar, 2007; Neu, Warsame and Pedwell, 1998; Roberts, 1992b) have used stakeholder theory widely as a theoretical lens to explain why companies voluntarily disclose information on their social and environmental activities.

It is suggested that the stakeholder theory considers different stakeholder groups within a society and how they should be managed. In order to survive in a profitable manner, companies need to respond to the demands of their key stakeholders (Deegan and Unerman, 2011). Thus, the theory can provide insights into the managerial motivations or incentives for voluntary social and environmental disclosures (Islam and Deegan, 2008). Given this reasoning, companies must identify the key stakeholders influencing the social and environmental disclosures, as such disclosures should be directed towards meeting their needs (Baur and Palazzo, 2011; Gray and Guthrie, 2007).

Roberts (1992) examines the extent to which stakeholder theory explains corporate social disclosure practices and finds evidence favouring stakeholder theory, suggesting that the level of corporate social disclosure is significantly related to the degree of stakeholder power. Consistent with the findings of Roberts (1992), Neu et al. (1998) find that Canadian firms operating in environmentally ‘sensitive’ industries tend to be more responsive to their powerful stakeholders (for example, financial stakeholders and government regulators) and are thus less likely to address the concerns of less powerful stakeholders (for example, environmentalists). In addition, Phiri et al., (2019) applied stakeholder theory to explore the complex relationships between key stakeholders that shape CSR practices in the Zambian copper mining sector. Drawing on the stakeholder salience model, the study found that the government is a key stakeholder that impacts CSR practices in the Zambian copper mining sector. The study of Hamzah and Abdullah, (2018) also found that Malaysian companies disclosed a large amount of information related to the

society and environmental aspects due to key stakeholders' demands, particularly government and non-government organisations (NGOs).

Moreover, the findings of prior research in the context of emerging countries (for example, Chiu and Wang, 2015; Wen et al., 2013; Islam and Deegan, 2008) suggests that despite the lack of legal or non-legal scrutiny, companies have incentives to disclose their social and environmental information in their response to the external pressures from the powerful stakeholder group (for example, the foreign institutional environment). Specifically, Chiu and Wang (2015) adopt a stakeholder theory perspective and investigate the determinants of corporate social reporting using a sample of 246 listed companies in Taiwan. Their empirical evidence shows that in an emerging country like Taiwan with weak local laws and weak civil society scrutiny, companies provide information on their social and environmental activities as a response to foreign institutional pressures, namely organisational buyers in the global supply chain or listing agencies in the international capital market. In particular, companies disclose social and environmental information to legitimise their relationships with buyers in the global supply chain as they are a dominant stakeholder group that possesses both power and legitimacy. The utilitarian power of these buyers is based on their bargaining strength, contracts, and orders, which in turn legitimise the right to make requests for more information. The authors conclude that Taiwan firms that do not face pressures from their foreign institutional do not disclose information on their social and environmental activities.

Similarly, Islam and Deegan (2008) find that the Bangladeshi companies in the clothing industry disclose social and environmental information in their response to multinational buying firms and international stakeholders, which appears to influence the survival of the industry. The evidence suggests that companies' social reporting is primarily driven by economic motivations rather than ethical or moral imperatives. Interestingly, further analysis shows that various media campaigns/coverage of the unethical practices of the Bangladeshi clothing industry (for example, employment of child labour, frequent fire accidents and deaths of workers, human right abuses, and workers' exploitation) has attracted considerable international media attention and threats of boycotts, which in turn influence on the industry's social and environmental performance and related disclosure practices. In a similar vein, Wen et al. (2013) argue that corporate disclosure is a direct reaction to pressures being exerted by the key (powerful) stakeholders. The authors examine how stakeholders' power affects companies' voluntary reporting in the Chinese stock market. Their empirical evidence reveals that foreign shareholders exert more effective external monitoring and pressure on management to voluntarily increase information disclosure in their annual reports, enhancing their reputation and image in society.

More critically, stakeholder theory can explain how companies use their voluntary social and environmental disclosure as a tool to manage the relations with their (key) stakeholder group(s). The theory also helps to explain why companies disclose particular information related to their environmental and social justice activities in their annual reports. In particular, companies operating in industries that come under greater political and social scrutiny and receive closer attention may use their voluntary social and environmental disclosure as a strategic tool to manipulate their stakeholders and gain their support and approval (or distract their opposition and disapproval). In this regard, Deegan et al. (2014) found that gambling companies tend to make public disclosures on their social responsibility-related activities in their attempt to counter the political and society pressures, and therefore deflect attention away from the critical issue of problem gambling to a more positively-orientated social issue that has community appeal or acceptance (for example, the assistance or support they provide to employees or problem gamblers). Their disclosures cover topics related to minorities and women's employment, health and safety, employee remuneration, and other human resource disclosures.

Drawing on the above discussions, stakeholder theory is regarded as a realistic and appropriate means for understanding the motives underlying eco-justice disclosure and non-disclosure. It has been shown that stakeholder theory offers theoretical insights into why companies communicate information related to social and environmental issues such as environment, diversity in the workplace, equal opportunities, etc. Therefore, stakeholder theory helps explain the disclosure of issues related to eco-justice, as eco-justice is an integral part of Corporate Social Responsibility (CSR), and many issues examined by the empirical evidence reported above were related to issues of eco-justice (such as employment of minorities and women, health and safety, child labour, frequent fire accidents and deaths of workers, human right abuses, and workers' exploitation).

This thesis employs stakeholder theory, as it is an appropriate theory to understand and explore what Mitchell et al. (1997) call "Who or What Really Counts" in Saudi largest companies, who their key stakeholders and how companies respond to key stakeholders' interests. It partially analyses a particular group of society (stakeholder group), which is more influential/powerful than other groups, and therefore to which companies' reporting is mainly directed. Furthermore, stakeholder theory is seen as strictly interrelated with the organisation's legitimacy approach. In line with Phillips (1997, 2003), he stated that organisations seek legitimacy from their stakeholders to ensure stakeholders' trust and support. Thus, stakeholder theory is overlapping with legitimacy theory. The next section provides a further discussion on legitimacy theory adopted in this thesis.

3.2.3 Legitimacy theory

Legitimacy theory is another theoretical concept that has been used in the voluntary disclosure literature. It overlaps with stakeholder theory that both assume all individuals in a society have equal power to influence the corporation's decisions (Gray et al., 1995). However, legitimacy theory considers the interaction between organisation and society as a whole, while stakeholder theory focuses on the interaction between an organisation and a particular group of stakeholders (Deegan and Unerman, 2011). Legitimacy theory assumes that companies must act within the bounds and norms of their society in order to legitimise their ongoing operations. Thus, profit maximization is no longer accepted as the legitimate justification for the existence of corporations. A corporation exists (or continues to exist) and has the right to the resources of the society within which it operates, if and only if, the society perceives the corporation's actions as legitimate and within socially- accepted norms (O'Donovan, 2002). According to Lindblom (1993, p. 2), legitimacy is:

a condition or status which exists when an entity's value system is congruent with the value system of the larger social system of which the entity is a part. When a disparity, actual or potential, exists between the two value systems, there is a threat to the entity's legitimacy.

Based on the above definition, Lindblom (1993) distinguishes between the term of 'legitimacy' and 'legitimation'. Legitimation refers to the steps that companies make to be considered legitimate, while legitimacy refers to status or condition. Legitimacy is also considered a 'resource' that a company is dependent on for its survival (Deegan and Unerman, 2011). Therefore, to continue supplying that resource (i.e., legitimacy), the company will pursue various disclosure strategies to gain, maintain, or repair legitimacy (Woodward, 1996 in Deegan and Unerman, 2011). Suchman (1995) identified three types of legitimacy that companies seek to achieve: normative/or moral legitimacy, pragmatic legitimacy, and cognitive legitimacy. Normative legitimacy refers to judgments on company's practices that are the best thing to do within socially acceptable/desirable norms, standards, and values (Farmaki and Farmakis, 2018; Suchman, 1995). Pragmatic legitimacy refers to exchange legitimacy, which emerges as a function of the exchange relationship between the company and its stakeholders. It depends on the extent to which the company's activities will satisfy its stakeholders' needs and interests. Thus, pragmatic legitimacy implies influence, with Suchman (1995) suggesting that influence legitimacy arises when stakeholders support the company because of their belief it may respond to their interests. Cognitive legitimacy is different from pragmatic and normative/or moral legitimacies, as cognitive legitimacy refers to "an organisation or mere acceptance of the

organisation as necessary or inevitable based on taken-for-granted” (Suchman, 1995, p. 582). In other words, companies seek cognitive legitimacy when pursuing objectives that the society values as appropriate and desirable (Farmaki and Farmakis, 2018).

Consistent with the view that the company operates within the society’s bonds and norms. Legitimacy is based on societal perceptions based on cultural norms and a measure of societal perspectives of corporate behavior’s adequacy. According to Nasi et al. (1997, p. 300), “legitimacy, therefore, is not an abstract measure of the ‘rightness’ of the corporation but rather a measure of societal perceptions of the adequacy of corporate behaviour”. However, societies’ bounds and norms are not fixed but rather change over time within a particular society and/or from one society to another. Thus, companies need to react and respond to ethical, social, and environmental changes in order to remain ‘legitimate’ (Deegan and Unerman, 2011).

3.2.3.1 Social contract and public expectation

Because legitimacy theory is based on the theoretical notion of a ‘social contract’, under which companies must meet the implicit and explicit expectations of the society within which they operate (Deegan and Unerman, 2011), then if a company fails to meet the public expectations of society or the terms of social contracts are violated, organisational legitimacy/survival will be threatened. As Deegan (2014, p. 346, emphasis in the original) explains:

Where society is not satisfied that the organisation is operating in an acceptable, or legitimate manner, then society will effectively revoke the organisation’s ‘contract’ to continue its operations. This might be evidenced through, for example, consumers reducing or eliminating the demand for the products of the business, factor suppliers eliminating the supply of labour and financial capital to the business, or constituents lobbying government for increased taxes, fines or laws to prohibit those actions which do not conform with the expectations of the community.

However, it is argued that the social contract is a theoretical construct, and hence difficult to determine (Gibassier, 2014). Different managers have different perceptions about the various terms of the contract. A social contract is considered to be made up of explicit or implicit terms of the contract. Grey et al. (1996) suggests that while the legal requirements or laws provide explicit terms, the implicit terms refer to non-legislated societal expectations based on culture, traditions, religion, beliefs, or common perception. If a company fails to adhere to society’s norms or meet its stakeholders’ expectations, the community may ‘revoke’ its contract to continue its operations (Deegan and Rankin, 1996; Deegan, 2002). Such legitimacy threats may take different

forms, such as boycotting companies' products, reducing the supply of labour and financial capital, lobbying the government for increases in tax, fines, or law to prohibit companies' actions that do not conform with society's expectations (Deegan, 2002; Deegan and Unerman, 2011).

In addition, companies must ensure that their operations continue to conform to society's expectations, as these expectations may change over time. Therefore, companies must adapt and change their operations in response to society's changing expectations to avoid the 'legitimacy gap' (Deegan and Unerman, 2011). The term 'legitimacy gap' has been defined by Lindblom (1994, p. 3) as "the legitimacy gap will fluctuate without any changes in action on the part of the corporation. Indeed, as expectations of the relevant public change, the corporation must make changes, or the legitimacy gap will grow." There are two primary reasons for a 'legitimacy gap'; the first occurs when there is a change in societal expectations. As Nasi et al. (1997, p. 301) explain:

For American tobacco companies in the 1970s, for example, the increasing awareness of the health consequences of smoking resulted in a significant and widening legitimacy gap (Miles and Cameron, 1982). The tobacco companies had not changed their activities, and their image was much the same as it had been, yet they suddenly faced a significantly different evaluation of their role in society; they faced a significant and widening legitimacy gap.

The second reason occurs when private information about the company becomes available to the public through news media (rather than corporate disclosures). This is referred to as 'organisational shadow' (see Nasi et al. 1997). To close the legitimacy gap, companies need to change their operating activities to maintain compliance with the society's expectations within which they operate. Lindblom (1994) argues that a company may employ four 'legitimation strategies' to close the 'legitimacy gap'. They may seek to educate and inform the stakeholders about actual performance; to change stakeholder perceptions without changing actual behaviour; to distract (i.e., manipulate) attention away from the issue of concern; or act to change external expectations about performance. According to Lindblom, (1994) and Dowling and Pfeffer, (1975), public disclosure, including social and environmental information, can be used by a company to implement one of the above strategies. For example, a company may provide information related to environmental or community awards won or safety initiatives implemented while neglecting negative information such as workplace accidents. In addition, legitimation strategies chosen might differ depending upon whether the company is trying to gain, maintain or repair legitimacy.

Gaining legitimacy occurs when a company engages in activities with no past reputation to win acceptance (Ashforth and Gibbs, 1990). Companies aiming to gain legitimacy tend to adopt a proactive strategy to change social values through controlling the information before the issue becomes more public (O'Donovan, 2002). In doing so, companies restrict the public's knowledge of the negative information that may threaten their legitimacy.

In terms of maintaining legitimacy, Ashforth and Gibbs (1990) considered the explanation of such a situation easier than gaining or repairing legitimacy. Companies who are trying to maintain their legitimacy will apply three strategies, according to O'Donovan (2002, p. 350),

maintaining legitimacy has been classified into three different levels: first, if organisations are accepted as good corporate citizens and act responsibly, the public will have certain expectations concerning social and environmental activities; second, if organisations have the less "legitimacy", the less they need to maintain; third, if organisations promote themselves as socially and environmentally responsible, they will move one step ahead to fulfil what public would expect in order to maintain legitimacy.

Thus, companies aiming to maintain their legitimacy can be expected to change and control the public's perceptions (Deegan, 2007; Suchman, 1995). While repairing legitimacy has been related to crisis management. Repairing legitimacy is similar to gaining legitimacy. However, O'Donovan (2002) has distinguished between strategies for repairing legitimacy and gaining legitimacy. He states that repairing legitimacy is a reactive strategy to an unforeseen or immediate crisis; however, gaining legitimacy is a proactive strategy and not related to the crisis.

Despite legitimacy theory has become a dominant perspective to interpret the drivers, nature, and development of voluntary corporate disclosure in varied contexts, there are still 'gaps' within the theory (Deegan, 2002). Specifically, the theoretical development related to legitimisation strategies or 'tactics' that might differ depending upon whether the company is trying to gain, maintain or repair legitimacy remains weak. There is no clear link between particular legitimisation strategies and organisations' effort to gain, maintain or repair legitimacy (Suchman, 1995). Prior research suggests that legitimisation strategies are 'solely' related to regaining legitimacy in crisis periods (Deegan and Unerman, 2011). For instance, in their attempt to regain legitimacy, companies tend to be reactive to unforeseen crises by disclosing more information on their activities.

Furthermore, another criticism within the legitimacy theory is related to the issue of resolution. Legitimacy theory emphasises how a company interacts with the 'society' as a whole.

The broad level of resolution in legitimacy theory ignores the fact that society comprises various groups with unequal power or ability to influence other groups' activities (Deegan, 2002). Stakeholder theory, however, explicitly proposes that different groups have different views about how companies should conduct their operations and have different degrees of power or ability to influence company activities. In this regard, Lindblom (1994) argues that the concerns of 'relevant publics' have changed the focus from 'society' towards particular groups. This indicates that legitimacy theory can only partially explain why managers disclose information on specific aspects of eco-justice issues. Therefore, it is crucial and necessary to apply stakeholder theory and legitimacy theory to identify stakeholder groups to whom the companies are being accountable to secure their legitimacy (Mitchell et al., 1997).

3.2.3.2 Implications of legitimacy theory

Legitimacy theory is one of the most widely used theories in social and environmental accounting literature (see, for example, Bebbington et al., 2008; Magness, 2006; O'Donovan, 2002; Deegan, Rankin and Tobin, 2002; Cormier and Gordon, 2001; Wilmshurst and Frost, 2000). Legitimacy theory attempts to explain the management motivations for social and environmental disclosures on the ground that they form part of companies' strategies to bring legitimacy or maintain their organisational legitimacy (Deegan and Unerman, 2011).

Prior research examining why companies disclose voluntary social and environmental information in the corporate report indicates that changes in social expectations (i.e., social norms and values) are one motivation for organisational change and a source of pressure for organisational legitimation. This was supported in empirical work undertaken by Hogner (1982), an early longitudinal study that examined corporate social disclosure in the annual reports of the US Steel corporations over the 80 years. The analysis showed that social disclosure varied significantly over time, and the variation in social disclosures was in response to society's social expectations (that is, social norms and values). In a similar vein, legitimacy theory provides an explanation of the correlation between the level of social and environmental disclosure and the sensitivity of industry. Deegan and Gordon, (1996) found that rising environmental information over time was positively linked to companies which operate in sensitive environmental-related industries. There was an attempt to shift or modify social expectations regarding whether specific industries were dirty or irresponsible (Lindblom, 1994's strategy).

Similarly, Gray et al. (1995) have used legitimacy theory to discuss UK corporate social and environmental disclosure trends for the period 1979 to 1991. Regarding Lindblom (1994) legitimation strategies, Gray et al. (1995) found that the increase in health and safety disclosures

over the period associated with a rise in the number of accidents involving loss of life was an effort by companies to paint an image of growing their concern about the safety of their workforce. As such, the disclosure of health and safety helped add to the reputation of the company involved changing perceptions.

In terms of managing organisational legitimacy, further accounting literature studies have found that companies are increasing their disclosure to respond to unforeseen social and environmental events such as oil spills (Patten, 1992; Deegan and Rankin, 1996); airline accidents (Vourvachis, Woodward and Patten, 2016); violent strike action (Dube and Maroun, 2017); or corruption Scandal (Blanc et al., 2019). Thus, companies disclose less or see disclosure as unnecessary if the perceived threat of any event or the social expectations are minimal (Momin and Parker, 2013). More specifically, Patten (1992) found that North American oil companies are increasing environmental disclosures in their annual reports after the Exxon Valdez oil spill. Deegan et al. (2000) also found that companies tend to respond to significant accidents by revealing additional detail at the time of accidents. A further example of this is Vourvachis et al., (2016), who argued that firms use social and environmental disclosure as a legitimization tool, and examined the changes in CSR disclosures in their reaction to the disastrous crashes experienced by four airlines: Air France Flight 4590 (the Concorde crash); Singapore Airlines (SIA) Flight 006; Scandinavian Airlines (SAS) Flight 686; and Air France Flight 447. The authors found that in an attempt to enhance or maintain their organisational legitimacy, companies increase their CSR disclosures related to health and safety practices in terms of pages of information provided.

Moreover, legitimacy theory explains changes in social and environmental disclosures, especially after unforeseen events related to eco-justice, such as violent strike action (Dube and Maroun, 2017) and corruption scandal (Blanc et al., 2019). Dube and Maroun (2017) found evidence supporting the legitimacy theory using the changes in the frequency of CSR disclosures by South African Platinum Mining firms following the 2012 strike taking place at Marikana. The evidence suggests that companies directly involved in the incident provided additional information explicitly related to the strike (for example, worker safety, employee health, and housing). In their attempt to maintain their legitimacy, they seek to change their CSR disclosures' nature and extent and reassure their stakeholders that their business practices remain sound. Management has nothing to hide and is aware of the implications of the Marikana strike. A further example, Blanc et al. (2019) find evidence that Siemens, a large German multinational corporation, changed its compliance and corruption disclosure practices to repair its legitimacy in the aftermath of the 2006 corruption scandal.

Furthermore, legitimacy theory has explained ‘non-disclosure’ of critical/sensitive information on companies’ social or environmental activities, particularly eco-justice issues. This was supported in empirical work undertaken by Nurhayati et al. (2016), who found that legitimacy theory provides a theoretical explanation on why Textile and Apparel (TA) companies in India failed to disclose certain information related to companies’ social or environmental activities. Their analysis showed that Indian TA firms tend not to disclose critical/sensitive information on discrimination and forced or compulsory labour in their attempt to avoid negative social or environmental impacts and negative publicity. Consistent with the findings of Nurhayati et al. (2016), Islam and Kokubu (2018) also find evidence that despite the increases in CSR disclosures, Bangladeshi companies in the banking industry disclosed limited information on their human right abuses to avoid negative publicity and, if so, the legitimacy of Bangladeshi companies in the banking industry will be threatened.

With the results of prior studies discussed above, they provide growing evidence supporting a legitimacy perspective, particularly how companies seek to change public expectations or react to the unforeseen social and environmental crises by disclosing more information on their activities. In addition, the above findings of prior studies provide evidence in support of legitimacy theory potentially explaining the relationship between the non-disclosure of critical/sensitive information (or issues) related to eco-justice issues and the company’s reputation. Consequently, the theoretical explanations of legitimacy theory become relevant to this thesis. It focuses on a company’s own internal needs to secure its legitimacy to ensure stakeholders’ commitment and support. Legitimacy theory offers a powerful mechanism for understanding voluntary social and environmental disclosures made by companies in their attempts to address increasing political and social pressures (Gray et al. 1996). In this sense, eco-justice disclosure plays an instrumental role in mitigating legitimacy threats or reducing the legitimacy gap (Deegan 2002).

This thesis, therefore, applies legitimacy theory to understand how Saudi companies’ relations with their stakeholders have been strategically managed to be legitimate by the disclosure of eco-justice issues. However, legitimacy theory seems to provide only a partial explanation of Saudi companies’ eco-justice disclosure practice motivations. For example, companies cannot give concrete evidence of their commitment without identifying and recognising key stakeholders to gain their legitimacy and trust in the specific context to which the companies belong. Considering this partial explanation of legitimacy theory, the thesis employs complementary theoretical perspectives that place sufficient emphasis on how companies manage their disclosure practices to secure their legitimacy and who are key stakeholders that support companies to continue to

operate. Thus, both legitimacy theory and stakeholder theory are employed in this thesis to provide a rich and fuller explanation of the managerial motivations of eco-justice disclosure practices within Saudi annual reports.

3.3 Theoretical application in Saudi voluntary social and environmental studies

Stakeholder and legitimacy theories have been used in many previous studies to explain why companies disclose their voluntary social and environmental activities. In developing countries, various analyses of voluntary social and environmental disclosure activities have wanted to establish theoretical interpretations from single or multiple theories (see, for example, Belal and Cooper, 2011; De Villiers and Van Staden, 2006; Thompson and Zakaria, 2004; Ahmad, Sulaiman and Siswantoro, 2003; Belal, 2001). In particular, these studies explicitly stated how the employed theories offered enhanced explanations for corporate disclosure practices.

In the Saudi context, prior studies have applied stakeholder and/or legitimacy theory to explain voluntary social and environmental disclosures as a single theoretical lens (see, for example, (Alsahlawi, 2016; Razak, 2015); or multiple theoretical lenses (see, for instance, Mahjoub, 2019; Issa, 2017; Alotaibi and Hussainey, 2016; Habbash, Hussainey and Awad, 2016); Aljanadi, Rahman and Omar, 2011; Macarulla and Talalweh, 2012; Zubairu, Sakariyau and Dauda, 2011). The empirical works undertaken by Razak (2015), and Alsahlawi (2016) analysed the disclosure practices of voluntary social and environmental information based on a single theory. Razak (2015) used legitimacy theory to examine corporate social and environmental disclosure practices of 166 listed companies for the year 2013. The content analysis findings revealed that human resources and community information were the most commonly mentioned categories in corporate annual reports. This study's findings show that satisfying public expectations compelled Saudi listed companies to disclose social and environmental information as a way of securing their legitimacy. In another study that embraced a single theory, Alsahlawi (2016) reviewed annual reports of companies operating in the banking industry from 2011-2014. The study applied stakeholder theory as a theoretical underpinning to investigate voluntary social and environmental information disclosure practices. The findings support the view that particular stakeholders can be demanding social and environmental disclosure more than others. The study found that companies in the banking industry were more responsive to employees' demand by disclosing more employee category information.

Another group of Saudi studies provides theoretical explanations of voluntary social and environmental disclosure from multiple theoretical perspectives. For example, the study of

Alotaibi and Hussainey (2016) examined the level of voluntary social and environmental disclosure using multiple theories including legitimacy and stakeholder theories. From a stakeholder theory perspective, their findings concluded that the government is a key stakeholder with influential power on corporate social and environmental disclosure. However, the legitimacy theory was described in general but had no link to the study's findings.

Macarulla and Talalweh (2012) and Issa (2017) also applied legitimacy and stakeholder in addition to other theories. Both studies investigated the level of voluntary social and environmental disclosure in Saudi annual reports. The findings from both studies showed that Saudi companies operating in a sensitive industry, such as oil and energy companies, disclosed information related to the environment more than social information, which is consistent with the legitimization perspective. This conclusion was also supported in empirical work undertaken by Habbash and Hussainey (2016); their content analysis results revealed that companies operating in a sensitive industry, such as telecommunication companies, tend to disclose more social and environmental information in order to seek their legitimacy and avoid any threat. In a similar vein, Mahjoub (2019) support the argument that legitimacy theory provides theoretical explanations regarding industry sensitivity, and he found that oil and the utilities industries in Saudi Arabia also disclosed social and environmental information more than other industries due to their large-scale adverse effects on the environment and local population.

However, the general approach of the above studies contributed to the ambiguity of the usefulness of multiple theoretical perspectives to interpret voluntary social and environmental disclosure practices in Saudi firms. Saudi prior studies discussed above typically employ multiple theoretical perspectives, such as legitimacy and stakeholder theories, without justifying their research support. Consequently, prior Saudi studies lack a clear explanation of how multiple theoretical perspectives combined in their study are framing the research and contributing to the understanding of voluntary social and environmental disclosure practices. Therefore, there is a gap in the extant literature. Thus, the thesis aims to apply legitimacy and stakeholder theories (through combination) in explaining voluntary disclosure of eco-justice issues in Saudi Arabia.

3.4 Justification of the theoretical perspectives

Theories of stakeholder and legitimacy have explanatory power in understanding the disclosure practices of social and environmental issues. They derived two convergent motivations of social and environmental disclosure practice: first, the desire to legitimise the organisation; second, the desire to perform accountability to the company's (key) stakeholders.

On the one hand, stakeholder theory provides a well-developed framework by referring to particular groups within society (stakeholder groups) (Gray et al., 1996; Deegan, 2002; Deegan and Unerman, 2011). It helps identify organisational stakeholders, which stakeholder groups matter most to an organisation, and how it prioritises its interests. This prioritisation may not be explicit or even obvious, but more a heuristic for understanding why some stakeholder groups have their information needs to be met, while others do not. Thus, stakeholder theory analysis focuses on stakeholder management and how organisations employed disclosure strategies to manage their key stakeholder needs to survive (Deegan and Unerman, 2011).

On the other hand, legitimacy theory provides a detailed examination of reporting practices. It provides a theoretical explanation of how companies act within the bounds and norms of their key stakeholder groups in order to legitimise their ongoing operations (Gray et al., 1996). More critically, it explains how companies' disclosure practices will react to significant social and environmental events or changes in public (or particular groups) expectations. Legitimacy theory, therefore, is about management perceptions, which depending on an organisation's perception of its key stakeholders or level of legitimacy, and thus, an organisation may employ 'legitimation' strategies (Lindblom, 1993)

Arguably, stakeholder theory and legitimacy theory are interrelated theoretical perspectives derived from the same broader political economy perspective and seek the same anticipated outcome; organisational legitimacy (Gray et al., 1996; Deegan, 2002). However, some researchers, for example, Nasi et al. (1997, p. 296), argued that stakeholder theory and legitimacy theory are more discrete in nature than linked; each theory "leads to a different general prediction regarding the likelihood and evolution of corporate response in the face of a social issue". Despite Nasi et al.'s (1997) argument, these differences are not without its merits. This thesis provides insights to understand whether corporate disclosure on eco-justice issues may be an exercise to manage (key) stakeholders part of a process of legitimation. Thus, one theory cannot fully explain definitive decision-making processes, as theories are abstractions of reality, and particular theories cannot wholly account for or describe particular behaviour (Deegan, 2000). Consequently, while legitimacy theory and stakeholder theory may *compete* to explain the managerial motivation for voluntary corporate social disclosures, they may both reasonably and fully explain the phenomenon under study.

In support of this argument, some argue that combining both stakeholder and legitimacy theory as a theoretical perspective provides more significant insights into managerial motivation for disclosure as they offer different level of analysis (Deegan, 2002; Gray et al., 1995).

Stakeholder and legitimacy theories can also be combined to obtain “good models of legitimacy theory that must consider the relevant stakeholders’ influences” (Tilling and Tilt, 2010, p. 59).

Combining both stakeholder and legitimacy theory is therefore deemed relevant in this thesis for several reasons. First, combining both stakeholder and legitimacy theories helps answer the research objectives of which stakeholder groups matter in the company’s decisions of eco-justice disclosure? and why do companies disclose or not disclose on eco-justice issues? a stakeholder approach is suggested as the best theory to determine ‘Who’ are the primary stakeholders the companies are being accountable to. On the other hand, the Legitimacy theory suggests (non)disclosures of eco-justice issues are part of legitimization strategies.

Second, in the Saudi context, the country went through various social and political reforms (a monarchy transition) and political events (the Arab spring) in the period investigated, which may alter the expectations of stakeholders. Thus, the reporting motives might be linked to Saudi companies’ legitimization tactics to minimise any legitimacy gap that arises. Therefore, combining stakeholder and legitimacy theories would provide a fuller understanding of managerial reporting motives related to eco-justice issues.

Lastly, as prior studies mostly provide an explanation of general trends of corporate CSR disclosure. Given that there is little knowledge of eco-justice disclosure practice in accounting literature thus, it is hazardous to rely on a single theory, where other potential aspects of eco-justice disclosure practice may be significant. Consequently, a consideration of both theories is therefore deemed relevant in this thesis, as they complement each other in examining the managerial motivations of the (non) reporting of eco-justice issues as well as provide fuller and richer explanation than would be possible if only one theory was considered in isolation.

3.5 Conclusion

This chapter has reviewed the social and political theories commonly used in the literature to understand corporate motivations behind the (non)disclosure of eco-justice in Saudi Arabia. It has been argued in this chapter that combining stakeholder and legitimacy theory would provide fuller and richer explanations than would be possible if only one theory was considered in isolation. It began by discussing the managerial motivation behind social and environmental information from a political economy perspective. Because of its emphasis on a broad analytical level, the chapter highlighted the limitations of applying political economy theory to this thesis. As a result, important aspects of eco-justice disclosure practices might be missed. In this regard, the chapter's discussion has been guided by an analytical framework based on stakeholder and legitimacy theory as they found the most appropriate theories for understanding the management motives for eco-justice disclosure and non-disclosure in Saudi companies.

Another point raised in this chapter was the absence of theoretical justification in most recent Saudi research. Thus, they added to the uncertainty around the validity of theoretical views in interpreting Saudi corporate social and environmental disclosure practises. There is therefore an opportunity for this thesis to make appropriate use of legitimacy and stakeholder theories in Saudi Arabian research.

The chapter further discussed the relationship between legitimacy theory and stakeholder theory and their applicability, in combination, to explain the managerial motivations of eco-justice (non)disclosure in Saudi companies. Despite the fact that each theory focuses on a distinct element in an analysis, they complement each other. This means that the discrepancies are “in levels of resolution of perception rather than arguments for and against competing theories”, as stated by Gray et al. (1995, p. 52) regarding stakeholder and legitimacy theory. As a result, this thesis argues that legitimacy theory and stakeholder theory, in combination, can complementarily explain the managerial motivation for eco-justice (non)disclosures.

Chapter 4: Research methodology

4.1 Introduction

The previous chapter 3 describes the theoretical framework used in this thesis to analyse the eco-justice disclosures within the corporate annual reports of Saudi companies, whilst chapter 2 provides discussions concerning the meaning of eco-justice, the development of the concept of eco-justice, and the significance of the Saudi context in relation to eco-justice issues.

This chapter is important for the reader to understand how the study has been designed to ensure the results of the research are able to answer the research questions and to ensure contributions are made within the research area. Therefore, this chapter sets out the research methodology adopted to achieve the objectives of the study.

The purposes of this chapter are, therefore, to discuss the research approach and methods chosen, as well as the limitations of these choices. The philosophical position of the researcher is identified so that the reader is aware of the assumptions that have been made in respect of the selection of the research methods. In addition, the eco-justice disclosure categories, and the techniques, issues, and challenges in gathering the research data are discussed.

This research relies on a combination of content analysis of a sample of Saudi company annual reports and semi-structured interviews conducted with Saudi company managers responsible for making corporate disclosure decisions in the companies. The chapter begins by defining the research questions in section 4.2. Then, section 4.3 outlines the philosophical assumptions underpinning this thesis. This is followed by section 4.4, which provides a detailed description of the research design and method used. Section 4.5 and 4.6 discuss the reliability and validity of the research as well as the ethical consideration. Finally, section 4.7 summaries and concludes this chapter.

4.2 Research objectives and research questions

The principal objective of this thesis is to investigate eco-justice disclosure practices in the context of Saudi Arabia. More specifically, the objectives of studying the eco-justice disclosures for a sample of large Saudi companies are to investigate who the companies are being most accountable to and to understand what contextual factors are influencing the managers in respect of their disclosure choices. Consistent with these objectives, the aim of the thesis is to answer the following questions:

- RQ1. Who are the primary stakeholders the companies are being accountable to?
- RQ2. What contextual factors are influencing the companies to prioritise these stakeholders?
- RQ3. Are the eco-justice disclosures operating as a legitimating device for the companies?

4.3 Philosophical assumptions

A research philosophy is a set of beliefs about how evidence regarding a phenomenon should be gathered, analysed, and used. These philosophical views, whether explicit or implicit, shape the researcher's worldview and the way the social world is investigated (Burrell and Morgan, 1979). Burrell and Morgan (1979) have established four paradigms, functionalist, interpretive, radical humanist and radical structuralist views, each based on two sets of assumptions about the nature of social science and society. These four philosophical assumptions are based on mutually incompatible conceptions of the social world, emphasising different approaches to social research in terms of ontology, epistemology, human nature, and methodology. However, other literatures, such as Collis and Hussey, (2013), separate philosophical assumptions into two main paradigms: the positivistic paradigm, which is quantitative, scientific, objectivist and traditionalist, and the phenomenological paradigm, which is qualitative, subjectivist, humanistic and interpretative.

This research seeks to understand to whom the Saudi companies appear to be most accountable and to explain why this is so. Therefore, it is necessary to understand which eco-justice issues companies elect to disclose and which are not being disclosed; further, it is necessary to understand the subject matter comprising the disclosures for the different eco-justice issues. This is achieved through the employment of a predominantly qualitative research design based on analysing disclosures within corporate annual reports and analysing interviews conducted with company managers. In relation to the Burrell and Morgan paradigms, it can be postulated that the philosophy of this research follows a predominantly interpretivist stance. Burrell and Morgan, (1949, p. 28) explain the interpretive paradigm as:

...a concern to understand the world as it is, to understand the fundamental nature of the social world at the level of subjective experiences. It seeks explanation within the realm of individual consciousness and subjectivity, within the frame of reference of the participant as opposed to the observer of action

The interpretative paradigm, according to Burrell and Morgan, (1979), is concerned with explaining the world as it is, based on the subjective experience of both the participant and the observers, and takes an anti-positivist, voluntarist, nominalist, and ideographic approach. Interpretive philosophers and sociologists, in their search for the basic meanings that underpin social activity “often delve into the depths of human consciousness and subjectivity” (Burrell and Morgan, 1979, p. 31). As a result, this research assumes a nominalist position of discovering the reality or ‘truth’, there being no clear split between the researched and the researcher. Therefore, the researcher plays a role in constructing the ‘reality’ of Saudi company managers responsible for making corporate disclosure decisions in the companies. The ontological assumption in this research is that it takes a subjective approach to knowledge construction. As knowledge is derived from the analysis of accounting records and interviews performed by a researcher who operates within a socially constructed frame.

The philosophical assumptions made in this thesis regarding the ontology, epistemology indicate that the methodological choice of this research will be ideographic. The ideographic approach to social science emphasises the differences between individuals. This approach is based on the view that “the social world by obtaining first-hand knowledge of the subject under investigation” (Burrell and Morgan, 1979, p. 6). Using an ideographic approach, this thesis seeks to explore and understand eco-justice disclosure practise in Saudi Arabia in a subjective manner through an analysis of eco-justice disclosures made within corporate annual reports, as well as by investigating the managerial motivation for (non) reporting on eco-justice issues. Such an approach involves utilising a variety of methods to collect relevant data for answering research questions. The sections that follow detail the research design and method used in this thesis.

4.4 Research design and method

Qualitative research has gained popularity in social science, notably in business studies (Cassell et al., 2006). It permits the researcher to examine and reflect on perceptions in order to understand social and human activities. This method is distinct in that it takes a subjective perspective of reality, assuming that the nature of reality is socially constructed. As a result, qualitative research is distinct from quantitative research in that it is subjective. That is, the

researcher has a direct link with the research since he or she makes interpretations and judgments when analysing data (Bryman and Bill, 2011). The researcher in qualitative research seeks to explore meaning and understanding for a particular phenomenon, through exploring the participants' own understanding and opinions. As a result, qualitative research seems to be a logical and appropriate design, as it helps to "to produce rounded and contextual understanding on the basis of rich nuanced and detailed data" (Mason, 2002, p. 3).

Furthermore, qualitative research is concerned with words rather than numbers, and social phenomena, such as management motives for disclosure choices, cannot be quantified or assessed objectively (Bryman and Bill, 2011). As a result, qualitative research emphasizes individuals' and groups' perceptions of their situation within a specific context, seeking to make sense of their motivations. This is in accord with this research study which is seeking to understand motivations in respect of disclosure choices within the specific context of Saudi Arabia. The choice of research methods depends on the researcher's nature, approach and strategy in the research, and such choice must be aligned with the research aims, objectives and questions (Saunders, Lewis and Thornhill, 2012; Bryman and Bill, 2011).

Given the above discussions, then to answer the research questions, qualitative research is considered an appropriate method to investigate to whom investigate who the companies are being most accountable to in respect of their eco-justice disclosures and to understand what contextual factors are influencing the managers in respect of their disclosure choices. The main advantage of adopting qualitative research is that it provides deep insights and knowledge of the phenomena of interest (Cassell et al, 2006). This thesis, by utilizing qualitative techniques, can thus give rich insights into the reasons which underlie the reporting of eco-justice issues within the Saudi context.

In order to address the research questions listed in section 4.2 above, this thesis employs the following qualitative methods: content analysis¹⁸ and semi-structured interviews. According to Guthrie and Abeysekera, (2006) the technique of integrating multiple qualitative methods potentially provides deep insights into individuals' perspectives. However, whilst they commend integrating multiple qualitative methods, they contend that "content analysis of annual reports together with semi-structured interviews" (Guthrie and Abeysekera, 2006, p. 118) is not commonly used in accounting studies. Employing content analysis and semi structured interviews

18 However, it should be noted that the content analysis method includes a quantitative dimension as well as a qualitative dimension. This is explained further in the next sub-section in the chapter.

can increase the credibility and validity of the findings of this study and the two methods are discussed in the next sub-section

4.4.1 Content analysis

Content analysis is an exploratory research strategy used in this thesis to gather data on, and analyse the disclosure of, eco-justice issues. This method can be employed to analyse eco-justice issues by examining organisational documents, such as annual reports. Such a method allows the researcher to identify to whom the companies appear to be seeking to be most accountable by determining the most eco-justice issues that companies disclose and do not disclose in their annual reports.

Content analysis is one of the most significant research techniques in the social sciences and has long been utilized in accounting (Krippendorff, 2004). Berelson, (1952) defines content analysis as “a research technique for the objective, systematic and quantitative description of the manifest content of communication”. In addition, Holsti (1969, p. 14) refers to this method as “characteristics of message”. This method has been widely mobilised in the social and environmental accounting literature to identify the characteristics of corporate social and environmental disclosure (see for example, Michelin, Pilonato and Ricceri, 2015; Beck, Campbell and Shrivess, 2010; Kuasirikun and Sherer, 2004; Adams, Hill and Roberts, 1998; Guthrie and Parker, 1990). Other studies have also employed content analysis to track changes of organisational values over time through organisation’s documents (Bryman and Bill, 2011). Furthermore, content analysis is also useful when researching on sensitive issues as the case of this thesis which is researching eco-justice issues in Saudi company reports (Harris, 2001). Eco-justice is a sensitive topic as it is connected to issues of power issues (for example, who causes pollution; who suffers from pollution) and is focused on issues which can often be controversial and contentious, provoking significant debates or disputes (for example, eco-justice includes issues such as gender and corruption). Content analysis is a method that can be either quantitative or qualitative (Unerman, 2000). Quantitative content analysis measures the volume of disclosure, which indicates the significance of the text (Krippendorff, 2019; Gray et al., 1995), whereas qualitative content analysis focuses on the meaning and implications of the disclosure context (Bennington, 1999). The analysis of eco-justice issues in this study does not only focus on quantitative aspects of eco-justice disclosures such as sentence counts, but also examines qualitative aspects of the disclosure to understand their meanings and implications within the Saudi context.

The close reading methodology helps ensure the quality of the eco-justice disclosures are considered and appropriately analysed. This is because the close reading method requires the researcher to actively observe details within the text under investigation and to be attentive to all characteristics which might usefully inform the researcher of interesting or significant ideas pertaining to the disclosures as a pre-cursor to the development of themes and sub-themes for the different eco-justice categories relevant to addressing the research questions set out in the thesis. Following an initial reading to familiarise the researcher with the content and nature of the disclosures then re-reading the disclosures several times is vital in this methodology. This is to ensure sufficient attention is paid to whether themes and sub-themes, and stakeholders pertinent to the companies, which are identified during the re-readings are recurring (or even possibly negated) across the disclosures; this is an important facet of assessing the quality of the disclosures. Further, attentiveness and observation must be supplemented by interpretation as this facilitates the researcher in comprehending what is important in the disclosures and again assists in enabling the researcher to assess the quality of the disclosures particularly by making connections across the different disclosures in respect of themes, sub-themes and their connection to the theories used in the research. Close reading also requires the researcher to be self-aware and self-critical particularly in respect of ensuring they avoid holding pre-conceptions in advance of applying the method. Furthermore, the close reading technique assists in interacting with an unclear text through discussion and discourse, as well as eliminating the aspect that impacts the subjectivity of qualitative research.

Thus, both quantitative and qualitative content analysis were chosen in this thesis. The following section explains the different stages and different decisions undertaken to demonstrate how the research instrument was developed and to justify the choices taken at each step.

4.4.1.1 The units of analysis

In content analysis, Krippendorff, (1980) distinguishes three types of units of analysis: sampling units, recording units, and measuring units.

Sampling units: corporate annual reports

Annual reports have been widely used as sample units in a number of social and environmental accounting studies (see, for example, Adams et al, 1998; Gray et al., 1995; Guthrie and Parker, 1989). This thesis also focuses on the corporate annual report as it is an important document which has the potential to shape what is significant in society (Adams and Harte, 1998). Furthermore, Crompton, (1987) indicates that corporate annual reports can construct a world view.

Although annual reports can be recognised as an important document for analysis, it has been argued in the literature that studies depending solely on annual reports are at risk capturing an incomplete picture (Unerman, 2000). Unerman's (2000) argument is valid in a study of a single company where access to these various documents is available, or in other cases where a complete set of social disclosure information from various corporate sources cannot be obtained for the entire sample companies and thus result in misrepresentation of findings (Kuasirikun and Sherer, 2004). In respect of Saudi companies, other corporate documents, for example press releases, employee magazines or brochures cannot be easily accessed. In addition, the alternative channels of disclosure, for example stand-alone reports, integrated reports and corporate websites are not employed in this thesis, due to the shortage of stand-alone and integrated reports; further, no related eco-justice information was found in the corporate websites.

As a result, annual reports were chosen for the study in this thesis rather than other forms of media for the reasons cited above and for the following. First, the annual report is more reliable because "it is more likely to be read ... it indicates the importance attached to the issues ... it falls within the auditor's ambit ... and it is fully integrated with the mainstream activities of the organization" (Gray et al, 1995, p.83). Second, annual reports have a higher degree of credibility and are the most important information provided to shareholders and stakeholders (Neu, Warsame and and Pedwell, 1998; Buhr, 1998; Deegan and Rankin, 1997; Tilt and Ann, 1994). Third, annual reports are more easily available via corporate websites than other corporate reports (Adams and Harte, 1998). Fourth, annual reports are a statutory type of reporting that includes both mandatory and voluntary disclosure (Hackston and Milne, 1996). Finally, most prior disclosure studies have depended heavily on annual reports in their research (see, for example, Adams and McPhail, 2004; Adams and Harte, 1998; Adams et al., 1995).

Recording units: categories of eco-justice

The usage of recording units helps in the assessment of each annual report (Unerman, 2000). This section, which is separated into two parts - categories and sub-categories - describes how the process of recording units was developed.

The first section explains how the eco-justice disclosure categories were created. This thesis proposes eleven categories to encompass issues of eco-justice in Saudi Arabia. Establishing the procedures for capturing all issues of eco-justice is not an easy task since eco-justice is a 'multidimensional' concept. The process adopted for developing these categories was therefore, on the basis of the definition of eco-justice as discussed in chapter two which drawing on Gibson's notions that concerned with demonstrating an intersecting concern for ecology, justice, and faith, and with these concerns being ethically-rooted in ideas of respect and fairness toward all creation,

human and non-human (Gibson, 1985). This definition contains within it the notion that planet, people and all living creatures are interconnected and of equal importance such that one cannot thrive unless the other also thrives and justice in the social order must embrace all creation (Gibson, 2004). Thus, it encompasses an extremely wide range of issues “such as hunger action, sustainable agriculture, energy production and use, lifestyle integrity, economic development, debt relief, fair trade, good work, peacemaking, and ... justice for poor people, racial minorities and women” (Hessel, 2007). The developed categories in this thesis, therefore, are consistent with those issues incorporated in eco-justice concept.

The categories were further developed on the basis of the researcher’s knowledge of priority issues in the Saudi context given the researcher is a Saudi national. There is a spectrum of eco-justice issues that have been highlighted within Saudi society, including issues such as gender and nationality discrimination, youth unemployment, and the relative lack of women empowerment in workplace. These issues, all of which are related to eco-justice, have been present in many prior and recent government reform agendas such as the establishment of Saudi National Development Plans, amendments to the Saudi Labour Law, the Saudi Corporate Governance Code (SCGC), and the Saudi New Vision (2030). Consequently, issues related to fair distribution of national wealth, reducing the rate of unemployment, increasing women’s participation in the workforce, corruption and sustainable use of natural resources are core issues in the Saudi context and must, therefore, be considered for inclusion in the development of the eco-justice disclosure categories. Following these procedures, a final list of 11 categories of eco-justice disclosures has been developed as shown in table 4.1.

Table 4.1 List of eco-justice disclosure categories

List of Eco-justice disclosure categories
Community
Training and Education
General
Health and safety
Environment
Diversity
Equal opportunity
Sustainability
Employment
Corruption
Discrimination

Table 4.1 shows the list of 11 eco-justice disclosure categories chosen for the content analysis of Saudi annual reports. The list is reasonably comprehensive but may not necessarily be all inclusive. It was designed to capture corporate attitudes towards, inter alia, the environment, community issues, employee related issues such as employment, health and safety and training and education. The selection of the disclosure categories was also to analyse whether Saudi companies incorporate eco-justice disclosures, as reflected in their annual reports, such as corruption, diversity, equal opportunities and discrimination in the workplace. This selection was also made to investigate whether companies in Saudi Arabia are making reference to sustainability issues.

The above categories were subdivided into sub-categories following the prior content analysis literature (for example, Grosser and Moon, 2008; Gray, Kouhy and Lavers, 1995; Ernst and Ernst, 1978). The sub-categories, in table 4.2 below, were largely created by reference to the work of Gray et al., (1995) and other prior literature in Western context (for example, Grosser and Moon, 2008; Ernst and Ernst, 1978)). This may raise questions regarding their application within a non-Western context. Therefore, a pilot study was conducted in order to test applicability of categories and sub-categories in this thesis to ensure these categories and sub-categories can be applied to a non-Western, i.e., Saudi Arabian, context. A pilot study was conducted between July and August 2019 to finalise these categories and the decision rules. Annual reports were downloaded from the corporate websites¹⁹ and a sample of the 2008 annual reports was read to have a preliminary understanding and sense of the major themes in the Saudi context. The result of this pilot study

¹⁹The selection of the sample companies is explained in the next sub-section.

indicates that both categories and sub-categories were largely suitable for this thesis and were applicable to the Saudi context.

Table 4.2 List of eco-justice categories and sub-categories

Categories	Sub-categories of eco-justice
Environment	<p>Air, water, noise, visual quality and pollution plus any attempts to identify, improve or prevent.</p> <p>Waste and recycling including improvements in products. Except in so far as it is part of the business (e.g., waste disposal or environmental technology).</p> <p>Any significant and potential negative impacts of operations on environment.</p> <p>Energy saving and conservation.</p> <p>Use/development/exploration of new sources, efficiency, insulation, etc. Except in so far as it is part of the business (e.g., oil exploration companies).</p>
Community	<p>Any reference to community and/or social involvement outside the labour force excluding charities.</p> <p>Employee involvement with above if company support is apparent.</p> <p>Schools, arts, sport, sponsorship.</p> <p>Providing job/support for local people.</p> <p>Significant and potential negative impacts of operations on local community.</p> <p>Donations in Saudi Riyal or in kind.</p>
Employment	<p>Number of employees in general.</p> <p>Numbers employed by gender.</p> <p>Employment of minorities.</p> <p>Employment of women.</p> <p>Employment of disabled or other special interest groups.</p> <p>Numbers employed by nationality.</p>
Health and safety	<p>Health and safety at work.</p> <p>Toxic hazards (e.g.) to employees and the public.</p> <p>Any reference to health and safety law and/or inspectorate.</p> <p>Information to employees, training.</p> <p>Accidents.</p>

Training and Education	<p>Employee training.</p> <p>Career development reviews, by gender and employee category.</p> <p>Free access to education by gender, by different employee category.</p> <p>Lifelong learning that supports the continued employability of employees.</p>
Diversity	<p>Number/or percentage of Saudi employee.</p> <p>Number/or percentage of foreign workers or expertise.</p> <p>Number/or percentage of women in management.</p> <p>Saudization scheme.</p> <p>Any diversity statements.</p>
Equal opportunities	<p>Equal opportunity for promotion.</p> <p>Access to childcare.</p> <p>Balancing work and home life.</p> <p>Maternity leave/ family leave/ time off for family matter.</p> <p>Flexible working performance, accessible work for all people.</p> <p>percentage of employee satisfaction.</p> <p>Equal pay.</p> <p>Healthcare.</p> <p>Others.</p>
Discrimination	<p>Gender discrimination.</p> <p>Dependence on foreign workers.</p> <p>Minority discrimination.</p> <p>Statement of violation.</p> <p>Non-discrimination/violation policy.</p>
Corruption	<p>Anti-corruption policy.</p> <p>Number of incidents of corruption and action taken.</p> <p>Anti-corruption training for employees.</p> <p>Number of operations assessed for risks related to corruption.</p> <p>Report on significant risk related to corruption identified.</p>
Sustainability	<p>Any mention of sustainability.</p> <p>Any mention of sustainable development.</p>

General	<p>Corporate objectives.</p> <p>Mission statement.</p> <p>Statement of social responsibility.</p> <p>Statement of ethics or value.</p> <p>Political statements.</p> <p>Compliance with Islamic principles.</p> <p>Statement of intergenerational.</p> <p>Any rewards for social responsibility.</p> <p>Statement of eco-justice.</p>
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Measuring units: volume of eco-justice disclosure

4.4.1.2 According to Gray et al. (1995), there are two primary ways for identifying measurement in content analysis: the number of disclosures or the amount of disclosures. The measurement units may include pages (Unerman, 2000; Gray, et al., 1995; Guthrie and Parker, 1990), words (Wilmshurst and Frost, 2000; Deegan and Rankin, 1996; Deegan and Gordon, 1996), or sentences (Patten and Crampton, 2004; Buhr, 1998; Hackston and Milne, 1996). Sentences were chosen as units of analysis in this thesis for two reasons. First, counting the number of pages is an unreliable method, since the number of pages can vary due to different print size, column size and page size. Second, measuring the amount of disclosure by number of words can be unreliable, as individual words have no meaning to provide a sound basis for coding eco-justice disclosures without a sentence or sentences for context and, therefore, a single word itself carries no meaning (Unerman, 2000). Consequently, this thesis uses sentences to measure units of analysis “to provide complete, reliable and meaningful data for further analysis” (Milne and Adler, 1999, p. 243). Sample selection for the study

In order to obtain a representative picture of the disclosure of eco-justice issues in Saudi companies the selected sample contained data from 11 years annual reports for 18 companies, resulting in a total sample of 198 annual reports. The 11-year period selected was from 2008 to 2018. A practical reason determining the start of this timeframe was that 2008 was the earliest date when annual reports were available. The period chosen for the study was also one where there was significant change occurring in Saudi. It was judged that investigating a period of

change might give greater insights into what contextual factors are influencing the eco-justice disclosures.

This change is in two different respects. First, two monarchs reigned during the period. King Abdullah, whose reign commenced in 2005, and King Salman who succeeded to the throne in 2015 following the death of King Abdullah. Therefore, this period incorporated a change in monarchy. Second, the period 2008-2018 incorporates the 'Arab Spring'. The 'Arab Spring' impacted not just on Saudi Arabia but also on several neighboring countries and occurred in late 2010-2011. The root cause was the public's deep-rooted frustration at the economic and political inabilities of leaders to alleviate poverty and unemployment, and failures to provide improved standards of living and to act on a range of other injustices (Avina, 2013). The uprisings that emerged in a number of Arab countries had a significant effect on the entire Arab region including Saudi Arabia. The Arab Spring uprisings posed a significant threat to the existing regime in Saudi Arabia and the authorities made considerable efforts to maintain the status quo and to contend with the threat the protests posed to stability in the country (Jones, 2011). Thus, it was deemed appropriate to include this period. Moreover, when King Salman succeeded to the throne in 2015, Saudi Arabia began to take some measures to resolve a range of obstacles and challenges facing Saudi society in terms of eco-justice issues. The new Saudi Vision (2030) was introduced in 2016 and was intended to place the Saudi nation on the path of sustainable economic growth and development through enhancing the quality of life and addresses issues that have remained critical for decades such as the education system, the condition of women, and the high unemployment rate.

The companies chosen for the study are all listed on the Saudi Stock Exchange (Tadawul), and the main criterion for including a company in a sample was its size, as measured by market capitalisation. To obtain a representative sample, the 18 companies were chosen on the basis of the two companies from each industry sector on the Stock Exchange with the largest market capitalization as at the year 2018. The companies chosen represent 9 of 16 industries on the Stock Exchange; 7 industries were excluded due to a lack of accessibility to the companies' annual reports. The final list of sampled companies is shown in table 4.3 below.

Table 4.3 The sampled companies and their industries

series	Company	Industry
1	Petro Rabigh	Energy
2	Bahri	
3	Sabic	Materials
4	Ma'aden	
5	Almarai	Food and Beverage
6	Savola	
7	Ncb Bank	Banks
8	Al Rajhi	
9	Kingdom	Investment and Finance
10	Assir	
11	Mid Gulf	Insurance
12	Tawuniya	
13	STC	Telecom
14	Mobily	
15	SEC	Utilities
16	Gasco	
17	Jabal Omar	Real Estate
18	Makkah development	

The focus on large companies in this thesis is consistent with prior literature which links the level of voluntary corporate disclosures with the size of companies indicating that larger companies are more likely to make voluntary corporate disclosures than small and medium sized companies (Adams et al., 1995). Furthermore, as this sample consist of the largest Saudis companies, it is expected that they are more liable to any change in voluntary disclosure practice in Saudi Arabia. The companies chosen for the study would be the most useful in capturing the data for several reasons identified by Gray et al, (1995): First, larger companies are more likely to demonstrate examples of voluntary corporate disclosure than an equivalent sample of medium or small companies; in terms of tracking trends, this sample is recommended to identifying innovations and capturing more voluntary disclosure practices. Second, a sample of the largest companies will be more comparable – on size at least – with a majority of other studies which sample from the largest companies. Finally, obtaining the annual reports from the larger companies proves to be much more reliable than for other samples.

An important decision was whether to include or exclude the company Saudi Aramco in the study. The decision made was to exclude Saudi Aramco on the grounds that it is greatly dissimilar to other companies in the Kingdom and, therefore, comparisons to the other companies in the

sample might not be meaningful. First, although a small percentage of its shares being sold at an Initial Public Offering in 2016 Saudi Aramco remains primarily state-owned. This is not the case for the sample companies who are not state-owned. Second, in respect of size, it is one of the largest companies in the world and significantly larger than all other companies in Saudi Arabia, with a market value of over \$2 trillion and more than ten subsidiaries worldwide (Reed, 2019). Third, the state derives a significant proportion of its wealth from Saudi Aramco. Whilst it was considered more appropriate to exclude the company for this study, it is possible future comparative studies of eco-justice disclosures in Saudi companies may decide it is useful to incorporate Saudi Aramco.

4.4.1.3 Process of analysis

The purpose of employing content analysis method in this thesis, is to answer the research questions of the thesis RQ1. Who are the primary stakeholders the companies are being accountable to? RQ2. What contextual factors are motivating the companies to prioritise these stakeholders? RQ3. Are the eco-justice disclosures operating as a legitimating device for the companies? The researcher first used content analysis to initially identify all the eco-justice disclosures contained within the 198 annual reports. The eco-justice disclosure sentences were then coded to one of the eleven disclosure categories as set out in table 4.1. To facilitate the content analysis, the disclosures within the annual reports were assessed in light of the decision rules created by the researcher (Gray et al., 1995; Appendix 1). The sample of 198 annual reports were examined three times to confirm that the recording procedure was thorough and that the coding of the annual report sentences was as accurate as possible. In the second and third rounds of examining the annual reports, differences, missing information, and errors were identified and corrected. The number of amendments that needed to be made in the second and third rounds were small.

Each eco-justice disclosure sentence identified through the content analysis was recorded on an Excel working sheet. For each sentence the Excel working sheet recorded the company, the annual report year and page number, and the disclosure category.

This coding sheet enabled the researcher to calculate volumes of disclosure based on numbers of sentences. The volume of disclosure (numbers of sentences) was recorded both for each of the different 11 categories and for the sub-categories. The data this provided enabled the researcher to identify the categories where there were relatively high volumes of eco-justice disclosures (these are analysed in chapter 5) and the categories where there were relatively low volumes of eco-justice disclosures (these are analysed in chapter 6). This also enabled the researcher to

identify eco-justice disclosure patterns (for example, significant rises or falls in numbers of disclosures for the 11 categories over the period 2008-18 (these are also analysed in chapters 5 and 6).

The researcher then examined the eco-justice disclosures within each category and through close reading identified the primary stakeholders the companies were appearing to be accountable to and how the disclosures appeared to be operating as a legitimating device in respect of the stakeholders identified. (RQ1 and RQ3). Close reading is a method whereby the researcher examines text in a detailed and sustained manner. The purpose is to comprehend the meaning of the text by being alert to the wording of sentences and phrases (Howe, 2009). As well as being alert to phrases or nuances in the sentences which might assist in revealing stakeholder accountability and legitimacy, the close reading approach also enabled the researcher to identify the contextual factors motivating the companies to prioritise these stakeholders (RQ2).

Close reading of the eco-justice sentences, therefore, facilitated the researcher in carefully analysing the disclosures in detail and in interpreting their significance. If the analysis were to rely solely on content analysis and close reading of the eco-justice disclosures to answer the research questions, then there is an inherent risk that the interpretations of the researcher is inaccurate. As a result, semi-structured interviews are also used in this thesis to assist in avoiding the risk of capturing an incomplete picture of disclosure practices in respect of eco-justice issues. The second research method used in this thesis is discussed in the next sub-section.

4.4.2 Semi-structured interviews

Interviews are a research method which allows researchers to understand social phenomena from the individual's point of view. Such a method concentrates on understanding an interviewees' own experiences by collecting in-depth data to develop stories and accounts. Through such a method as interviews, the interviewer can capture the meaning and interpretation of such phenomena related to the interviewees' world (Kavle, 1996 cited in Easterby-Smith, Golden-Biddle and Locke, 2008).

Interviews are designed to provide answers to the who/m and why questions. As a result, in this study interview data allows the researcher to have a more direct understanding of the Saudi managers' motivations when they make decisions and choices regarding eco-justice disclosures. Importantly, it also enables the researcher to judge whether the interview data collected supports or contradicts the findings derived from content analysis and close reading of the eco-justice disclosures. Thus, the interviews with managers are used to augment the analysis of the disclosures by answering the questions 'why' Saudi companies do (or do not) report on eco-justice

issues and to ‘who’ Saudi companies appear to be most accountable to in terms of eco-justice disclosures.

Interviews have been used in social and environmental accounting studies and Gray (2002) calls for more engagement-based studies. Different types of interviews include structured, semi-structured and unstructured/open-ended interviews. Structured interviews with predetermined questions are generally used in quantitative studies such as large-scale surveys. Unstructured interviews, however, allow interviewees to talk without structure and tend to be used for ethnography purposes (Easterby-Smith, et al., 2008). Semi-structured interviews lie in between the structured and unstructured interviews, in which they offer some flexibility, for example, changing the ordering of questions, modifying existing questions, and taking the opportunity for addressing new questions not earlier thought of (Bryman and Bill, 2011). Unstructured interviews and semi-structured interviews are two type of interviews that are widely used when conducting qualitative research (Bell, Bryman and Harley, 2018). As the thesis is adopting a qualitative research approach and the purpose of the thesis does not involve ethnographic research, semi-structured interviews were chosen to be employed.

This choice was made because of the objective of this thesis being to examine the managerial motivations for eco-justice disclosure in Saudi companies’ annual reports. In order to pursue this objective, semi-structured interviews were chosen to collect data from relevant managers involved in making decisions regarding corporate disclosures in the selected 18 companies. The following sub-section explains the process of conducting the semi-structured interviews and discusses the sampling decision, contacting interviewees, data collection, interview questions, interview profile and data analysis.

4.4.2.1 Sampling decision

In order to obtain an in-depth knowledge of the managerial motivations behind (non)disclosure of eco-justice issues in Saudi companies, the researcher wished to interview managers in the 18 sampled companies who make decisions about corporate disclosure. The objective for selecting these as interviewees was to build further knowledge on the findings from the content analysis and close reading of the eco-justice disclosures. It was considered that the interviews might assist in better understanding the disclosure choices or reveal hidden motivations for the disclosures of eco-justice issues within the company annual reports.

Those who make the disclosure decisions might include managers working in the 18 companies in roles related to public relations, governance, sustainability and marketing. These

managers might hold responsibilities for reporting non-financial information in their annual reports and for selecting topics for inclusion (or exclusion).

Whilst interviews can enable the researcher to have a more direct understanding of the Saudi managers' motivations when they make decisions and choices regarding eco-justice disclosures the following can also be noted. Firstly, the population of potential interviewees might seem limited, and then the number of interviews may not be sufficient to provide a representative sample. Thus, the data generated from interviews may not be sufficiently robust. Secondly, gaining access to key decision-makers is not an easy task to accomplish as they have busy schedules. To avoid such risks, this thesis also adopted content analysis and close reading of the eco-justice disclosures of 198 annual reports for the eleven-year period in addition to conducting interviews in order to cover any potential shortfall in the interview findings. Therefore, conducting interviews with key decision makers enables the researcher to ascertain, support and supplement the content analysis data, and, thus, increase the reliability and validity of the conclusions. Furthermore, to avoid risk of not gaining access to relevant decision makers the researcher made successful initial informal contacts with key decision-makers from various industries, particularly, banks, telecommunication, agriculture and food industries, where formal contacts with key decision makers have been conducted after obtaining all the necessary ethical approvals.

4.4.2.2 Contacting the interviewees

A personal contact approach was employed to enlist decision makers from the 18 sample companies in the interviews. The decision makers were identified by the researcher and first contacted through email. The email outlined the aims of the research and the objectives of conducting the interviews. Each potential interviewee was given time to consider whether to engage with the research and, if necessary, request clarification. 30 emails were sent and nine favourable responses were received. The researcher contacted the nine potential interviewees by telephone in July 2019 to establish contact and to ask for assistance in enlisting further interviewees. This resulted in a further ten interviewees being recruited. Consequently, a total of 19 interviews were finalised and conducted (see table 4.4).

Table 4.4 Number of selected interviewees, positions and industries

Series	Interviewee role	Number of interviewees
1	Sustainability Management	3
2	Management of Public Relations	4
3	Manager of Governance and Sustainability	1
4	Marketing manager	1
5	Manager in Administration of supporting and services	1
6	Product Management	2
7	Manager of Public Relations	1
8	Marketing manager	1
9	Management of Public Relations	1
10	Management of Public Relations	2
11	Management of Public Relations	1
12	Marketing and Public relations manager	1
Total		19

4.4.2.3 Interview procedures

All interviews in the research were conducted on a one-to one basis and face-to-face. Therefore, travelling to Saudi Arabia was required to conduct the interviews with key decision makers. Telephone interviews were not required as all interviews were held face-to-face but are an alternative and useful in some situations which are discussed in section 4.6.

The interviews were conducted in October and November 2019. The researcher described the nature of the research and asked each interviewee to read Participant Information Sheet before starting the interviews (see appendix 2). In addition, the interviewees were asked to date and sign a consent form which included the permission to audio record the interview (see appendix 3). Verbal consent to audio-record the interview was also sought prior to starting the recording. Finally, all participants were reassured of their anonymity and confidentiality as mentioned in the information sheet and it was stated that any personal identities including the interviewees' names would not be revealed. The nineteen interviews lasted between 40 and 75 minutes.

After outlining the research, the researcher began the interview by asking each interviewee opening questions such as, describing their role and the main tasks and responsibilities they had/have in preparing the corporate annual report. This technique resulted in a more comfortable atmosphere during the interview, as well as developing rapport and trust between the interviewer and the interviewee. In the course of the interview, it was important for the researcher to stay impartial and not introduce any personal interpretation or point of view into the debate. When responses needed to be clarified or expanded, or if the interviewee's comments revealed

previously unknown facts, follow-on questions could be asked by the interviewer. The interview subject guide was used as a check list to verify that all topics were covered throughout the interview. In addition, written notes were taken during the course of recorded interviews, so as to identify interesting points, which the researcher used to analyse the transcripts at a later stage.

Interviews were held at locations for the convenience of the interviewees. Of the 19 interviewees, 18 were interviewed at their workplace in Saudi Arabia, while the remaining one interviewee was interviewed, at their request, in a quiet coffee shop in London. The interview method provided adequate flexibility and enabled the study of extra information derived from the interview transcripts. The fact that the majority of interviews lasted between 40 and 75 minutes demonstrates the success of the interview technique used. The interviews were transcribed by a reliable transcription service used by numerous academics in Saudi Arabia, as the interviews were conducted in Arabic language. The researcher is a Saudi national and Arabic is their first language. Consequently, the researcher was able to check the transcripts were accurate. All transcriptions, recordings and related materials were securely stored on University of York servers with access limited to the researcher only.

4.4.2.4 Data analysis

After reviewing the annual report eco-justice disclosures, sets of questions for the decision makers interviewed were identified in order to gain greater understanding of the motivations lying behind the disclosures of eco-justice issues in their company's annual reports.

No qualitative analysis software (for example Nvivo) was used for analysing the transcript data gathered from the interviews. This decision was made on the grounds that qualitative analysis software cannot do critical thinking and cannot formulate conclusions; thus, the researcher will need to interpret the data (O'Dwyer, 2004). Instead, the researcher followed Rapley's (2011) framework analysis approach in analysing the data. The researcher read and reread transcripts multiple times to familiarise themselves with the data and referred back to the notes taken during the interviews. While the researcher assumed the honesty and sincerity of the interviewees' sense-making and perceptions, the researcher tried to discover any hidden meanings that may be concealed between the lines.

The interview codes developed a priori from the two theories employed in this thesis, stakeholder and legitimacy theories (theory-driven). Therefore, this typically requires the researcher to constantly revisit the theories to develop the theory-driven codes. Then, the researcher applied codes to the raw data to examine how the data supports or contradicts the theories that is guiding the research. For the first empirical chapter (chapter 5) the interview data

gathered was searched for the primary stakeholders relevant to the Community and Training and Education disclosures and identified whether the Community and Training and Education disclosures appear to be functioning as a legitimating device with the companies seeking to ensure their behaviours are appropriate to these stakeholders. Therefore, the transcripts were read several times and all statements belonging to the Community and Training and Education disclosures carefully examined.

For the second empirical chapter (chapter 6) the interview data was searched for further stakeholders relevant to the remaining nine disclosure categories. Thus, all interviews were read and reread to identify any primary stakeholders relating to each of the eco-justice disclosure categories. This approach turned up a number of sub-themes for each of the nine disclosure categories in chapter 6.

Finally, the interviews conducted with the managers have been drawn on to augment the content analysis and close reading of the eco-justice disclosures.

4.4.3 Limitations of the research design

Each research method has limitations that can have an effect on the research findings. As a result, this section outlines certain limitations that may emerge while performing content analysis and close reading, and interviews.

4.4.3.1 The limitations of content analysis

The first problem to note is the data's objectivity. A clear definition is considered an important element of content analysis. This required the development of a clear definition of eco-justice and the related disclosure categories as well as the identification of a collection of sub-categories. These criteria allow researchers to distinguish between what is and is not an eco-justice disclosure, and what category and sub-category the sentence belongs to. Although impartiality is required in content analysis, judgments made throughout the coding process are inevitably subjective.

The second issue is linked to the data source for content analysis, which is the annual reports from Saudi Arabian companies. As annual reports are created by organisations it is conceivable that the material contained in annual reports is subjective in order to communicate a message or influence an individual's point of view. Documentary sources, according to Atkinson and Coffey (2011), are not transparent representations of organisational decision-making processes or practises. Such a limitation, however, cannot be ignored, and the researcher must account for it during the analysis process. Finally, it is difficult to determine the answers to the questions 'why' by content analysis (Bryman, 2008). As a result, researchers conducting content analysis have

had to perform supplementary data collecting procedures, such as interviews, to discover answers to ‘why’ questions.

The close reading method also has limitations. In particular, close reading is an interpretive approach to analysing the eco-justice disclosures. Interpreting the disclosures is, therefore, prone to subjectivity no matter how many times the text is read or in how much detail.

4.4.3.2 The limitations of interviews

Despite the importance of qualitative research, which provides a rich and diverse body of knowledge through the use of interviews (Cavana et al, 2001), this method has certain limitations. First, in the interviews the participants are encouraged to have discussions and provide information which allows them to express themselves in their native language and provide more thorough responses (Eriksson and Kovalainen, 2015; Bryman and Bill, 2011). The researcher is conscious that personal bias might alter their perceptions and interpretation of events throughout the study (Bryman and Bill, 2011). In addition, participants may provide indirect information filtered through the views of participants. For example, the executives and managers of the Saudi companies may express their point of view to protect their reputation, as well as they may be less than candid in their opinions or may have expressed views which are perceived as socially desirable (Saunders et al, 2012). However, during the analysis process, the researcher will compare those interview findings with content analysis and close reading results and consider any contradictory findings in order to provide as true a picture of the disclosure practises of eco-justice issues in Saudi companies as possible. Second, the participants reply to the interview questions in a language other than English (i.e., Arabic), and these responses are translated into English. As there are variations between the two languages, particularly in terms of word meaning, this causes a restriction and may lead some information to be misinterpreted (Bryman and Bell, 2007). To eliminate this difference, the researcher evaluates and edits the translated quote to avoid any possible misinterpretation. Third, the sample size when conducting interviews is usually small (of necessity) and this makes it difficult to obtain a wider opinion (Hair et al., 2007). However, the researcher is conducting interviews to support and complement the results from the analysis of the 198 annual reports and, therefore, the interviews are not the sole information source for the study.

4.5 Reliability and validity of the research design

There are continuing debates about the difficulty of evaluating the validity and reliability of qualitative research. Guba and Lincoln, (1994) provide two key criteria for assessing a qualitative study that the researcher must adopt to solve this issue: reliability and validity.

Four criteria should be considered by the researcher to ensure the reliability of the research. The first criteria is the credibility of the findings, which ensures that the researcher followed good practise in conducting this thesis and submitted findings to participants for confirmation and acceptance (Bell et al., 2018). The second criteria is transferability, which refers to the ability of findings to be “generalized or transferred to other contexts or settings” (Trochim and Donnelly, 2007, p149). Although the results in this thesis appear to be contextually unique as the study is Saudi-based, this does not necessarily imply that they cannot be applied to other research contexts; the method of interviewing participants and analysing data may be followed and replicated by other researchers. The third is confirmability, which refers to the research findings can be “confirmed or correlated by others” (Trochim and Donnelly, 2007, p. 149). For a qualitative researcher, it would be difficult to perform interviews with two researchers in the same way. As a result, the researcher was able to overcome this issue by “act[ing] in good faith ... [and] has not allowed personal values or theoretical inclinations to sway the conduct of the thesis and findings deriving from it” (Bryman and Bell, 2007, p. 414, emphasis added). Finally, there is dependability which provides an accurate record of the whole study process (Bryman and Bell, 2007). For subsequent researchers to follow and duplicate the study, the researcher preserved a comprehensive and complete record of the procedure, including the selection of respondents, interview questions (see appendix 4), and data analysis.

Validity, on the other hand, entails specific processes to verify the accuracy of the findings. To verify the validity of the research, the researcher used a triangulation approach, which refers to the “combination of methodologies in the study of the same phenomenon” (Denzin, 1978, p.291). Mathison (1988, p. 13, emphasis added) further argues that:

Triangulation has arisen as an important methodological issue in naturalistic and qualitative approaches to evaluation [which] have demanded attention to controlling bias and establishing valid propositions because traditional scientific techniques are incompatible with these alternate epistemologies.

As a result, this thesis is aligned with the prior literature in utilising a combination of methodologies, such as content analysis combined with close reading and semi-structured interviews, to increase the validity of this research.

4.6 Ethical risks and ethical approval

The researcher must always consider all ethical issues when undertaking research projects. Thus, it is important to adhere to ethical norms in research in order to avoid fabricating, falsifying, or misrepresenting research data, while also promoting truth and minimising error. In addition, ethical norms help to ensure that researchers can be held accountable to the public and ensure that research project “do no harm”. Given the importance of ethics for undertaking any research project, many government agencies and universities have adopted specific codes, and policies relating to research ethics. As the researcher is a PhD researcher within the York Management School ethics approval was sought, and given, from the Economics, Law, Management, Politics and Sociology Ethics Committee (ELMPS) which is a sub-committee of the University Ethics Committee (see appendix 5).

In addition, ethical issues may arise during data collection, in particular in this study during the fieldwork in Saudi Arabia. The researcher must be aware of the social norms of the country in conducting interviews with key decision makers. As the researcher is a female researcher, conducting interviews in face-to-face situation with male managers in Saudi Arabia is potentially a challenge. This is because communication between a female researcher and male interview participants is in some situation inadmissible due to the conservative nature of Saudi society. In order to act within the country’s social norms and minimise the ethical issues, the researcher may need to bring a dependent male relative during company visits to conduct interviews. Also, a telephone interview is an alternative option to conduct interviews with a male key decision maker if it is preferred by the participant. Despite the challenges that may face a female researcher in Saudi Arabia many female researchers have been successfully conducting interviews in Saudi Arabia with male participants in a face to face situation without needing for a male relative (see for example, Ebnmhana, 2018; Alsalloom, 2015; Alomar, 2014) and this was the case in this study.

Moreover, the researcher must ensure that the anonymity is preserved for the participants by assigning code names and numbers to each interviewee in all documents that are not solely privy to the researcher. Further, the researcher will offer a copy of the research results for each participant in order to minimise deception and misuse of data.

Finally, in terms of data management, the research data will be managed, stored and shared according to The Data Protection Act (2018) in which the data is inaccessible to any third party. All transcriptions, recordings and related materials will be securely stored in University of York servers with access limited to the researcher only. Also, any device outside university premises that held these files will be encrypted.

4.7 Conclusion

This chapter provides a discussion of the research designs and methods that are appropriate for this thesis. In relation to the Burrell and Morgan paradigms, the philosophy of this research follows a predominantly interpretivist stance. Content analysis together close reading of the eco-justice disclosures and semi-structured interviews is adopted in this thesis. The thesis has employed a triangulation technique, a “combination of methodologies in the study of the same phenomenon” (Denzin, 1978, p.291) to ensure research validity and reliability. Each method covers method selection and a detailed description of how each method is shown a detailed description and process, as well as the limitations involved in using these methods.

Given the importance of methodology in any scientific study, this chapter is designed to serve as a bridge between the prior conceptual and the following empirical chapters. The next chapter is the first of the two empirical chapters in this thesis and investigates and analyses the eco-justice disclosures of the sample Saudi companies from 2008-2018.

Chapter 5: Eco-justice disclosures – findings and analysis (1)

5.1 Introduction

This, and the subsequent, chapter analyse the eco-justice disclosures of the sample Saudi companies. The two chapters address the three research questions of the thesis. *RQ1. Who are the primary stakeholders the companies are being accountable to? RQ2. What contextual factors are motivating the companies to prioritise these stakeholders? RQ3. Are the eco-justice disclosures operating as a legitimating device for the companies?* Thus, this and the next chapter have two objectives. The first objective is to identify the primary stakeholders to whom the companies appear to be seeking to be most accountable and to determine the contextual factors motivating the companies to prioritise these stakeholders. Thus, the analysis is looking to determine which stakeholders the companies are prioritising and why they are making concerted efforts to meet the needs and expectations of these stakeholders. The second objective is to explain the disclosures by reference to legitimacy theory. In respect of this objective, legitimacy theory is being used to explain how the disclosures reveal that the companies' actions can be construed as "desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman, 1995, p. 574) by reference to the primary stakeholders. It is important to note that in Chapter 2, eco-justice and sustainable development are related concepts that address both social justice and environmental issues. However, it is claimed that the notions of sustainable development and eco-justice are not entirely interchangeable, and that, more crucially, eco-justice is a larger concept that is particularly suited to this study. As a result, for a number of reasons discussed in chapter 2, eco-justice disclosure varies from social and environmental disclosure.

To achieve these objectives this chapter initially compares the numbers of eco-justice disclosures in each of the 11 disclosure categories over total the 11-year period. This comparison, in section 5.2, reveals the two disclosure categories which dominate in respect of numbers of disclosures are the Community and Training and Education categories and these two categories account for 47.1% of all the eco-justice disclosures.

The remaining sections in this chapter focus on analysing the Community and Training and Education disclosures, whilst the disclosures within the other nine categories are examined in the

next chapter. Therefore, in this chapter the primary stakeholders the companies appear to be most accountable to in respect of the Community and Education and Training disclosures are identified, the motivating contextual factors are ascertained and the disclosures in these two categories are then analysed by reference to legitimacy theory.

This chapter is examining the two disclosure categories with relatively high numbers of disclosures. In contrast, the nine disclosure categories examined in chapter 6 are those categories with relatively low numbers of disclosures and this enables the researcher to build further on this chapter in answering the research questions and achieving the objectives set out above. Thus, Chapter 6 further considers stakeholders, motivating factors, and legitimacy for the nine disclosure categories.

The remainder of this chapter is structured as follows in respect of its examination of the Community and Training and Education disclosures. Section 5.3 first analyses the Community and then section 5.4 analyses the Training and Education disclosures. The analysis is conducted on an overall basis in that it does not consider how the disclosures unfold in each of the two categories on a year-by-year basis over the period under investigation (2008-2018). A year-by-year analysis is then conducted for the Community and Training and Education disclosures in sections 5.5 and 5.6 respectively.

In respect of the analysis of the disclosures within the Community category in section 5.3 it is argued that the companies are prioritising two stakeholders. First, the companies appear to be disclosing community-related information to demonstrate their accountability to the Islamic religion and, second, they also appear to be disclosing community-related information to demonstrate their accountability to the Saudi government. In summary, in section 5.3 the contention is that the companies demonstrate their accountability to Islam through the disclosure of significant proportions of Community-related information which is in adherence to one of the fundamental principles of Islam. Second, they also appear to be disclosing Community-related information to demonstrate their accountability to the Saudi government. The analysis of the disclosures within the Training and Education category in section 5.4 likewise suggests the companies are disclosing this category of information to demonstrate they are accountable to the Saudi government but there is no display of accountability to Islam and the reason for this is explained in section 5.4.

Sections 5.5 and 5.6 build on the analyses in section 5.3 and 5.4 by examining the disclosures in each of the two categories on a year-by-year basis over the period under investigation. The

examination of the Community and Training and Education disclosures on a year-by-year basis confirms that the two primary stakeholders are Islamic religion and the Saudi government.

The analyses in sections 5.3, 5.4, 5.5 and 5.6 take into account changes in the social, economic and political context in Saudi Arabia over the eleven-year period and are complemented by the inclusion of discussions of the disclosures by reference to legitimacy theory. Thus, explanations are provided as to how the disclosures reveal the companies are seeking to ensure the identified stakeholders perceive their actions as appropriate and that they are acting within important societal boundaries.

It has often been noted in prior CSR-related disclosure research which draws on stakeholder theory and/or legitimacy theory that it is difficult to verify whether the motivations of company managers have been correctly identified when conducting the disclosure analysis. Hence, in this research project interviews were undertaken with company managers. As explained in the research methodology chapter, this interview data enables the researcher to understand the motivations of the managers more directly and, consequently, to assess whether the interviews corroborate or contradict the disclosure analysis. Therefore, in this chapter and the next chapter, the interviews conducted with managers are drawn on to augment the analysis of the disclosures. In this chapter the interview responses of the managers relevant to the Community and Training and Education disclosures are set out in section 5.7.

The two principal conclusions drawn in the chapter (section 5.8) are as follows. First, the analysis in this chapter suggests there are two primary stakeholders which the companies are seeking to be most accountable to and these are Islamic religion and the Saudi government. Second, that the eco-justice disclosures do appear to be functioning as a legitimating device with the companies seeking to ensure their behaviours are appropriate to these stakeholders.

5.2 Summary comparison of the eco-justice disclosures by disclosure category

This section offers a summary analysis of eco-justice disclosures across the 11 disclosure categories over the eleven-year period. In this section, the analysis identifies the categories with the highest number of disclosures and those categories with minimal disclosures. Thus, this section provides a foundational analysis for prior to considering who the companies, in the Saudi context, may consider to be the primary stakeholders and how the companies legitimate their actions through their company disclosures.

5.2.1 Overall findings

This sub-section sets out the overall results of the content analysis identifying the eco-justice disclosures across the 11 disclosure categories for the 18 companies for the eleven-year period 2008-2018.

Table 5.1 Eco-justice disclosures for sample companies

Eco-justice category	Percentage of Disclosure Sentences	Number of Disclosure Sentences
Community	28.1%	1544
Training and Education	16.9%	930
General	9.8%	538
Health and safety	9.0%	497
Environment	10.2%	561
Diversity	7.8%	432
Equal opportunity	6.9%	382
Sustainability	5.8%	319
Employment	3.8%	212
Corruption	1.0%	59
Discrimination	0.2%	12
Total		5,485

Following an evaluation of the quality and quantity of eco-justice disclosure and analysis a total of 5,485 eco-justice disclosure sentences were identified and table 5.1 provides a summary of the number of sentences disclosed in each category within the sample of 198 annual reports. The first observation that can be made is that as the total number of eco-justice disclosures across all categories is 5,485 sentences, this evidences that the sample, which comprises large Saudi companies, are reporting publicly on eco-justice issues within their annual reports. The second initial observation is, it is apparent from table 5.1 that the number of eco-justice sentences disclosed for the period 2008-2018 varies considerably across the 11 categories of eco-justice. The highest number of disclosures are within the Community category (1,544 sentences equating to 28.1 % of the total number of disclosures) and the lowest number of disclosures are within the Discrimination category (12 sentences equating to 0.2% of the total number of disclosures).

5.2.2 Comparison of the disclosures across the eco-justice disclosure categories

Table 6.1 shows the two categories exhibiting the greatest numbers of disclosures are Community and Training and Education. These two categories account for 28.1% and 16.9% of disclosures, respectively; therefore, in total the two categories account for 45% of all the eco-justice disclosures. In comparison the two categories where there are minimal numbers of

disclosures are Discrimination and Corruption, and they account for 0.2% and 1.0% of disclosures, respectively.

Additionally, table 5.1 also shows that the companies are providing disclosures in the remaining nine categories, which range from 9.8% (General category) to 3.8% (Employment category). In total, these nine categories (General, Health and Safety, Environment, Diversity, Equal opportunities, Sustainability, and Employment) comprise 53.3% of the total disclosures.

Whilst the overall number of disclosures for the nine categories are not insignificant, the next two sections focus on analysing the two categories with the highest numbers of disclosures: Community and Training and Education. It is, of course, equally important to analyse the patterns of disclosures in the other categories, including, why there are minimal disclosures in certain categories, and this analysis is provided in the next chapter.

More specifically, the next two sections 5.3 and 5.4 examine respectively the disclosures within the Community and Training and Education categories. By examining the sub-categories for these disclosures, it is argued two significant stakeholders can be identified as motivating the disclosures. First, Islamic religion is considered as primary stakeholder for the Community disclosures. Second, accountability in respect of government policies and agendas is also identified as important in respect of both Community and Training and Education disclosures and, therefore, the Saudi government is also identified as a primary stakeholder. Sections 5.5 and 5.6 then build on the analysis in sections 5.3 and 5.4 to further analyse the Community and Training and Education disclosures by considering changes in the social, economic and political context in Saudi Arabia over the eleven-year period. This further analysis confirms that in the Saudi Arabian context the Islamic religion and the Saudi government are two significant stakeholders.

5.3 Analysis of Community eco-justice disclosures

This section focuses on an analysis of the category with the highest numbers of eco-justice disclosures for the eleven years 2008-2018. The results obtained from the preliminary analysis of eco-justice disclosures, previously discussed in 5.2.2, have shown that the highest number of disclosures are within the Community category. Accordingly, this section offers an analysis of the Community disclosures and taking into account the Saudi context.

5.3.1 Community disclosures: overall analysis

This sub-section examines the Community disclosures, the highest disclosure category. Following content analysis with a close reading technique in evaluating the quality and quantity

of eco-justice disclosure, table 5.2 below shows the number of sentences disclosed in each Community sub-category in the sample of 198 annual reports.

Table 5.2 Community disclosures for sample companies

Community Sub-category	Percentage of Disclosure Sentences	Number of Disclosure Sentences
Any reference to community and/or social involvement	62 %	958
Employees' involvement	4.5 %	70
Schools, arts, sport, sponsorship	13.7 %	212
Providing job/support for local people	19.1 %	295
Significant and potential negative impacts	0.5 %	9
Total		1544

As table 5.2 shows, the sub-categories with the greatest numbers of disclosures are references to community and/or social involvement (62%), providing job/support for local people (19.1%), and schools, arts, sport and sponsorship activities (13.7%). These three sub-categories account for 98.5% of all Community category disclosures. In comparison, table 5.2 clearly shows the companies are providing minimal numbers of disclosures related to employees' involvement in community activities (4.5%), and any significant or potential negative impacts of operations on community (0.5%).

5.3.2 Community disclosures: Islamic religion as a stakeholder and accountability to Islam

In Saudi Arabia, the Islamic religion is a major spiritual and social power affecting the lives of its people (Sidani, 2005). Islam originated in the Kingdom and the identity of the Kingdom is inextricably connected with Islam. Two of Islam's three Holy Mosques are located in the country and, hence, Saudi Arabia is of fundamental importance to Islamic thought and practice in the region and a central reference point for the conservative implementation of Islamic Sharia. Thus, the role Islamic religion has within Saudi Arabia is of immense significance and it impacts all aspects of Saudi life including business practices and decisions.

This section makes the argument that the Islamic religion should be considered as a macro social force in the context of Saudi Arabian society (Buren, et al., 2020). Consequently, Islamic religion is identified an important stakeholder for managers of Saudi businesses as the Islamic faith and worship of God is central to their lives and they wish to ensure their behaviours adhere to the principles of Islam.

The idea of Islamic religion as a stakeholder may appear unusual, but is not completely novel; further, it is consistent with the stakeholder definition proposed by Phillips (1997, 2000) which states that stakeholders are those to whom the company has a moral obligation and a legitimate relationship, regardless of whether the stakeholder is of human or non-human origin.

This section shows to what extent and in which ways religion (i.e., Islam) affect the eco-justice disclosure practices of Saudi companies. In the Saudi context, the Islamic religion has been seen as a macrosocial force and a fundamental source of moral norms and beliefs that social institutions such as companies wish to adhere to in order to be accountable to ‘Allah’ (Buren, et al., 2020). Thus, in this section it is argued the companies appear to be disclosing Community-related information to demonstrate their adherence to principles of Islam.

5.3.2.1 Community disclosures: the concept of community in Islam

Social justice is viewed an essential part of Islam. The Sharia interpretation concentrates on Islam’s role in creating social justice with the community's collective obligation being to provide all people with the basic needs of life while also reducing gross inequities in income and wealth (Kamla and Rammal, 2013). Islam also argues for the creation of acceptable living circumstances for those in society who are less fortunate and the prevention of the accumulation of wealth in a few hands. Hence, it advocates for measures to be taken to eliminate the divide in society between the advantaged and the less advantaged (Yamani, 2002; Noor, 1998). Therefore, the concept of community is of great significance within Islam. Fundamental to Islam is the idea that all Muslims are connected to one another. This bonds Muslims into a single, global community which is denoted by the term Ummah. The term Ummah can be viewed as representing a collective identity and is derived from the notion of Muslims being united under one religious faith and set of religious beliefs. Thus, Islam gives prominence to community and promotes solidarity of Muslims. This includes calls for promoting the necessity of living together in unity with a spirit of cooperation to preserve the Islamic community and its identity. The proposal that adherence to Islamic religion principles, potentially motivating the Community disclosures is supported by the observation that many of the disclosures in this category make some reference to religion when discussing community. This is evidenced through the companies providing Community disclosures which discuss their moral commitment to the Islamic religion. For example, the following disclosure substantiates those religious values appear to be a major source of inspiration for the company in its discussions of its support for local community involvement:

[The company] **always adheres to religious and ethical values and pays special attention to social, humanitarian and advocacy activities** at the local level besides its economic and developmental role and as such, [The company] has earmarked a special provision in its budget for social and scientific activities, awareness raising and general development projects. (BH annual report, 2009, p. 29, emphasis added)

5.3.2.2 Community disclosures: collectivism and serving the community in Islam

From a sociological perspective, the concept of Ummah, or Islamic unity, conforms with the idea of collectivism. Collectivism means giving the group priority over the individual; thus, the pursuit of common interests and goals has precedence over individual interests (Hui and Triandis, 1986). The concept of collectivism plays a central role in Muslim societies; in which the focus in Saudi and other Muslim societies is upon the collective community rather than the individual. Within Saudi society, the concept of collectivism plays a central role in each individual's identity. This is manifest not only in worship being understood as a community activity, but in respect of a strong long-term commitment to family, extended family, and extended relationships. According to Triandis, (1994) people in Saudi Arabia live in a collective community which fosters strong relationships and where everyone takes responsibility for fellow members of their group. This means Saudi social rules primarily focus on putting community needs ahead of individual needs. This idea includes the notion of serving the community and this is clearly stated in the following annual report disclosure:

As we continue to implement such an approach which is based on mutual understanding, confidence, and cooperation, we have assumed **full responsibility towards all levels and classes of community** as an expression of **being an effective member of the community. Our support to the community** has been based on two fundamental attitudes, namely **serving the community as a whole** and serving the specific internal community of the Company (SE annual report, 2009, p.68, emphasis added)

5.3.2.3 Community disclosures: community and charitable work in Islam

The importance of being united in Islam which extends to obligations being placed on Muslims to actively serve the community is such that it requires Muslims to make a positive change in society so that life is improved for the better. Therefore, serving the community in practical ways is essential in Islam obliging Muslims to act to have impact on the life of individuals in particular and on the Islamic Ummah in general. The Islamic religion, by virtue of

this emphasis on philanthropy and humanitarian services is, therefore, a major source of inspiration for companies and individuals, and is represented by the charitable endowments that Muslims make to help support less advantaged people in the local community. Thus, Wagemakers et al., (2012) explains charitable organisations are of great significance in the context of Saudi Arabia “form(ing) the largest part of Saudi civil society (with) (c)haritable work ... seen as one of the foundations of Islam. Commonality and solidarity, as part of the culture of the people, are the other origins of charity work. Charitable work has grown to such an extent that it contributes to the well-being of society as a whole.” (Wagemakers et al. 2012, p. 44).

According to Islam, an individual’s participation in community and humanitarian services results in a great reward and closeness to God, and this is an underpinning motivation for Muslim people to do what is best for the welfare of the society. From the perspective of legitimacy theory, this provides a clear motivation for both individuals and entities, including businesses, to actively participate in community welfare; this is because doing so clearly signals that they are operating within the boundaries of the strongly Islamic Saudi society and, hence, appearing respectful in the eyes of its stakeholders. (Farmaki and Farmakis, 2018; Suchman, 1995). In Saudi the forms of community welfare which are very strongly encouraged through the Islamic religion are the giving of charitable contributions to faith and nonfaith-based charities, and especially charities which focus on caring for orphans and people with special needs and supporting schools and community health centres. This is evidenced in a number of annual reports in which the companies disclose their charitable contributions as a part of their community welfare, with an example of this type of disclosure given below:

Launching the (Our Responsibility Continue) program **to activate community partnerships with charitable societies** and institutions through the event (Welcome in Your Neighbourhood), which is set up in a number of public parks in the various cities of the Kingdom with the opportunity for charitable organizations to present their charitable projects and initiatives to the public. (ST annual report, 2017, p.36, emphasis added)

Another example of a Community disclosure which is specifically includes reference to caring for orphans is:

... The company supervised the **training of a number of children of the Orphan Society** in Riyadh (Insan) to obtain an insurance diploma from the Banking Institute and then employ them after graduation. The company also carried out an internal **donation campaign for the Insan Association** and

another campaign to **donate to the Syrian people**.... as the company **runs the free haemodialysis program** for patients with kidney failure ... (TW annual report, 2012, p.3,4, emphasis added)

5.3.2.4 Community disclosures: community, charitable work and legitimacy in Islam

Because community and community support are held in such high regard in Islam, individuals are considered ‘good’ if they are caring for relatives, attentive to the needs of others in the community and have an involvement in contributing to the welfare of society. However, by contrast, failure to act in this manner will be perceived as individuals being a discredit to their community (Hui and Triandis, 1986). This discredit to the community is of a strong form and is associated with the notion of bringing ‘shame’ on any individuals unwilling to contribute to the community. This idea of shame is consistent with the principle of a legitimacy threat; namely, if a company fails to maintain societal approval their organisational legitimacy will be threatened. Thus, a further motivation for Saudi businesses to ensure they are seen, through their disclosures, to be contributing to the community is that this avoids any threat to their legitimacy as it avoids bringing feelings of shame upon the company.

Consequently, it can be argued the core reason why there are such high numbers of Community-related disclosures is that they are likely to be a function of the significance of ‘community’ within Islam. From the above discussions it can be observed that, in the Saudi context, participation in community welfare is an important aspect of doing worship for God and, hence, the Islamic religion is a major social force encouraging companies to actively engage in community activities or in giving to communities. It is very likely companies will also be concerned about gaining and maintaining the approval of the Muslim community, which constitutes the overwhelming majority of citizens within Saudi society, and appearing respectful in the eyes of God. As a result, Saudi companies can be expected to have a primary focus on disclosing their involvement in community development activities both to obtain the ultimate reward from God and, in addition, to gain approval of the Muslim community of which they are a part. The following example disclosure serves to illustrate this:

Our Community Management System (CMS) recognizes that **local community trust and approval are essential**... to build and sustain its reputation as a group that cares. We are determined **to ensure that the trust ... must be matched by the community-generated social license for us to operate**. (MD annual report, 2016, p. 89, emphasis added)

The examples above show that religion (i.e., Islam) influences Saudi companies' eco-justice disclosure practices in such a way that they offer extensive disclosure on the community category since it is highly valued within Islam. Therefore, companies seek to conform to Islamic values in their actions, including disclosure, in order to be accountable to 'Allah'. It is important to re-emphasise how important the concept of community is in Islam as this assists in explaining the significant number of Community disclosures. Ahmed's (1975) article examining *Ummah* explains how it is one of the key concepts in the Qur'an. In his detailed exposition of *Ummah* Ahmed (1975) sets out how the moral (sharia), as opposed to natural, laws were initially developed to ensure there was moral order and people were invited to "surrender themselves to the will of God (with) (t)he resultant moral order ... the foundation stone of the umma. The umma represents the original collectivity of the believers." (Ahmed, 1975, p. 28). Because the notion of ummah is so fundamental to the Islamic worldview it has important ramifications for ideas related to community as discussed above.

5.3.3 Community disclosures: the influence of government

Whilst Islam appears to be one key stakeholder in respect of the Community disclosures a further impetus motivating the disclosures is policies and reforms instituted by the government. Thus, the Saudi government can be viewed as a second key stakeholder whose interests the companies are focused on addressing. Community welfare has been a priority theme in many of the most important Saudi government national policies and development plans during the disclosure period examined in this thesis. These policies and plans include the government's National development plans, Saudi Vision 2030 and the Saudi Corporate Governance Code. Therefore, it is argued that a further reason for the high number of Community disclosures appears to be that companies are using the disclosures as a strategy designed to demonstrate they support and meet the expectations of, the Saudi government.

5.3.3.1 Community disclosures: the Saudi government's National development plans

The ongoing series of five-year National development plans was initiated by King Faisal in the mid-1970s. The overarching aim of the plans is to modernise the state without losing its leadership position as the heart of the Islamic world and to overcome the different obstacles and challenges facing Saudi society (Khorsheed, 2015). The plans have been established as a landmark initiative by the government for developing the Saudi economy and its society, growing GDP, improving human capital, diversifying national incomes, and reducing dependency on oil (Saudi Arabian Monetary Agency, 2011). The development plans are prepared by the Ministry of Planning based on two fundamental principles guiding national development (i) to preserve its

religious values in order to lend these plans religious validity, and (ii) the provision of national security to preserve economic and social stability. These principles remain constant within ongoing plans and are contained in each of the ten development plans (from 1970- 2019).

The development process can usefully be divided into three stages for the first nine development plans. The first stage covers the period between 1970 and 1985, comprising the First, Second and Third development plans. The primary focus in this stage is the provision of a base for future economic and social development through developing physical infrastructure, public services, and support for the private sector.

The second stage (1985-2005) comprises the Fourth, Fifth, Sixth, and Seventh development plans and is devised to develop human resources to support economic development. During this stage, Saudi Arabia witnessed a significant fall in its oil revenue due to the Gulf war. As a result, unemployment rose due to the country's diminished financial circumstances (Ali, 2009; Niblock and Malik, 2007; At-Twajiri et al, 1996). Therefore, the Saudi government has encouraged the private sector to participate in the development of human resources by reducing their reliance on foreign labour and developing a highly-skilled Saudi workforce (Niblock and Malik, 2007; At-Twajiri et al., 1996). Hence, this stage aims at increasing national employment (the so-called process of Saudisation).

Importantly, the third stage (2005-2014 up to the ninth plan), which comprises the Eighth and Ninth development plans, marks a new phase in a development process that has spanned more than three decades. During this stage, several significant events such as joining the World Trade Organisation (WTO), the financial crisis of 2007-8, and the events of the Arab Spring placed pressure on the Saudi government to continue the economic reforms and to accelerate the shift to a more market-oriented economy (Niblock and Malik, 2007). The Eighth Development Plan endeavours to address challenges and constraints by achieving previous objectives established in the prior two stages by enhancing the private sector's participation in social and human capital development. Therefore, in this plan the private sector is further encouraged to provide job opportunities to the national workforce and the Ninth development plan is devised to continue this developmental approach.

In respect of the Saudi National development plans, community development and community welfare are an important aspect and are particularly prominent within the Eighth and Ninth development plans. Providing employment opportunities for local people and improving standards of living are emphasised as essential to community development in the Saudi National development plans as this maintains social stability. The analysis of the disclosures has suggested

that the companies are wanting to explicitly demonstrate they are meeting the expectations in relation to the government initiatives related to community. As a result, companies have been found to make reference to activities they have engaged in with regards to community development programmes and government initiatives in relation to serving the society and improving standards of living.

The company illustrates **its role in the promotion and development of the community** in the Kingdom of Saudi Arabia so as to serve the Saudi society, [and] **achieve [ing] the national development plans...** (ST annual report, 2010, p. 13, emphasis added)

The above example disclosure illustrate that companies seek to ensure their actions are perceived as legitimate in respect of government expectations surrounding community welfare initiatives companies explain in their disclosures how they have expanded their community development activities from charitable contributions to include a wider range of community development programmes, as stated in the Saudi National development plans such as providing job opportunities for Saudi locals and support for social welfare programmes for Saudi citizens; demonstrating that the companies respond to the legitimate requirements of government's expectations with initiatives

5.3.3.2 Community disclosures: the government's Saudi Vision 2030 and the Saudi Corporate Governance Code

The enormity of the development needs in the Kingdom, and the realisation that the government cannot fulfil them on its own, has made the Saudi government aware of the necessity of private sector involvement not just in respect of the National Development plans. Additionally, the Saudi Corporate Governance Code and Saudi Vision 2030 have both emphasised the importance of the private sector's role in addressing core priority issues of the Kingdom, including participation in community development. While the Saudi government has stated it is seeking to accelerate social and economic development, many of the problems identified in the development plans have not yet been fully addressed. Failure to resolve these problems and the relative ineffectiveness of the development plans has been noted since their inception in 1970 through to King Abdullah's reign which ended in 2015. Consequently, in 2016, the Saudi government led by Crown prince Muhammad bin Salman established a new comprehensive planning strategy presented in his 'Vision 2030' designed to tackle issues unresolved by the previous development plans and to bring additional reforms. The Tenth development plan (2015-20) enacts the first phase of Saudi Vision 2030. Crown Prince Mohammad bin Salman announced Saudi Vision 2030

in 2016 as a strategic framework for reducing Saudi Arabia's reliance on oil and diversifying its economy.

Partnership with the private sector is seen as crucial to achieving the Vision 2030's goals. One of these goals is enhancing the quality of life and requires addressing issues that have remained critical for decades, such as supporting the education system and reducing the high unemployment rate. Thus, the Saudi government, through Vision 2030, has encouraged companies in the private sector to participate in community development by providing jobs to local people, supporting schools, and through arts, sport and sponsorship activities. Using a legitimising strategy which is consistent with Lindblom's (1993) legitimisation strategies, the companies provide specific references in their disclosures to Saudi Vision 2030 and this is done in a way so as to inform the Saudi government (as a primary stakeholder) they are acting to support Saudi Vision 2030. For example:

The **community programmes** were approved by the Board of Directors and launched in December 2018, with the intention of preparing it to **be in line with the Kingdom's Vision 2030**. (ST annual report, 2016, p. 40, emphasis added)

... **under the Saudi Vision 2030**– the institute (company) will serve to develop a local workforce to meet the emerging needs of the industry. It will be a major catalyst in delivering economic development in the north by **providing local people with the education and skillsets** required for the domestic mining industry, eventually leading **to stable jobs and careers**. (MD annual report, 2016, p. 97, emphasis added)

The issuance of the Corporate Governance Code (SCGC) by the Capital Market Authority (CMA) in 2006 was another legal reform in Saudi Arabia that, in part, was designed to encourage social development programmes and enhance disclosure of wider societal contributions by companies. It provides principles and guidelines for companies listed in the Saudi Stock Exchange (Tadawul), including regulating standards and rules of managing listed firms, improving compliance with corporate governance practices, and ensuring the protection of stakeholders' and shareholders' interests (CMA, 2006). Additionally, it sets recommendations for several aspects of best governance practices, including disclosure and transparency, boards of directors, the general assembly, and shareholders' rights (CMA, 2006).

The Saudi governance code consists of four parts: (i) preliminary provisions; (ii) shareholders' rights and the general assembly; (iii) disclosure and transparency; and (iv) board of

directors. The first part provides the necessary definitions and the relationship between the Saudi governance code and other legislation. The second part of the SCGC then discusses shareholders' rights and general assembly provisions, specifically facilitating the exercise of their rights and access to information. Part Three focuses on enhancing corporate transparency and disclosure by providing policies and procedures related to disclosing the board of directors' reports. Whereas the fourth part of the Saudi governance code focuses on corporate governance requirements relating to the board of directors. The Saudi governance code signals in this part the importance of companies' participating in societal-related activities. Specifically, Article 10e states that all listed companies are required to provide a written policy that regulates the relationship with stakeholders to protect their respective rights, and such a policy must cover the company's social contributions. Thus, Article 10e emphasises the importance of companies engaging in activities beyond the firm and encourages listed companies to make a contribution to society to benefit the wider community and to undertake actions that support national initiatives.

In align with Corporate Governance Code, more efforts have been made to **serve the community** (SV annual report, 2009, p. 12, emphasis added)

Hence, the Saudi Corporate Governance Code was designed, in part, to promote community and social welfare and has provided principles and guidelines for companies to enhance disclosure of their wider societal contributions. Therefore, the issuance of the Corporate Governance Code might be seen another source of pressure or encouragement for companies to participate and disclose appropriately on their social and community welfare activities.

As a result, the companies in their annual reports are providing a substantial number of community-related disclosures that are aligned with the government's expectations as laid out in the National development plans, Saudi Vision 2030 and SCGC. Therefore, the Saudi government is, in addition to Islam, a primary stakeholder and acting as a significant driver of the community disclosures. The next section 6.4 examines the drivers or motivations for Training and Education disclosures which account for 16.3% of the total disclosures.

5.4 Analysis of Training and Education eco-justice disclosures

This section focuses on an analysis of the category with the second highest numbers of eco-justice disclosures (16.3%) for the eleven years 2008-2018. The results obtained from the preliminary analysis of eco-justice disclosures, previously discussed in 5.2.2, have shown that this is the Training and Education category. Accordingly, this section offers an analysis of the disclosures and taking into account the Saudi context.

5.4.1 Training and Education disclosures: overall analysis

This sub-section focuses on examining the motivating factors for Training and Education disclosures, the second highest disclosure category. Table 5.3 below shows the number of sentences disclosed in each sub-category for the sample of 198 annual reports over the eleven-year period.

Table 5.3 Training and Education disclosures for sample companies

Training and Education Sub-category	Percentage of Disclosure Sentences	Number of Disclosure Sentences
Employee training	89.5 %	833
Career development reviews, by gender and employee category	2.3 %	22
Free access to education	1.3 %	13
Lifelong learning that supports the continued employability of employees	6.6 %	62
Total		930

As can be seen from table 5.3 above, the one sub-category which is reported extensively in the companies' annual reports is employee training, and this accounts for 89.5% of all Training and Education disclosures. In comparison, table 5.3 shows that the three other sub-categories recorded relatively small numbers of disclosures and only account for 10.2% of all disclosures in total.

This appears to suggest that, providing Training and Education is important for Saudi companies and, further, indicates a commitment to employees through providing training and skills development programmes. For example, the following disclosure clearly discusses paying attention to the development of employees:

As for human resources development, the Company has exerted efforts and **accorded substantial attention to the development of its human resources** by further focusing on a bundle of programs dealing with the **development of employees, improving performance competency through the On-the-Job Training Program**, ... (SE annual report, 2009, p. 11, emphasis added)

5.4.2 Training and Education disclosures: the influence of government through National development plans and the 2005 Labour Law

The most probable explanation for the provision of such relatively high numbers of disclosures in this Training and Education category is that the companies are demonstrating their accountability to the Saudi government by acting upon government initiatives and policies. Thus,

the companies' disclosures in the Training and Education category are directly related to meeting the expectation of a particular stakeholder which is critical to the companies' survival, namely, the Saudi government.

Providing high quality training and education to help the national workforce acquire necessary skills has been one of most important areas of focus in the government's development strategies, as discussed above in respect of the National Development plans and Saudi Vision 2030, and is crucial to addressing imbalances in the structure of the labour market. The reliance on foreign labour in the private sector has been an obstacle to reducing the high unemployment rate in the country which has been a significant challenge facing the country for decades. Because the private sector depends heavily on foreign employees all companies in the Kingdom are subject to training and education requirements under Saudi Labour Law. Articles 26.1 and 26.2 of the 2005 Labour Law state:

All firms in all fields, and regardless of number of workers, shall work to attract and employ Saudis, provide conditions to keep them on the job and avail them of an adequate opportunity to prove their suitability for the job by guiding, training and qualifying them for their assigned jobs. [and] The percentage of Saudi workers employed by the employer shall not be less than 75 per cent of the total number of his workers. (Labour Law, 2005).

In addition, with respect to the training of Saudi employees, Article 43 indicates that every employer employing fifty or more workers shall annually train, in his business, a number of his Saudi workers which should not be less than 6 per cent of the total number of his workers.

The government's National Development plans have also emphasised training and education as being a priority. As explained above these plans are very focused on developing local human capabilities to support economic development by developing a highly-skilled Saudi workforce (Niblock and Malik, 2007; At-Twaijri et al., 1996). The National Development plans highlight important role companies have in providing high quality training and education to their workforce to help build necessary work skills.

Therefore, training and educating the national workforce has been central as a means for the Saudi government to reduce the private sector's reliance on foreign labour. As a result, companies wish to reveal information in their annual reports about their training and education programs as a strategy designed to demonstrate they support, and meet the expectations of, the Saudi government as illustrated by the following example disclosure:

One of the most important terms of ... Management was training and replacing expatriate workers in all specialties within the hotel and to overcome and address the obstacles that may hinder national cadres to join hotel work in line with the state's policy in Develop plans to localize jobs in the public and private sectors. A training centre ... has been designated to train, qualify and refine Saudi competencies in various hotel departments. (MK annual report, 2010, p. 49)

The government's introduction of the Labour Law and the introduction of the Saudisation scheme through the National Development plans concentrate primarily on requiring Saudi companies to offer high-quality training and education to Saudi employees, alongside prioritising employing Saudi nationals in the private sector. To ensure their actions are perceived as legitimate, therefore, compliance with the Labour Law regarding employee training and the Saudisation policy appear to offer a rationale for Saudi companies providing a substantial number of training and education-related disclosures in their annual reports. Companies' failing to comply with the government's laws and regulations will find their organisational legitimacy will be threatened. As a way of securing legitimacy, companies have been found to make a linkage between training and educating of Saudi employees to the Saudisation goal which is presented in many of the Training and Education disclosures and the following two disclosures provide examples:

And as an extension of our keenness to prepare Saudi youth to work in the private sector and the food sector in particular, Almarai Company established the Technical Institute for Dairy and Food to **prepare and train Saudi youth** in the food industry. One of the goals of establishing this scientific edifice is to **enable Saudi youth** to acquire science, knowledge, skills and best work practices **to qualify them for employment**... (MR annual report, 2010, p. 23, emphasis added)

... For **training internally and externally** as well as plans for on-the-job training, which is considered **one of the main priorities in the company's orientation**; The gradual replacement plans for Saudi employees are of special importance, as these plans and programs resulted in maintaining good levels of Saudi employees. (AS annual report, 2016, p. 11, emphasis added)

5.4.3 Community and Training and Education disclosures: concluding comments on the overall analysis

The discussions above in sections 5.3 and 5.4 have highlighted, *prima facie*, what may be motivating the eco-justice disclosures within the Community and Training and Education categories given the context for the companies is that they operate within Saudi Arabia. Two significant influences have been identified. The first key stakeholder identified in respect of Community category disclosures is the Islamic religion, with managers disclosing Community-related information to demonstrate adherence to Islamic principles and religious beliefs. This signifies that Islamic values have important implications for Saudi companies in terms of eco-justice disclosure; namely, the companies provide extensive disclosures within the community category as the notion of community is highly valued within Islam and an important aspect of being accountable to ‘Allah’. The second key stakeholder identified is the Saudi government. Managers of companies appear to be providing disclosures in both the Community and Training and Education categories to demonstrate accountability in respect of government policies and agendas. In the two following sections 5.5 and 5.6 these two categories of eco-justice disclosures are further analysed and discussed. This further analysis is in respect of changes in social, economic and political contexts in Saudi Arabia over the eleven-year period 2008-2018.

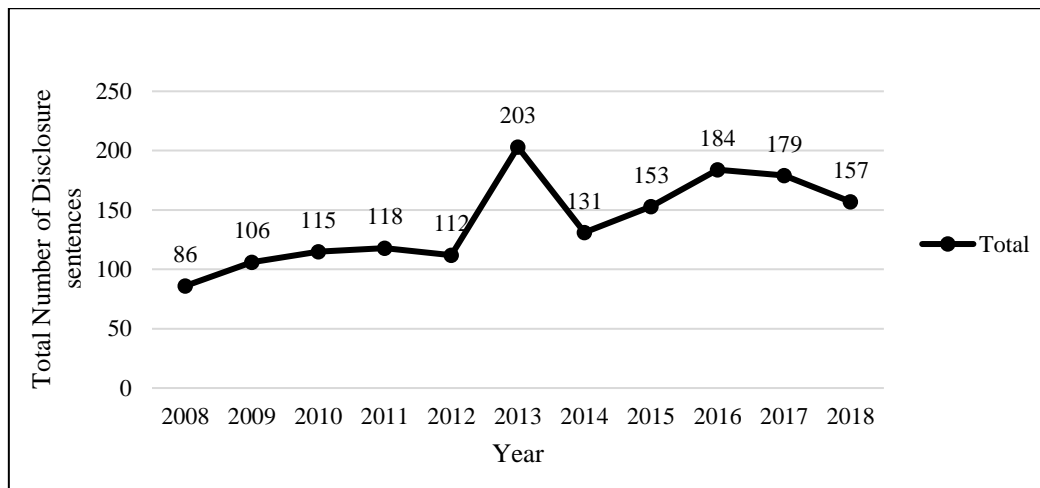
5.5 Community disclosure patterns 2008-2018

This section further analyses the Community disclosures by examining disclosure patterns across the years from 2008-2018. In previous sections in this chapter, the analysis of this category has proposed that Islamic religion and government policies and agendas are the key stakeholders for Community disclosures in the Saudi context. Hence, this section examines the Community category further to investigate whether the contention that adherence to Islam and government policies are the key stakeholders and major influences for the disclosures when considering changes in the social, economic and political context in Saudi Arabia over the eleven-year period? The conclusion arrived at is that this analysis of the disclosures for the period 2008-2018 confirms these are the key stakeholders.

5.5.1 Community disclosures: disclosure patterns 2008-2018

In terms of the Community category, figure 5.1 shows the patterns of disclosure in each sub-category for the sample of 198 annual reports across the years from 2008-2018.

Figure 5.1 Community disclosures for sample companies per-year for the period 2008-2018



From the data in figure 5.1 above, it is noticeable that total disclosures have risen by 82.6% from 2008 to 2018 (from 86 sentences to 157 sentences). There has been an increase in the total number of sentences disclosed from 2008 to 2009 of 23.3% (from 86 sentences to 106 sentences), but then the disclosures remain relatively constant in the period 2009 to 2011. From 2012 to 2013, the total number of sentences disclosed increases sharply with an 81.3% rise (112 sentences to 203 sentences); however, there is then a fall back in the disclosures of 35.5% from 2013 to 2014 (from 203 sentences to 131 sentences). It can be seen also that the total number of sentences disclosed rises again from 2014 to 2016 by 40.4% (from 131 sentences to 184 sentences), but remains relatively flat from 2016 to 2018 (184 sentences to 157 sentences). The most significant changes in trend which need explaining are the rise in Community disclosures in 2013 and the immediate fall in 2014. These changes in trend for the period 2012-2014 are analysed in the next sub-section.

5.5.2 Community disclosures and the Arab Spring: disclosure patterns 2012-2014

What is important to note initially regarding the changes in disclosure patterns is that there will very likely be a delay between the occurrence of social, economic and political changes in Saudi and these being reflected in the annual reports. This is inevitable as annual reports are not prepared and published in real-time. Therefore, the very significant (81.3%) increase in Community disclosures which arises from the high number of disclosures in 2013 will reflect changes which have occurred shortly prior to 2013. Consequently, the disclosures fall into a very distinct period, namely the Arab Spring.

The Arab Spring placed significant pressures on countries through the Middle East region including Saudi Arabia. At the local level in Saudi Arabia, this section demonstrates how the advent of the social justice protest movement altered the political and social dynamics within Saudi context, including companies and their disclosure practices. The case of the social justice

protest movement in 2011 and 2012 demonstrates that, while the government reacted by developing a problem-solving agenda for social justice concerns which focused on community cohesion in order to prevent the Arab Spring events from spreading throughout the country, Saudi companies reacted to the government agenda by increasing the number of Community disclosures in their annual reports. The companies' Community disclosures were a demonstration of support for the government actions regarding preserving community cohesion and, hence, the disclosures can be understood as the companies seeking to ensure they retained the trust and support of the government and continued to be judged as legitimate by this key stakeholder. During the Arab Spring, the Saudi regime were supported by Al-Ulama in their actions to promote community cohesion and quell unrest. Hence, it is useful to note that, again, both government and Islam are found to be of primary importance in the discussions of stakeholders and legitimacy below; with the Saudi regime's focus on community during the Arab Spring being lead primarily by the King in his role as head of the government and supported by the Al-Ulama, the Senior Council of Islamic religious scholars, as described below.

5.5.2.1 Community disclosures: the disrupting impact of the Arab Spring on community

During the Arab Spring, citizens across the Arab world voiced their deep-rooted frustration at the economic and political inabilities of leaders to alleviate poverty and unemployment, and failures to provide improved standards of living and to act on a range of injustices (Avina, 2013). By early 2011, the anger had spread into a wave of protests and uprisings, which brought considerable instability to many Arab countries including Tunisia, Morocco, Syria, Libya and Egypt. The uprisings that emerged in a number of Arab countries during 2011 and 2012 had a significant on the entire Arab region including Saudi Arabia (Bellin, 2012).

In respect of Saudi Arabia, the Arab Spring had little *apparent* effect on the country in comparison to other countries such as Syria, Libya and Egypt (Al Tamamy, 2012). However, the transformative events taking place in the neighbouring countries significantly raised the Saudi government's concerns regarding domestic security and societal stability, and the regime was highly perturbed at the success of the protest movements in other Arab countries (Quamar, 2014). The great concerns the Arab Spring provoked in the Saudi government is understandable as it threatened the existing pattern of social structures and endangered the existing Saudi way of life which, as described above, is grounded in the notion of community. Of especial concern to the regime was that internal demands for reform were centred amongst the younger generation in Saudi society. Saudi Arabia, like many other countries in the region, confronts various major issues, including 39% unemployment among young Saudis (aged 20 to 24). Furthermore,

economic discrepancies between rulers and ruled cause significant anger and political conflict within Saudi society, particularly regarding women's political and economic participation. (Aras and Falk, 2015; Mabon, 2012). Thus, the reforms these younger people most wanted addressing arose out of similar problems faced by younger people in other Arab countries such as high levels of youth unemployment, dissatisfaction with the education system, rising costs of living, inequalities in the distribution of wealth, and among some segments of the population, particularly young women, dissatisfaction regarding equal rights. These are all aspects of Saudi society and, whilst these demands were not novel, they gained considerable momentum in the Arab Spring period. Mabon (2012) notes that an important aspect of the Arab Spring protests in Saudi Arabia might arguably concern an implicit social contract that operates in the country. The social contract, according to Mabon, is one where the population are willing to forego political representation in exchange for a system where there is no taxation and the state provides appropriate levels of social welfare. One potential cause of the Arab Spring protests in Saudi Arabia was that this social contract was unravelling as young people suffering from high levels of unemployment in particular no longer felt the contract was being adhered to and, hence, this led to them calling for reforms. Mabon acknowledges this is not the only cause however and that other tensions existed which gave rise to the protests. For example, for many years now there have been tensions associated with the growth of a large expatriate community and a resultant changing social dynamic which has occurred because of the oil wealth in the country. The expatriate community is predominantly from Western Europe and whilst most of this community does not engage in everyday Saudi life, there is still an anxiety that values in the Kingdom have been corroded by the existence of this community. The inflow of oil wealth has also produced tensions which have also had a religious dimension as the “modernization programmes brought about by this wealth clashed vociferously with the principles of Wahhabism ... (which) is recognized as the official religion of Saudi Arabia” (Mabon, 2012, p. 534).

In 2011 and through into 2012, some Saudis undertook unprecedented activities in the country including boycotting rising commodity prices and illegal strikes. This resulted in the Saudi government seeing Saudi society as very much ‘under threat’, particularly, because they believed that the younger generation could generate sufficient impetus during the Arab Spring to cause sudden and significant political unrest (Lacroix, 2014). Therefore, the Saudi regime felt compelled to act quickly to preserve stability and maintain peace in the Kingdom. Sunitan et al., (2011) note it is not unexpected that the Saudi authorities would have taken swift action to quell the protests as “(t)he Saudi leadership has stood against all the Arab revolutions out of a fear of contagion and that Saudis will absorb the culture of demonstrations and protests.” (Sunitan et al.,

2011, p.505). In the case of the Arab Spring the existing political structures across the region altered and Saudi Arabi lost allies it had previously had in the region including Egypt.

5.5.2.2 Community disclosures: the Saudi government's response to the Arab Spring and the role of the Al-Ulama

During the Arab Spring, both the Saudi government and the Islamic religion functioned as a social force that sought to influence members of Saudi society. Particularly, the great concerns of the Saudi government lead it to undertake prompt measures in an attempt to stop the spread of protests inside the country and to avoid possible instability that could have led to not only political but also economic uncertainties (Quamar, 2014). These measures were primarily aimed at mitigating societal demands for reforms and were especially focused on addressing the demands of younger people in Saudi which included calls for job creation, better educational facilities and increased opportunities for participation in political and economic development. In 2011, King Abdullah's response was to announce a range of economic benefits for Saudi citizens through a government financial package worth in excess of US\$130 billion. This comprised an initial set of reforms announced in February 2011 of US\$35 billion and a further set of reforms announced in March 2011 for the remainder of the US\$130 billion package (AlTamamy, 2012). Overall, the government package included: increased unemployment benefits (to US\$500 per month), raised the minimum salary for state employees (to US\$750 per month), a payment to all public servants that equalled two months' salary, a promise of creating 60,000 new job opportunities for Saudis, building 500,000 low-income housing units, in addition to investing US\$10.7 billion into a development fund providing interest-free loans to help young people for marrying and for setting up small businesses (Al-Matter, 2016; Quamar, 2014; Ali and Al-Aali, 2012).

The government's response, led by the King, was the most important measure taken to subdue the demands for reform and to maintain stability. It is clear that many elements of the government package were directed towards pacifying younger people in particular including the increase in unemployment benefits, job creation and house building²⁰ assurances, marriage loans and financing the establishment of small businesses. Academics identify in their analyses this as the key part of the Saudi government's response to the Arab Spring. For example, Lacroix succinctly states that this "(d)istribution was the ... most important part of the regime's counter-strategy." (Lacroix, 2014, p. 13) whilst Mabon (2012) states that that "(King) Abdullah's package of welfare reforms sought to remove the sting from the Arab Spring, preventing economic issues from igniting protests across the Kingdom" (Mabon, 2012, p. 540). Mabon (2012) further explains

20 There is a shortage of housing in Saudi Arabia and this is particularly problematic for newly married couples who often find it difficult to enter the housing market (Wagemakers et al, 2012).

how this package of largely economically-rooted reforms was made possible because the government had surplus budget funds available due to the price of crude oil having been high in the period preceding the Arab Spring and that Saudi had a “history of using money from the sale of natural resources to placate citizens” (Mabon, 2012, p. 540).

Whilst the financial package did work sufficiently that the calls for change diminished greatly as 2012 progressed, this was not the sole reason why the Arab Spring did not take hold to the extent it did in other countries in the Middle East. A further aspect is Islamic religion actually functions as a social force and affected society during the Arab Spring uprising. Islamic religion played a direct role in through the functioning of a specific religious body, Al-Ulama. At the outset of 2011 the Council of Senior Scholars (Al-Ulama) voiced their support for King Abdullah and for the government’s stance citing the religious principle (*al-ra’i- al-ra’iyya*) and describing the King as *‘al-ra’i* in their discourses. This description translates as *‘who rules over his respectful community’* and was to remind people of their religious duty to obey their rulers. In this way the Al-Ulama sought to ensure disorder was curbed and to help calm society.

In addition, the Council of Senior Scholars issued a statement appealing to young people and other groups to refrain from undertaking protests (Wagemakers et al., 2012). This statement affirmed the activities of the protestors are banned by Islamic law and stressed the necessity of solidarity in the community (*jama’a*) and obedience (*ta’a*). Thus, Lacroix (2014) explains how “Mufti Abd al-Aziz Al al-Shaykh appeared on state TV to warn the population against any form of dissent, while the Kingdom’s highest religious body, the Council of Senior Ulama, issued a fatwa explaining that ‘there are legitimate ways for advice and reform that bring benefits and avoid evils, and writing petitions with the aim of intimidating and causing division ... is not one of them’, before adding that ‘reform and advice should not be through demonstrations and other means that foster chaos and division in the community’ and reaffirming that ‘demonstrations are forbidden religiously’... ”(Lacroix, 2014, p. 14). Schanzer and Miller, (2012) contends that the interventions of the Al-Ulama enabled the Saudi government to indirectly appeal to Saudi citizens. Thus, key to ensuring the Arab Spring protests did not take hold in Saudi Arabia was the government and the Al-Ulama co-operating to act swiftly in the face of the dangers posed to societal structures by the Arab Spring to maintain the status quo Saudi Arabia (Al-Matter, 2016; Quamar, 2014). Accordingly, both Islam and government measures appear to be jointly of critical importance in maintaining the status quo in the country. The co-operation, and connection, between the Saudi government and the Al-Ulama is explained in the following sub-section.

5.5.2.3 Community disclosures: the context of the connection between the Saudi government and the Al-Ulama

It is important to understand the Saudi political context to appreciate why there has been significant co-operation between the Saudi Government and the Al-Ulama during the Arab Spring. Saudi politics is very closely linked to Islam with the constitution of Saudi Arabia being based on the Qur'an and Sunna. Despite there being some parallels between the Saudi regime and other regimes in the Arab Gulf states, it is important to understand that the Saudi Arabian regime is different. Other small oil/gas states in the Middle East region, such as Qatar, the United Arab Emirates (UAE) and Kuwait, do not rely as heavily on the political-religious perspective for their stability as pertains to Saudi Arabia. The Kingdom of Saudi Arabia is a hereditary monarchy. The King has supreme authority being both the head of the government and the Kingdom (Vassiliev, 2000). Metz (1993) explains further how in Saudi "(a)ll legislation is enacted either by royal decree or by ministerial decree, ... sanctioned by the King." (p.194). Additionally, all cabinet ministers, government officials and governors of the provinces are appointed by the King. The King is also the Commander in Chief of the armed forces and appoints all military officers above the rank of lieutenant colonel (Metz, 1993).

Whilst it is evident the King has considerable political power, as Saudi Arabia is an Islamic country the King must act in accordance with Sharia laws²¹ which are derived primarily from the Qur'an²² and Sunnah²³ which clarifies and confirms the Qur'an's commands and values (Abeng 1997; Alfalih 2016). Scholars have stressed the significance of this link between religion and government in the Saudi context. This link has deep historical roots with, for example, Ibn Qayyim al-Jawziyya (d.1350) arguing seven centuries ago that politics is part of religion, since Islamic government is needed to protect religious values (Al-Atawneh, 2009). This idea of government protecting religious values is that the role of the ruler, 'the King', is to enforce the shari'a and to require proper moral behaviour on the part of his subjects, who, in turn, should respond with appropriate obedience. Thus, the ruling hegemony of Saudi Arabia is divided between the 'Al-Ulama' (religious scholars), who are the authorities in matters of jurisprudence, and the King (as the political ruler), who consults the Al-Ulama. Consequently, the shari'a needs the King's commitment and enforcement, while the King needs the shari'a for its legitimacy. As a result, the religious authorities play a crucial role in the Kingdom's governance and have

21 Sharia law guides all aspects of Muslim life, including daily routines, familial and religious obligations, and financial dealings.

22 The Qur'an is the book of God that explains Allah's commands (Abeng, 1997).

23 Sunnah refers either to the Prophet Mohammad, or to the sum of his teaching.

considerable political influence. Inevitably, this influence extends to matters which affect citizen`s everyday lives.

This connection between Islam and government can be seen, for example, in respect of the 1992 Basic Law²⁴ The Basic Law sets out the fundamental principles and values upon which Saudi Arabia is constituted and derives from the Qur`an and Sunnah. More specifically, the Basic Law comprises 83 articles defining the system of governance, rights of citizens, and powers and duties of the government (Vogel, 2002). According to Article 8 in the Basic Law of Governance “The system of governance in the kingdom of Saudi Arabia is based on justice, consultation and equality according to the Islamic Sharia” (Rajkhan 2014, p. 2). Article 26 of the Basic Law of Governance in the Kingdom states that, “The state shall protect human rights in accordance with Islamic Shari’a” (Saudi Basic Law 1992).

The Council of Senior Al-Ulama advises the King on religious matters and compliance with Islamic Law and is the highest religious body in the Kingdom. It has been noted above that the King must consult the Al-Ulama; consequently, politics and religion relationship have been inseparable since the Kingdom of Saudi Arabia was founded in 1932 (Al-Atawneh, 2009) with political authority jointly located in the King and Al-ulama. Jones (2011) explains how, whilst the alliance between religion and politics confers benefits on both parties, it also has problematic aspects with tensions existing between the two. Nor has the relationship been static as over the years the “ruling elite struggled to balance their need for the clergy with a desire to limit their influence” (Jones, 2011, p.51). For example, in the 1970s the clergy were less powerful in the relationship (and were aggrieved at this state of affairs) but subsequently returned to holding a greater role and their authority was reaffirmed. Thus, during the 1980s and 1990s the religious authorities were in a position to be highly assertive in their dealings with the royal family. This situation was at least partially reversed in 2005 when King Abdullah reorganised religious structures and weakened the power of clerics. However, the Arab Spring brought a need for the regime to seek the support of Al-Ulama in quashing the protests and in return for their support the reinstated some of religious structures that had been dismantled in 2005 and provided significant amounts of finance for mosques, religious schools and the religious police.

The King seeks the opinions of the Al-Ulama to ensure his decisions and actions will not contradict the Sharia law. Thus, because the King consults the Al-Ulama then their interests are incorporated into legislation, regulation and government decision-making (Al-Atawneh, 2009;

²⁴This is Basic Law of Saudi Arabia which sets out the fundamental principles and values upon which Saudi Arabia is constituted.

Vassiliev, 2000). In this way the Al-Ulama (Islamic scholars) maintains a central role in preserving the religious identity of the kingdom in the social and political sphere (Al-Atawneh, 2009). Some commentators have argued that Al-Ulama and the King ‘balance’ one another, and this acts as an effective mechanism for guaranteeing long term stability (Glosemeyer, 2005). However, this relationship between the King and Al-ulama has also led to the Al-Ulama having significant power in the Kingdom as a result of this form of co-operation (Kechichian, 1986).

5.5.2.4 Community disclosures in 2013 as a legitimization strategy

In the wake of the Arab Spring many companies in the Arab world, including Saudi Arabia, found they were under increased scrutiny (Avina, 2013). Thus, the Arab Spring influenced the business environment across the Middle East including Saudi Arabia. One aspect of this was that Saudi companies were careful to they were fully aware of what was happening within society in respect of social movements and of government reactions to the social movements. Consequently, according to Avina (2013, p.82), “[T]he Arab Spring has been a marked increase in engagement from national companies and their staff. The Arab Spring has been truly an inspirational game-changer to those who have undergone it”. This is reflected in the significant increase in Community-related disclosures in the 2013 annual reports.

In Saudi Arabia the key period for the Arab Spring is 2011-12. During the Arab Spring, the Saudi government with support from Al-Ulama, developed a problem-solving agenda for social justice issues, with the goal of ensuring their survival through the implementation of relevant government-funded measures, with a significant, albeit not wholly exclusive, focus on supporting young people (Aras and Falk, 2015; Matthiesen, 2012). Again, it is important to note that as companies’ annual reports are not prepared and published in real-time, there will very likely be a delay between the impact of Arab Spring in Saudi and these being reflected in the annual reports. Therefore, the high number of disclosures in 2013 reflects changes which have occurred during the Arab Spring. This is evidenced in the additional Community-related disclosures observable when comparing 2012 to 2013; namely, these additional disclosures are chiefly related to companies espousing their commitment to ‘community’ and setting out how they were acting to support community initiatives many of which are connected to younger people. This is consistent with legitimacy theory in which companies did appear to change the level and type of disclosure around the time of the unforeseen event, namely, the Arab Spring wave. Thus, the disclosures in the 2013 annual reports appear to be a legitimization strategy by the companies to inform their key stakeholders, that their activities are following their lead and in-line with their expectations.

Tough political and economic circumstances commencing in early 2011 **have caused a level of uncertainty** in some parts of the region which continue to this day. Despite this,as part of its commitment to serve and meet the needs of the community, The [company] Group **continued to implement a range of [community] programs during 2013** as well as reviewing its current strategy in order to cover a wide range of community segments. (SV annual report, 2013, p. 24, emphasis added).

The disclosures in the 2013 annual reports are of three types, first the additional Community-related disclosures observable in 2013 exhibit a determination on the part of the companies to demonstrate their general support for a strong and united community in Saudi. Second, and somewhat related to the first type, are where companies evidence specific forms of support for promoting national unity. Third, the additional 2013 Community-related disclosures concern the companies wanting to evidence that they have been active in supporting the younger generation. Examples of Community-related disclosures which are of the first type are as follows:

Fostering **strong and prosperous communities** in the Kingdom is important to [the company] and the nation ... [the company has a] commitment to creating a **strong sense** of awareness among the **student community**, and **society** in general (SB annual report, 2013, p. 87,88, emphasis added)

The Bank has sought to develop its **community** service objectives, with more emphasis on **increasing public awareness** (NB annual report, 2013, p. 37, emphasis added)

Our goal is to work with all of our **communities** to ensure that we **understand** and consider **their concerns** and **their goals**. (MD annual report, 2013, p. 50, emphasis added)

The second type of additional disclosure relates to companies' setting out how they have supported participation in cultural and national events to promote national unity. These disclosures are a means by which companies can state how they have played a national role in reinforcing community and strengthening Saudi society and particularly through the promotion of national identity. These disclosures emerged in the 2013 annual reports, for example, where

companies declared how they had promoted and sponsored the Janadriyah Festival²⁵, a cultural and heritage festival.

Culture and sports help **define the Saudi nation at home** and around the world...In 2013, the company ... supported **important cultural events** including the **Janadriyah Festival**... (SB annual report, 2013, p. 87,88, emphasis added)

[the company] was always keen to support the historical and national heritage of the Kingdom of Saudi Arabia. **It contributed to the sponsorship of the 28th Janadriyah Heritage and Cultural Festival**, for it believed in the importance of supporting culture and national heritage, This step reflects the national role played by [the company] in the popular and cultural movement of the Saudi society. (ST annual report, 2013, p. 33,34, emphasis added)

[the company] was **again a leading sponsor of Janadriyah 28** – the National Heritage and Folk Cultural Festival ... (MB annual report, 2013, p. 38, emphasis added)

The additional 2013 Community-related disclosures of the third type are in respect of where the companies want to evidence that they have been active in supporting the younger generation. Young Saudis between the ages of 20 and 29 account for 75% of the Kingdom's unemployment rate (the General Authority for Statistics, 2020) and these disclosures relate how the companies have been creating job opportunities for local young people as a priority community initiative. This sort of company initiative is aligned with the government-funded job creation measures implemented during the Arab Spring. This gives the sense that companies are attempting to help government efforts to reduce the high youth unemployment rate. Therefore, providing these additional disclosures regarding job creation for the younger generation as community engagement activities appears to be an attempt by Saudi companies to demonstrate their support for the government's strategic goals, as shown in the example disclosures below:

25 This is an annual 2-week festival which celebrates the culture and heritage of Saudi Arabia. It attracts very large numbers of visitors (c.1m) and is broadcast live (Black, 2013). The festival is promoted as a celebration of the unity of the Kingdom and promoted as a whole family event.

We have **a clear alignment with the government's strategic goals of job creation** and the economic development of remote areas (MD annual report, 2013, p. 24, emphasis added).

Later in the report the company further emphasises this by adding:

[we]are **especially helping to create new levels of local employment** and community welfare. (MD annual report, 2013, p. 30, emphasis added).

In 2013, [the company] continued to **implement its localization policy** by **hiring qualified local talents** in all the countries where it operates. (MR annual report, 2013, p. 23, emphasis added)

The Company has proven outstanding efforts and excellence **in community service**, most notably ... Career opportunities that the Company needs were announced to give attendees **an opportunity to join the workforce** in 7 positions in a variety of fields. (SE annual report, 2013, p. 44, emphasis added)

From the above discussions it can be observed that, the significant increase in the numbers of Community disclosures appear to be a response of the considerable attention the key stakeholders paid to 'community' during the Arab Spring in order to protect their legitimacy in which they operate. Whilst the significance of 'community' within Islam and the Saudi government is a constant feature of Saudi Arabia, it gained much greater significance and impetus for the duration of the Arab Spring period and until the Saudi government had stabilised the situation sufficiently.

5.5.2.5 Community disclosures in 2014 as a reaction to the restoration of community stability following the Arab Spring

During the Arab Spring period the companies are seeking to be seen to be acting legitimately in respect of the government and Al-Ulama agendas as explained above. Then in the following year (2014) the numbers of Community disclosures return back to pre-2013 levels – that is, pre-Arab Spring levels - in the 2014 annual reports. This fall in Community disclosures in 2014 marks the return to stability for the country as a result of the measures undertaken by the government and which were backed by Al-Ulama. This return to what might be described as 'normal' is reflected in the types of Community-related disclosures observable before and after the Arab Spring. Following the Arab Spring, the types of Community-related disclosures in the 2014 annual reports return to being similar to the topics reported prior to the Arab Spring, with a

primary focus on charitable giving activities where the duty of giving back is rooted in the Islamic religion. Examples of this form of disclosure in the years immediately pre- and post-2013 are provided below:

In 2014, we made significant progress in advancing our commitment to global communities through **charitable contributions** (SB annual report, 2014, p. 53, emphasis added)

We **fund and equip** a mobile breast cancer clinic, staffed by representatives of the **Zahra Association** (SB annual report, 2012, p. 67, emphasis added)

5.5.3 Community disclosures: summary of the significant influences motivating the disclosures 2012-2014

In discussing the Community disclosures overall, it is argued that companies appear to be disclosing Community-related information and demonstrate their evidence adherence to principles of Islam and pronouncements from Al-Ulama with the Saudi government also identified as a second key stakeholder. The discussions examining the trend in the disclosures over the period 2012-2014 also identify these two stakeholders as the key influences explaining the rise in disclosure levels in 2013 and their fall in 2014. In this 2012-2014 period the importance of ‘community’ within Islam and the Saudi government gained even greater significance and impetuses a result of the Arab Spring period. The Arab Spring uprisings, that emerged in a number of Arab countries during 2011 and 2012, disrupted community in Saudi Arabia in the sense that there was societal unrest. As a result, the Saudi government with support of Al-Ulama, reacted to societal demands and this led to the rise in community disclosures in 2013. Thus, the companies used the community disclosures in 2013 as a way of securing legitimacy.

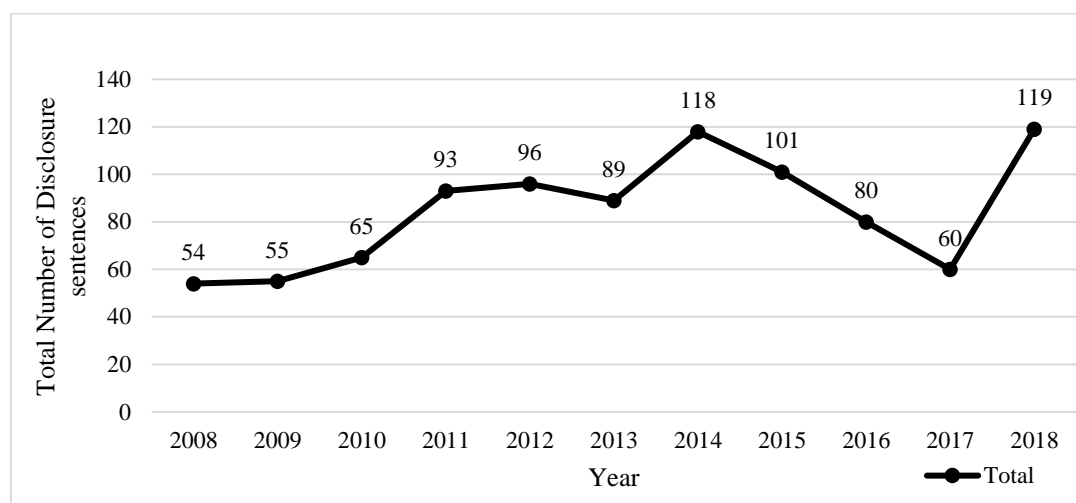
5.6 Training and Education disclosure patterns 2008-2018

This section further analyses the Training and Education disclosures by examining disclosure patterns across the years from 2008-2018. In previous sections in this chapter, the analysis of this category has proposed that the government is the key stakeholder in the Saudi context. Hence, this section examines the Education and Training category further to investigate this contention that companies are being accountable in respect of demonstrating adherence to government policies still applies when considering changes in the social, economic and political context in Saudi Arabia over the eleven-year period? The conclusion arrived at is that this analysis of the disclosures for the period 2008-2018 confirms these is the case.

5.6.1 Training and Education disclosures: disclosure patterns 2008-2018

In respect of the Training and Education disclosure category, figure 5.2 shows the patterns of Training and Education disclosure for the sample of 198 annual reports across the years from 2008-2018.

Figure 5.2 Training and Education disclosures for sample companies per-year for the period 2008-2018



As can be seen from figure 5.2 above, the total disclosures have risen by 120.4% from 2008 to 2018 (from 54 sentences to 119 sentences). The total number of sentences disclosed from 2008 to 2009 remains relatively flat (54 sentences to 55 sentences), but then the disclosures increase slightly in the period 2009 to 2010 (54 sentences to 65 sentences). From 2010 to 2014, the total number of sentences disclosed increases sharply with an 81.5% rise (65 sentences to 118 sentences); however, there is then a relatively significant fall in the disclosures of 49.2% from 2014 to 2016 (from 118 sentences to 60 sentences). The disclosures then rise again but significantly from 2017 to 2018 by 98.3% (from 60 sentences to 119 sentences).

Examination of the Education and Training disclosures indicates that whilst there are fluctuations in the numbers of disclosures the nature of the disclosures provided by the companies each year is such that are very similar types of disclosures. Namely, they explain in relatively general terms the training initiatives of the companies. In section 5.4 it was argued that overall, these disclosures appear to be a response to ongoing government initiatives such as the Saudisation programme. Therefore, the upward fluctuations tend to reflect initiatives being brought in by the government, and the downward trends tend to reflect government initiatives losing prominence and companies appear to then feel less need to demonstrate support for the initiative through their disclosures. For example, the upward trend in the numbers of Training and

Education disclosures from 2017 to 2018 reflects new legislation and initiatives that occurred in Saudi Arabia shortly before 2018, namely the Saudi Vision 2030 which was launched in 2016. These changes in trend for the period 2017-2018 are analysed in the next sub-section to illustrate how companies appear to want to make it evident through their disclosures that they are committed to supporting this initiative in respect of the Education and Training aspects.

5.6.2 Training and Education disclosures during King Salman's reign: disclosure patterns 2017-2018

The very significant increase (98.3%) in Training and Education disclosures from 2017 to 2018 falls into a period that appears to reflect new legislations and initiatives that occurred in Saudi Arabia shortly before 2018, namely the Saudi Vision 2030 announced in 2016.

The Saudi Vision 2030 is a function of the considerable attention the Saudi government is paying to the importance of developing the next generation of business leaders through training and educating younger employees, as initiated at the start of the reign of King Salman. Saudi Arabia has seen a number of socio-economic and political changes since King Salman took power in 2015, and his son Mohammad bin Salman Al-Saud became Crown Prince. The policies and reforms of King Salman aim to enhance the quality of life in Saudi Arabia by addressing issues in Saudi society which are linked to eco-justice issues related to unemployment and developing future generations. Some of these important reforms are embedded in Saudi Vision (2030) which emphasises the importance of the private sector's role in addressing core priority issues of the Kingdom, including participation in human capital development.

5.6.2.1 Training and Education disclosures: the importance of human capital development during King Salman's reign

The Saudi Vision 2030²⁶ emphasises the need for more balanced economic growth and socio-economic development (see earlier discussions in this chapter). To accomplish this requires addressing problems that have remained critical for decades, such as developing programmes to reduce a noticeable skills gap amongst Saudi citizens. Thus, the Saudi Vision (2030) strongly encourages companies in the private sector to increase their participation in human resources development by providing training and education, thereby reducing the country's high unemployment rate.

²⁶ The importance of Saudi Vision 2030 is evident that it has led to amendments being enacted in the Saudi Corporate Governance Code 2017. The amendments to the Saudi Corporate Governance Code 2017 harmonise corporate governance regulations with the Saudi Vision 2030 strategic goals.

The impetus for the creation of Saudi Vision 2030 in 2016 was Saudi Arabia witnessed a rapid shift in its business environment. This motivated the Saudi government to set out a plan to create a more thriving economy, alongside developing other ambitions for the nation. The noticeable skills gap amongst Saudi citizens in the Saudi Arabian labour market that evolved due to the significant dependency on non-Saudi labour, is one of the main challenges the government faced. As a result, achieving the goals of the Saudi Vision 2030 plan depends on the development of human resources sufficiently to rapidly expand employment opportunities especially for young Saudis. The additional Training and Education-related disclosures observable when comparing 2017 to 2018 disclosures within the companies' annual reports contain a substantial number of disclosures that are consistent with the Vision 2030 initiatives to develop the nation's human resources and create future leaders. In support of stakeholder and legitimacy theories, these additional disclosures are primarily related to companies wishing to appear 'legitimate' to the Saudi government through emphasising their commitment to developing the next generation of leaders and ensuring that employees' career development needs are met.

Therefore, the additional Training and Education-related disclosures appear to be an effort by companies to paint an image of growing their concern about the importance of human capital development to their workforce to create future leaders. Thus, meeting the government's expectations and demands through its Vision 2030 initiative in order to appear 'legitimate', is of primary importance in motivating the Saudi companies to disclose information in respect of their Training and Education programmes. Examples of Training and Education-related disclosures which are aligned with the Vision 2030 initiative of investing in leadership development through providing training and education are below:

In line with both our own growth strategy and the Saudi national agenda as outlined **by Vision 2030**, we maintained our commitment to enhancing the quality of our workforce [through training and education] while directly contributing to the Kingdom's socioeconomic development. (MR annual report, 2018, p. 17, emphasis added)

we will not rest until our nation is a leader in **providing opportunities for all through education and training** (BH annual report, 2018, p. 7, emphasis added)

...(we will) work towards building a broad talent base, so **they may become leaders of the future** ...will work to raise the productivity of employees to the highest levels possible, by implementing proper performance management

standards, **providing continuous training for professional development, and sharing knowledge.** We will develop targeted policies to identify and **empower future leaders** (MB annual report, 2018, p. 69, emphasis added)

In addition, the additional Training and Education-related disclosures observable in 2018 evidence that the companies are, in line with Saudi Vision 2030, demonstrating their support for developing the younger generation and assisting in government efforts to reduce the high youth unemployment rate. Examples of this type of disclosures given below:

The Bank launched the 'Leadership Basics' program this year, ... to develop leadership skills and prepare **a second generation of future leaders**, and at the same time contribute to preserving the bank's young competencies. (NB annual report, 2018, p. 26, emphasis added)

With additional support from dedicated government programs, our leadership initiatives are generating a steady and continual flow of highly qualified graduates, fully equipped with the skills to **become the leaders of tomorrow.** (SB annual report, 2018, p. 53, emphasis added)

These schemes are **at the heart of our effort to build a workforce of the future**, to develop and retain high-flying talents, and to **create opportunities for professional Saudi nationals.** (MR annual report, 2018, p. 17, emphasis added)

Another type of additional disclosure is related to providing training and education opportunities for both genders, men and women. This type of disclosure is aligned with the part of the Vision 2030 plans which emphasise the need to develop and train females as well as males. Thus, this type of disclosures is a means by which companies can state how they have played a role in providing training and education opportunities for both genders, as shown in the example disclosures below:

... continue **investing in education and training so that our young men and women** are equipped for the jobs of the future (SV annual report, 2018, p. 36, emphasis added)

Our economy will **provide opportunities for everyone - men and women**, young and old - so they may contribute to the best of their abilities. We will place a renewed **emphasis on lifelong training** and we will seek to make the

most of the potential of our workforce by encouraging a culture of high performance. (ST annual report 2018, p. 37, emphasis added)

Increasing the enrolment rates of women in training and development within companies is a major goal of Vision 2030 initiatives (Khan, 2017). This initiative, namely, the provision of training and education for young Saudi female talent, is also mirrored in Training and Education-related disclosures which emerged in the 2018 annual reports. Thus, these disclosures also appear to be a legitimating strategy which the companies use to show their actions are conforming to the government's agendas in Vision 2030 in respect of women's development in the workplace. An example of this type of Training and Education-related disclosure is shown below:

The Bank's graduate programmes are also designed to provide the necessary knowledge foundation and resilience for **young Saudi female talent** ... During the year, we launched **the Bank's first dedicated female graduate development programme...** (RJ annual report, 2018, p. 72,73, emphasis added)

Saudi women are yet another great asset. With over 50 percent of our university graduates being female, we will continue to develop their talents, invest in their productive capabilities and enable them to strengthen their future and contribute to the development of our society and economy. (ST annual report 2018, p. 37, emphasis added)

Further, the additional Training and Education-related disclosures observable in 2018 show that employees' developmental needs have been a key priority for companies and that they are committed to providing necessary training and other opportunities for skills development. This also accords with the aspirations of Vision 2030 and its emphasis on the importance of human and social capital development. Examples of this type of Training and Education-related disclosures are as in the examples below:

... **training** the right people is also **a key** priority in our strategy. (SV annual report, 2018, p. 44, emphasis added)

we believe that our **employees** are the real assets of the bank and put them at the forefront of **our priorities**, our programs continued to qualify, train and develop their skills (NB annual report, 2018, p. 26, emphasis added)

5.6.3 Training and Education disclosures: summary of the significant influences motivating the disclosures 2017 to 2018

In discussing the Training and Education disclosures overall, it was argued that companies appear to be disclosing Training and Education-related information and demonstrate their accountability to the Saudi government and, this is achieved through ensuring the disclosures are conforming to the government's expectations. Thus, the Saudi government is identified as a key stakeholder which influences the Training and Education disclosures provided by the companies. The discussions examining the trend in the disclosures over the period 2017 to 2018 confirm and identify this stakeholder as the key influence explaining the rise in disclosure levels from 2017 to 2018.

The period 2017 to 2018 was selected to illustrate how Training and Education disclosures appear to be a response to ongoing government initiatives, with rises in numbers of disclosures being a reaction to a newly introduced initiative, Saudi Vision 2030. The importance of human capital development had been addressed in previous government policies and initiatives, however, it gained far greater significance during the reign of King Salman after the announcement of the Saudi New Vision in 2016 (Saudi Vision 2030, 2016). It is argued that the significant increase in the numbers of Training and Education disclosures from 2017 to 2018 are a reaction by the companies to the considerable attention the Saudi government paid to the importance of human capital development during King Salman's reign as set out in Saudi Vision 2030. Therefore, the significant increase in the numbers of Training and Education disclosures appear to be a legitimating strategy used by the companies to show their actions are conforming to the government's expectations and thus, maintaining their trust and support from the government.

5.7 Interviewee responses

As noted in the introduction to the chapter, it can be problematic for CSR-related disclosure research to verify whether the motivations of company managers have been correctly identified when conducting the disclosure analysis. Hence, in this research project interviews were undertaken with company managers to understand the disclosure motivations of the managers more directly. This section of the chapter draws on the interview data in respect of the above discussions of stakeholders and legitimacy for the Community and Training and Education disclosure categories. The interview data confirms the outcomes of disclosure analysis as discussed in the following sub-sections.

5.7.1 Interviewee responses: Community disclosures

Based on consideration of the Community disclosures it has been argued above the Islamic religion is a primary stakeholder for the companies as it plays a significant role in the vast majority of Muslim societies and particularly in Saudi Arabia (Buren, et al., 2020). In addition, the Saudi government is the second primary stakeholder and this is also evident in the Community disclosures provided by the companies. It is important to note that these two primary stakeholders have been identified for companies which are operating in a Saudi context where Islam has great significance and the government is headed by the King in his role as Prime Minister. In the preceding discussions it has also been contended that the significant numbers of Community disclosures are a legitimising strategy which the companies use to show their actions are conforming to the principles of Islam and to what is expected by the Saudi government. That is, they are demonstrating compliance with the primary stakeholders' expectations.

The importance of 'community' within Islam has been discussed earlier in this chapter, including how this promotes a collectivist form of society, and the different government initiatives and policies which promote corporate engagement in supporting economic development through, for example, providing local jobs have also been discussed. Therefore, it is appearing that the survival of companies as legitimate entities may be especially dependent upon their disclosures on community programmes. The responses of the interviewees support this analysis of the Community disclosures and are described thematically in the following sub-sections.

5.7.1.1 Islam and community

Being accountable to Islam was the most significant motivation stated by the interviewees in respect of providing Community disclosures in their annual reports. The majority of the interviewees identified, and discussed, how the Islamic religion is a major spiritual and ethical motivator for companies and Islam impels them to act to serve society. Companies' actions for community welfare are informed by regional, national, and cultural factors, all of which are influenced by religious belief systems and religious institutions. This has been confirmed through interviews with managers which one interviewee stated that "Community initiatives are part of the country's Islamic culture, and a means to spread benefits throughout the country and society at large." (P12). Arguably, in the Saudi context, Islam has mattered and continues to matter with regard to the relationship between business and society.

Without prompting from the interviewer, many interviewees acknowledged that the idea of community in Islam is of great significance and extends to duties being placed on Muslims to actively serve the community. As such it demands Muslims undertake to create a positive change

in society in order to improve life for less fortunate individuals. According to the interviewees, faith practices continue to affect the beliefs and rituals of them which one stated that companies, at a minimum, have a social duty to the community to pay a religious tax of 2.5% of their annual profits to poor people in order to assist in eradicating poverty. Consequently, the Islamic faith acts as an incentive for companies owned by Muslims to achieve what is best for society's welfare:

First and foremost, **we as Muslims** live in an Islamic country, **and Islam is a part of our culture**. I believe, and I have written and published on this topic several times, that **the minimal social duty** existed 1400 years ago, and that Islam established is if you had 100 riyals, **you must give two and a half of them to society**, to the needy. - P.12

Islamic religious values are a key motivator for companies to provide community-related information, as evidenced by interviewees' responses. Islam as a primary stakeholder has been deduced from the fact that respondents emphasised the importance of the Islamic notion of community as the community is clearly identified as a major target for companies' new and continued operations. Therefore, Saudi companies primarily focus on putting community needs ahead of individual needs, this includes the notion of serving the community. Thus, this idea conforms with the idea of Ummah, or Islamic unity and this is clearly stated in the following interviewee responses when they identify the community as a primary focus for corporate activities:

The **community is the core beneficiary** of the activities provided by the company and a cornerstone for the company's new initiatives. - P06

As the size of the ... firm grows, it must have a sustainability program that reflects the company's growth and, **at the very least, [this must include] contributions to society**. - P15

Thus, the Islamic religion is a major source of inspiration for companies and the interviews revealed that the companies interpret the need to be active in serving society as requiring them to focus their community efforts on being philanthropic and supporting humanitarian services. Hence, the interviewees explained how they adhere to Islamic religious principles in practical ways when serving the community with charitable donations a common form of community service in many of the companies interviewed. Hence, the interviewees see charitable work as a main pillar in their engagement with the community. For example:

From my point of view, my **main pillar [for the company to serve the community] is charity....** to support our community. - P11

More specifically, the majority of interviewees explained that the companies wish to adhere to this core value of Islam by making charitable donations to assist and support less fortunate individuals and to do good work in the local community. Therefore, sponsorship of local community activities and supporting certain specific charities (or patronage associations) are the dominant form of activity companies engage in to serve the community. For example:

[The] community service department [aims] to interact with segments of society and [engage in] **charitable activities by supporting associations** and groups such as [individuals with] specific disabilities, the elderly and orphans.
- P06

...we care about sponsorship programs and **patronage associations**. The most important of our [charitable] support is for associations for the elderly and for the **breast cancer association** (named Zahra); we also entered into supporting the **Alzheimer's association**. - P14

According to some interviewees charitable gifts are not limited to the company, as employees also commit to donating money directly from their salaries to less fortunate individuals in the local community or faith-based charities such as the Qur'an Memorization Association.

We have a program in which... each **employee donates to** approved associations from us [the company] and the Ministry of Labour. For example, [some employees] **give a hundred riyals for the Qur'an Memorization Association...** every month taken from his salary and donated. Almost every year, 4 million riyals arrive. -P14

Overall, the interviewee responses indicate the companies wish to reflect their engagement in, and commitment to, community activities within their annual report disclosures as this demonstrates they are operating within the boundaries of the strongly Islamic Saudi society and, hence, appearing respectful in the eyes of its stakeholders. One interviewee seen Islam as:

a **moral motive...** [which] makes the company **disclose** its community programs. - P06

Another interviewee states:

We are proud of our role ... **in the Hajj²⁷ season** [supporting] ... some specific groups [who are not financially capable] such as **orphans** and some other segments of the society ... **and we reflect that in the annual report.** - P05

5.7.1.2 Government and community

While Islam was the most often mentioned motivation for companies to provide such significant numbers of community-related disclosures, the interviewees also mentioned government policies and initiatives as motivating their disclosures both for Community disclosures and Training and Education disclosures.

In respect of Community disclosures, it has been argued in earlier sections that community welfare has been a priority theme in many of the most important Saudi government national policies and development plans. Many interviewees concurred with this argument and stated that providing employment opportunities for local people and improving standards of living are activities they have prioritised in their companies on the grounds that they are essential community development activities as set out in a range of governmental initiatives and development plans. Consequently, many interviewees noted the significance of ‘government’ as a key figure in community welfare and community development initiatives. The interviewees highlighted company activities that were aligned with government initiatives related to community welfare and development such as the creation of employment opportunities for local people and the making of donations which supported government initiatives and highlighted, they have a role to play in supporting these government initiatives.

Companies and institutions in the country have a sector role that is especially significant in the **development of many things within the community through employment and the creation of projects** and to ensure certain [government] projects [are successful] and pay over cash for the development of society without any profitable returns for companies. - P08

²⁷ The Hajj is an annual Islamic pilgrimage to Mecca, Saudi Arabia's holiest city for Muslims. Hajj is a religious requirement that all adult Muslims who are physically and financially capable of completing the pilgrimage must perform at least once in their lives.

... for example, **[the government] have launched a platform initiative for housing development**. It owns or rents housing for the neediest people. Then **we adopted it**. Now **the King donated a hundred million** and crown fifty million. We think **we** are the largest [donor] company ... in the Kingdom and **donated forty million**. - P12

They also explained how the government were proactive in asking companies to engage with the initiatives.

We have been received many letters from, particularly, **some government agencies asking for support** to many [community] programs. - P14

With regard to their corporate reporting on these types of community activities many interviewees stated that the disclosures were in response to the considerable attention the government has placed on such initiatives. Therefore, the companies were clear that they should be accountable to the government as a primary stakeholder with regards to community. According to interviewee, if a company's disclosure on community fails to meet the government's demand and expectation, the company's ability and success would be jeopardised, as stated:

If there is a conflict between the company's orientation and direction of the government, **the company will not succeed**. - P14

5.7.1.3 Community disclosures, corporate image and reputation

It appears from the interviewee discussions that the survival of companies as legitimate entities may be particularly dependent upon their disclosures on community programmes. Several legitimacy objectives raised when exploring the relationship between companies' legitimacy as legitimate entities and their disclosures on community programmes. One rationale underlying the high numbers of disclosures on community engagement seem to that the companies wish to promote a positive corporate image and enhance their reputation with key stakeholders. The view of the majority of the interviewees is that "any company working on community [activities] becomes more popular" (P11), that they want the reader to "perceive the company's image as one that helps the community" (P10) and they believe that "[community] disclosure is [good] for enhancing reputation" (P02).

Interviewees indicated that the purpose for companies to report on community is to aid their legitimacy such that stakeholders know they are contributing to society and acting as good corporate citizens. They also asserted that community service, particularly through corporate

donations seemed to be an easy way to build positive corporate images and to access targeted stakeholders in order to gain their trust and support.

Why associations? Because [donations to] the associations **are easiest way to access targeted stakeholders**. - P13

Therefore, for the interviewees, engaging in and disclosing information about community activities seems to serve to enhance corporate image and reputation. It is also a part of the company's legitimization strategy to ensure the disclosures are conforming to the expectation of Islam and the government. From the interviews, community disclosure appears to be viewed as a means of gaining trust and winning support from the key stakeholders. However, the interviewees also showed an awareness that failure to conform to the primary stakeholders' expectations stating that a lack of disclosure "leads to punishment" (P08).

5.7.1.4 Community disclosures and the Arab Spring

The findings in the previous sub-sections have discussed how the interviewee responses support the argument that the primary stakeholders for the Community disclosures are Islam and the government. Discussions with the interviewees concerning the influence of the Arab Spring on community disclosures further supports this.

The Arab Spring uprisings, that emerged in a number of Arab countries during 2011 and 2012, disrupted community in Saudi Arabia in the sense that there was societal unrest. As a result, the Saudi government with support of Al-Ulama reacted to societal demands and previously in the chapter it has been argued this led to the rise in Community disclosures in 2013. The interviews suggest the companies used the Community disclosures in 2013 as a reactive approach to secure their legitimacy with these stakeholders and this was recognised by the majority of the interviewees.

Most interviewees confirmed that the Arab Spring uprisings had had a major impact on the country, particularly on society stability, and they were fully aware that the government was very conscious of the dangers posed to societal structures during this period.

The first change we see [during the Arab Spring] **is a shift in the community ... owing to political changes** not at the level of the Kingdom but at the level of the Arab States. ... Before it was easy to get a job, but not anymore. ... And as society got more conscious of the quality of life, it [people] wanted more and more. [During the Arab Spring] **we are witnessing changes**; society is watching us, following our campaigns, and asking questions. That's the first

point. Second point is **governmental bodies became very conscious [of the changing environment]**. -P02

During the Arab Spring, the government used its power to confiscate the protest movements who cause sudden and significant political unrest. This encouraged companies to enhance its stakeholders' relationships (the government), through supporting the government in respect of the strategies and plans it had enacted to reduce the potential for societal unrest:

It [the Arab Spring] had an effect, although a gradual one, but it increased with time. Because the government was moving toward a particular point of view, companies needed to be acting in accordance with the [government] programme. -P08

Interviewees then indicated that, alongside supporting the government community stabilisation plans, they felt that the provision of additional disclosures explaining what they had done to support the government would further help the government in maintaining the status quo in the country. For example:

In 2011, there was a[n] Arabian Spring, and oil was selling for \$110 per barrel. People were unstable [during the Arab Spring] and **there was clear guidance from the government to fight for stability and more disclosure will assist the government**. -P05

Other interviewees similarly described how their disclosure practises were a reflection of the government's lead in this period. Thus, the significant increase in Community disclosures in the 2013 annual reports appears to be a function of companies wanting to demonstrate their general support for the government actions undertaken during the Arab Spring. For example, one interviewee explained how the Arab Spring events outside the country were inevitably impacting within the country and that this had had a follow-on effect to companies which lead the interviewee to conclude:

That's a major reason to increase the disclosure [during the Arab Spring], due to its **indirect impact** on the companies ... I will disclose what information I have in order [for it] to be of **interest to the stakeholder**. -P04

A similar comment was made by interviewee P15:

The changes that have taken place in the Kingdom [during the Arab Spring] **play a key role in the process of increasing the disclosure** of social responsibility. -P15

As seen by the quotations above, the majority of interviewees agree that the substantial rise in the number of Community disclosures occurs as a result of the great attention the primary stakeholders gave to community during the Arab Spring and the companies then wanting to demonstrate their support for the government. Only one interviewee disputed that the Arab Spring had an influence on corporate disclosure in general or on community disclosure in particular. The interviewee argued that increases or decreases in corporate disclosure would only occur as a reaction to economic and commercial events. However, it is possible that this interviewee preferred not to enter into discussions which addressed the Arab Spring as they indicated in the interview, they felt it was a sensitive topic.

5.7.2 Interviewee responses: Training and Education disclosures

In respect of the Training and Education disclosures, it is argued earlier in the chapter that the companies are disclosing this category of information to demonstrate they are accountable to the Saudi government which wishes to reduce high unemployment rates through the implementation of its Saudisation programme. Unlike the Community disclosures, there is no display of accountability to Islam, with the Education and Training disclosures in the annual reports making no reference to the Islamic religion. In the preceding discussions it has also been contended that the significant numbers of Training and Education disclosures are a legitimising strategy which the companies use to show their actions are conforming to behaviours which are expected by the Saudi government. That is, they are demonstrating compliance with the primary stakeholder's expectations. Thus, the importance of human capital development within different government initiatives and policies which promote training and education programmes have been discussed. Therefore, it appears that the survival of companies as legitimate entities may be especially dependent upon their disclosures on training and education programmes. The interviewees' responses are discussed thematically in the following sub-sections and support this analysis of the Training and Education disclosures.

5.7.2.1 Government and Training and Education

Although the interviewees spoke less about Training and Education disclosures than Community disclosures, they were specifically mentioned by most of the interviewees as an

important aspect of their disclosure practices. They emphasised the importance of providing training and educational opportunities for employees and, as was the case for community, they discussed how training and education have been a priority within the country's development plans and how the government has emphasised the important role that companies should play in providing high quality training and education to their workforce to help build necessary work skills. As a result, the provision of disclosures in Training and Education appears intended to demonstrate accountability to the Saudi government by acting on government initiatives and policies.

[Through the] CADET program we **are providing this educational opportunity and, at the same time, training** on the job and ... we consider this part of social responsibility. - P15

In their discussions of the Training and Education disclosures the interviews asserted that companies were disclosing Training and Education-related information in order to demonstrate their accountability to the Saudi government. It was noticeable that the majority of the interviewees discussed compliance with Saudi Vision 2030 as a major reason for the significance of this category of disclosure. They acknowledged that the Saudi Vision 2030 strongly encourages companies in the private sector to increase their participation in human resources development by providing training and education, thereby reducing the country's high unemployment rate. Thus, meeting the government's expectations and demands set out in its Vision 2030 initiative in order to appear 'legitimate' is of primary importance in motivating the Saudi companies to disclose information in respect of their Training and Education programmes:

...the company is very keen to achieve the requirements and follow the regulations outlined in the Kingdom's Vision. -P15

There is no doubt that training has become an important agenda item in many [governmental] initiatives, such as the Kingdom's Vision 2030. -P16

Some interviewees revealed that Vision 2030 is putting pressure on companies to develop the younger generation through training and education programmes. Thus, the Saudi government, through its policies and initiatives, does appear to have been correctly identified as a key stakeholder which influences the Training and Education disclosures provided by the companies. One interviewee stated this as follows:

One of **the Saudi Vision 2030** goals is the development of human capital, which **has put pressure** on many companies to begin training and development programmes for employees in order to meet this target. -P03

A final remark which emphasises how importantly the government is viewed by companies as a stakeholder concerns one interviewee's statement that companies need to be obedient sons in respect of engaging with government initiatives and in respect of disclosing their engagement with the initiatives:

We should be the obedient son. We should become wise and obedient son.
- P02

This statement highlights, for both Community and Education and Training disclosures, the great significance the government has as a corporate stakeholder for Saudi companies.

5.7.3 Interviewee responses: concluding comments

The reasons for such high disclosures in both Community and Training and Education categories were explored during the interviews with the company managers. The majority of interviewees confirmed the findings of the disclosure analysis and stated that the main motivations for high disclosure of Community and Training and Education information are to demonstrate their accountability to Islam, which adheres to one of Islam's fundamental principles (philanthropy), and to demonstrate their accountability to the Saudi government. Other explanations given by interviewees for this increase include that the high number of Community and Training and Education disclosures are a legitimising technique used by the companies to demonstrate that their operations adhere to Islamic values and what the Saudi government expects. That is, they are demonstrating compliance with the primary stakeholders' expectations in order to enhance corporate image and its reputation. As a result, the interview analysis verified the two primary stakeholders for companies that have been identified in the disclosure analysis which are, Islamic religion and the Saudi government.

5.8 Conclusion

This final section provides concluding comments on the Community and Training and Education disclosures and the disclosure patterns 2008-2018. This chapter has examined the Community and Training and Education eco-justice disclosures categories which account for 47.1% of all the disclosures from 2008 to 2018. The findings of this chapter, from both disclosure and interviews analysis, show that the Islamic religion is the most important stakeholder for Community disclosures with companies seeking to ensure they demonstrate adherence to the principles of Islam and pronouncements from the Al-Ulama. The second key stakeholder identified in this chapter to which the companies are looking to be accountable is the Saudi government.

In the discussions concerning 'Islam' as a primary stakeholder for Saudi companies then the broader context has been explained. the religion of Islam has historically played a significant role in Saudi and it continues to affect all aspects of Saudi life including business practices and decisions (Buren et al., 2020). It has been argued that being accountable to Islamic religion is achieved in two forms. First, the companies are ensuring they can evidence adherence to the principles of Islam. In the Saudi context, participation in community welfare is a particularly important aspect of doing worship for God and, hence, the Islamic religion plays as a social force encouraging companies to actively engage in community activities or in giving charitably to communities. As a result, Saudi companies have a primary focus on community development activities both to obtain the ultimate reward from God and, in addition, to gain approval of the Muslim community of which they are a part. The second form is that the companies demonstrate their accountability to 'Islam' primarily through the disclosure of the Community information related to the Arab Spring which accords with the views of the Al-Ulama (the Council of Senior Scholars which is the foremost religious authority in Saudi Arabia). The Council of Senior Scholars (Al-Ulama) played a significant role in society during the Arab Spring uprising and in maintaining the status quo in the country. As a result, the significant increase in the numbers of Community disclosures appear to be a response to the considerable attention the religious body (Al-Ulama) paid to 'community' during the Arab Spring.

In addition, this chapter indicates that the government is the second major stakeholder and a motivating factor for both Community and Training and Education categories is companies wishing to demonstrate accountability in respect of important government initiatives. Community welfare and human capital development have been priority themes in many of the most important Saudi national policies and development plans, including the national development plans, the Labour Laws, Saudi vision (2030) and the Saudi Corporate Governance Code. Therefore, the

findings evidenced that the provision of such relatively high numbers of disclosures in Community and Training and Education categories is related to the companies ensuring they are seen as accountable by responding to the government's expectations with regard to initiatives related to community development and human capital development.

From a legitimacy theory perspective, this chapter indicates that the companies do not want their legitimacy threatened and this is enticing the Saudi companies to provide Community and Training and Education disclosures in their annual reports. This is evidenced when considering changes in social, economic and political context in Saudi Arabia over the eleven-year period. Specifically, in respect of the Arab Spring, the government's response in conjunction with the support of Al-Ulama to societal demands led to the significant rise in the numbers of Community disclosures in the 2013 annual reports. In addition, the importance of human capital development gained greater significance during the reign of King Salman as set out in the Saudi Vision 2030, and this led to the significant rise in the numbers of Training and Education disclosures in 2018. Thus, Saudi companies provide significant numbers of Community and Training and Education disclosures to appear "legitimate" to the two key stakeholders.

The conclusions of the disclosure analysis were validated by the interview data, which indicated that the two primary stakeholders motivating companies to disclose on Community and Training and Education information are the Islamic religion and the Saudi government.

The following chapter (Chapter 6) will analyse the disclosures for the remaining nine disclosure categories. Chapter 6 enables the researcher to ascertain whether the primary stakeholders identified in this chapter (Chapter 5) in respect of the Community and Training and Education disclosures are applicable for the other nine categories. Thus, Chapter 6 may potentially verify the key stakeholders identified in this chapter apply across all 11 disclosure categories or may reveal there is a need to reconsider who the companies are seeking to be most accountable to.

Chapter 6: Eco-justice disclosures - findings and analysis (2)

6.1 Introduction

This chapter builds on the findings of Chapter 5 to answer the research questions and achieve the objectives set out in the previous chapter, concerning to whom the companies appear to be seeking to be most accountable.

The remaining sections in this chapter focus on analysing the disclosures of nine categories, namely, Environment, Sustainability, Employment, Equal Opportunities, Diversity, Health and Safety, General, Discrimination and Corruption which in total account for 54.5% of all the eco-justice disclosures. This chapter examines the nine disclosure categories using content analysis and a close reading technique to evaluate the quality and quantity of the disclosures, which, individually, have relatively low numbers of disclosures. This enables the researcher to build further in this chapter in answering the research questions and achieving the objectives set out previously in Chapter 5. Thus, this chapter considers stakeholders, motivating factors, and legitimacy for the nine disclosure categories.

Again, for a number of reasons outlined in Chapter 2, eco-justice disclosure differs from social and environmental disclosure. The analysis in this chapter for the remaining nine disclosure categories argues that the companies are prioritising two stakeholders, namely, Islamic religion, and Saudi government. Thus, this chapter verifies that the key stakeholders identified in the previous chapter (chapter 5) apply across all 11 disclosure categories for the sample companies. In addition, the previous chapter indicates that Islamic values have implications for Saudi companies in terms of eco-justice disclosures. Namely, the companies provide extensive disclosures related to the Community category as this concept of community is of great significance in Islam. In contrast, this chapter includes observations about how religion (Islam) may be more problematic with regard to its effects on the nine eco-justice disclosure categories analysed in the chapter.

The remainder of the chapter is structured as follows. Following this introduction, section 6.2 argues that the two key stakeholders identified in Chapter 5, namely Islamic religion and the Saudi government, continue to be the two primary stakeholders for Environment and Sustainability disclosures. The relatively low number of Environment and Sustainability disclosures appear to

be tied to the Saudi government's relative lack of focus upon requiring companies to consider mitigating their impact on the environment or to engage in sustainability initiatives in the period under investigation and, further, there has been a lack of pronouncements from Al-Ulama as to what should be required from companies to address the world's environmental challenges or to become more sustainable. From an industry perspective, the analysis of the disclosures within the Environment and Sustainability categories suggests that these disclosures are primarily provided by companies within three industries. These three industries have received some greater attention (although this was still a limited amount of attention) from the Saudi government in respect of the environment as the nature of the industries are such that they have specific impacts on the country's environmental profile.

Section 6.3 argues that companies are providing limited numbers of Employment, Equal Opportunity and Diversity disclosures as they wish to avoid being seen to contradict the views of the Al-Ulama in this area. Further, demonstrating their overall support for the government initiative, by providing a relatively limited number of disclosures in order to maintain their approval with no objection to Al-Ulama's views.

In addition, the analyses in section 6.4 reiterates the finding in section 6.2 and 6.3 suggesting that a lack of government attention in comparison to its focus on Training and Education, as well as a complete lack of pronouncements from religious leaders in respect of the Health and Safety and General, resulted in a relatively low level of disclosures in these two categories.

Section 6.5 argues that is evident that the influence and legitimacy of Al-Ulama has largely been unquestioned for a long period. Thus, the religious views propagated by Al-Ulama, are understood as a social force and a fundamental source of moral norms and beliefs that companies need to adhere to, in order to be legitimate. Therefore, the minimal number of Discrimination and Corruption disclosures, appear to be a function of the companies following the government's lead with its lack of focus on the discrimination and corruption issues, coupled with a complete lack of religious interest on the two aspects. Furthermore, the interviews conducted with managers are drawn on to augment the analysis of the disclosures. In this chapter the interview responses of the managers relevant to the remaining nine disclosure categories are set out in section 6.6.

The conclusions drawn in the chapter (section 6.7), from both disclosure and interviews analysis, support the argument in Chapter 6 that Islamic religion and government policies and initiatives are the major influences and the primary stakeholders for eco-justice disclosures provided by the sampled companies. In addition, the companies' disclosures on the nine

categories are a means of managing key stakeholders' expectations by a number of legitimising strategies. This section leads into Chapter 7, which concludes the thesis.

6.2 Analysis of Environment and Sustainability eco-justice disclosures

This section focuses on an analysis of the disclosures in the Environment and Sustainability categories. These two categories are interconnected in that they both concern the disclosures the companies have made in respect of the stewardship of natural resources, including the allocation of natural resources within the current generation and between the current and future generations. The Environment category comprises references to any issues related to the environment such as air pollution, water management, noise, waste and recycling plus any attempts to identify, improve or prevent these issues. The Sustainability category encompasses references to the concept of stewardship and the responsible management of resource use. Because they are interrelated, it is logical to consider these two categories in the same section and to investigate what factors may be causing these disclosures concurrently. In the previous chapter it has been argued that there are two stakeholders which the companies are seeking to be most accountable to: first, Islamic religion and, second, the Saudi government. In this section it is considered whether this also holds when examining the Environment and Sustainability disclosures over the eleven-year period.

6.2.1 Environment and Sustainability disclosures: overall analysis

As can be seen from table 6.1 below, there is a total of 880 disclosures across the eleven-year period for the combined two categories of Environment and Sustainability in the companies' annual reports. This is a relatively low number of disclosures, equating to an average of only 3.6 disclosures per year per company, and accounting for 15.5% of all eco-justice disclosures. Table 6.1 shows that the number of disclosures within the Environment category is 9.9% of the total disclosures whilst the Sustainability disclosures account for 5.6% of total disclosures. Prima facie, this appears to suggest that providing Environment and Sustainability disclosures is not a high priority for the companies. The causes of the relatively low numbers of disclosures in the Environment and Sustainability categories are discussed in the following sub-sections.

Table 6.1 Environment and Sustainability disclosures for sample companies

Disclosure Category	% of Total Disclosures	Number of Disclosure Sentences
Environment	9.9%	561
Sustainability	5.6%	319
Total	15.5%	880

6.2.1.1 Environment and Sustainability disclosures: the lack of government focus on meeting environmental challenges

It was noted in the previous chapter that Islamic religion and the Saudi government were primary stakeholders which the companies are seeking to be most accountable to through providing Community and Training and Education disclosures. It can feasibly be argued that the underlying reason for the provision of such relatively low numbers of Environment and Sustainability disclosures can also be explained by reference to these primary stakeholders as, by comparison to the Community and Training and Education disclosure categories, there has been a relative lack of government policies and initiatives and a complete lack of pronouncements from religious leaders in respect of the environment and sustainability. Thus, the companies have not felt impelled to provide these two types of disclosure.

Saudi Arabia has a predominantly arid desert landscape with few coastal areas and mountain ranges, limited annual rainfall and scarce groundwater reserves (Al-saidi, Zaidan and Hammad, 2019). Despite the country's minimal natural resources, the national government's agenda for protecting the environment was limited in the period under investigation. Similarly, although caring for nature and the earth's resources are an important part of Islam, many Muslim countries are reluctant to impose Western concepts of environmentalism (Ozdemir, 2021). Therefore, there were no specific environmental or sustainability initiatives developed by the religious authorities in Saudi Arabia. The managerial stakeholder lens emphasises that companies respond to the demands of their key stakeholders. Thus, the relative lack of attention to environmental and sustainability matters in Saudi companies' annual reports appears to potentially stem from this lack of religious and Saudi government focus (and demand for change) in respect of these two aspects.

The exploration for, and exploitation of, oil reserves commencing in 1938 transformed not only the society and economy of Saudi Arabia but brought with it tremendous repercussions on the physical environment. Unprecedented levels of socio-economic transformation resulted in rapid industrialisation, inefficient use of resources, unplanned urbanisation, and large-scale consumption patterns resulting in a set of environmental issues (Al-Saidi et al., 2019; Al-Soliman, 1993). The government's main concern has, since 1938, however been to introduce policies and initiatives to support economic development, as well as to provide physical infrastructure, public services, and improve human capital development (Bishara et al., 2016). This preoccupation with economic growth has appeared to overshadow government attention regarding the environmental

consequences of the country's development and the responsibilities that should accompany economic development.

This is not to suggest the government wholly neglected to attend to environmental concerns; rather that environmental and sustainability concerns were a much lower priority. The rise in environmental demands in Saudi which have been a result of major demographic pressures and increased living standards in the mid-1980s did cause the government to become uncertain about its ability to meet the needs of its population with limited natural resources (Darfaoui and Al Assiri, 2010). As a result, the government adopted a more positive attitude towards the environment through their national development plans. Specifically, in addition to the socioeconomic development goals, the second stage of National Development Plan (1985-2005) set out two goals in respect of the environment, although these were very broad in nature. The first is to protect the national environment by preventing pollution and desertification of terrestrial, aquatic, and water resources; the second encourages both individuals and institutions to show consideration towards the environment (Al-Soliman, 1993).

The Saudi government established these goals in the National Development Plan primarily to encourage a limited number of industries to have a greater environmental awareness although subsequently, some limited government initiatives did occur in respect of environmental regulation relevant to companies. The industries that the government identified as contributing to environmental issues such as CO₂ emissions, energy waste, and water shortages include petroleum-based industries and industries characterized by the extensive use of water and energy. Thus, there has been some emphasis by the government on these industries.

However, it is important reiterate that these government regulations concerning protecting the environment have not had the same prominence or importance as policy initiatives that have been created to address social and economic issues such as improving the quality of life within society and promoting education and skills development. Consequently, the government's efforts to resolve environmental problems are not comparable to those efforts made to address social and economic issues. This is mirrored in the companies' disclosures and is observable when comparing Environment and Sustainability disclosures to Community and Training and Education disclosures. Namely, there are significantly greater numbers of Community and Training and Education-related disclosures and these appear to be a function of the considerable attention the Saudi government paid to the importance of community and human capital development over the eleven-year period 2008-2018. By comparison the environmental issues facing the country received relatively little consideration in government policies and initiatives and the lower numbers of disclosures in the Environment and Sustainability categories reflect

this. Therefore, these Environment and Sustainability disclosures are meaningfully related to the stakeholders' demands, particularly the government, with these disclosures appearing to be a function of the companies following the government's lead with its relative lack of focus on environment and sustainability matters. This gives the sense that companies are acting in accordance with the government's priorities to gain or maintain their legitimacy and thus ensure their survival.

It is important to note that while the 11-year trend was of significance and required analysing in respect of the Community and Training and Education disclosures (see Chapter 6), this is not the case for the Environment and Sustainability disclosures. Instead, for the Environment and Sustainability disclosures it is the industry perspective which must be examined to interpret the disclosures. The next section 6.2.2 provides support for this assertion with sub-sections 6.2.2.1 and 6.2.2.2 explaining in greater detail the connection between the government initiatives and the disclosures in those industries that are more environmentally sensitive; namely, materials²⁸, utilities and food and beverage. The other industries (non-sensitive to environment) played far less of a role in the Kingdom's environmental activities and, hence, provided very few disclosures in respect to Environment and Sustainability.

6.2.2 Environment and Sustainability disclosures: analysis of the disclosures from an industry perspective

In the above discussion, it has been stated that the government has had limited focus on environmental issues and that this is restricted to encouraging a limited number of industries to have a greater environmental awareness. It is important to add to this explanation as to why there are so few disclosures in the Environment and Sustainability categories through considering the disclosures from an industry standpoint.

Table 6.2 Environment and Sustainability disclosure for sample companies across industry

Disclosure Category	Energy	Financials	Food & Beverage	Materials	Real Estate	Telecom	Utilities	Total
Environment	28	14	80	232	9	6	192	561
Sustainability	0	35	79	189	0	10	6	319
Total	28	49	159	421	9	16	198	880

²⁸ It should be noted that the 'Materials' industry label used by the Saudi Arabia's Stock Exchange includes companies engaged in petrochemicals, mining, metal refining, and chemical products.

As can be seen from table 6.2 above, the materials (421 sentences), utilities (198 sentences) and food and beverage (159 sentences) industry are the leading disclosers in respect of Environment and Sustainability. Traditionally, these are industries which are more sensitive to environmental issues (Patten, 1991, 1992). Table 6.2 shows that other industries that are non-sensitive to environment - namely, financials, real estate, telecom and energy - provide minimal Environment and Sustainability disclosures. This observation regarding the companies in the materials, utilities, and food and beverage industries having far greater numbers of disclosures is discussed further in the following sub-section.

6.2.2.1 Environment and Sustainability disclosures: discussions in the annual reports for the materials and utilities industries

The Environment and Sustainability disclosures provided in the annual reports are noticeably dominated by industries that are under Saudi governmental encouragement to be environmentally aware due to their sensitivity to environmental issues; namely, materials, utilities, and food and beverage. The result is that these companies provide 88.4% of disclosures (778 of the total 880 disclosures) in these categories of Environment and Sustainability.

This sub-section and the subsequent sub-section build on the discussions in the previous sub-section and argue that the companies operating in environmentally sensitive industries provide Environment and Sustainability disclosures in their annual reports as a response to Saudi government placing some greater attention on requesting companies in these industries to be environmentally aware. Therefore, these companies are employing a legitimising strategy and ensuring they meet the stakeholder's expectations regarding by disclosing they are not environmentally irresponsible (Lindblom, 1994's strategy). Again, it is important to reiterate that these environmental initiatives in these industries have not had the same importance or prominence as policy initiatives that have been created to address social and economic issues.

The oil and petrochemical industries (contained within 'material' industry) are essential to the country's economy, as Saudi Arabia is the world's third largest producer of oil and possesses the world's largest oil reserves. However, the oil and petrochemical industries have contributed to major environmental problems in the country, such as air, water, and soil pollution, climate change, and a rise in carbon footprint. According to Darfaoui and Al Assiri (2010), oil and petrochemical industries accounted for 90% of all CO₂ emissions in the country. Furthermore, the oil and petrochemical industries not only impact of climate change and greenhouse gas emissions, but also effect the environmental profile of the country. Because of this, there have been ongoing critiques of the Saudi government not having sufficient focus on acting to meet the

different challenges the world faces in respect of the environment and sustainability (Barbuscia and Khalid, 2019). As a response, the Saudi government implemented a number of environmental policies and initiatives, such as Carbon Capture and Storage initiatives (CCS), as a way to regulate and raise environmental awareness in the oil and petrochemical industries, and thus improving the country's negative environmental profile. The government attention directed at this industry is a likely explanation why the materials industry sector has the greatest number of disclosures (421 of total 880 disclosures which equates to nearly half of the total disclosures). Namely, this industry has responded to the government attention to ensure it does not neglect being accountable to this primary stakeholder. Furthermore, the environment and sustainability disclosures provided by the materials industry sector are used as a legitimization tool to portray a picture of growing awareness about the environment and sustainability and thus ensure its survival. However, it needs to be reiterated that whilst there was some government emphasis on environment and sustainability issues for this industry, it was still a limited government emphasis compared to Community and Training and Education. This is reflected in the generalised nature of the disclosure. Thus, the companies in materials industry are, for example, explaining they are compliant with regulations, as the following disclosure examples illustrate:

Our exploration, **mining and operational activities are subject to various environmental regulations applicable in Kingdom of Saudi Arabia**. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation... Non-compliance with the applicable laws and regulations might result in imposition of fines and penalties by the regulatory authorities. (MD annual report, 2012, p. 25, emphasis added)

During the year, [the company] **maintained its compliance with environmental regulations**, ... Assessment of nitrogen oxide (NO_x) emissions at its manufacturing affiliates in Saudi Arabia was completed during the year and confirmed the plants **as meeting the emission-control standards set by the Royal Commission of Jubail and Yanbu**. (SB annual report, 2009, p. 46, emphasis added)

In addition to implementing some policies for oil and petrochemicals, to reduce wastage and preserve the country's energy the Saudi government established the National Energy Efficiency Programme to increase adoption of clean energy and reduce the consumption of non-renewable

resources. Energy²⁹ in Saudi Arabia involves petroleum and natural gas production as well as and electricity production and, therefore, the materials and utilities³⁰ sectors are the two industries where this has some impact as they had a role to play in the Kingdom's Energy Efficiency initiative. This is evident in the Environment and Sustainability disclosures observable in the disclosures for companies operating in materials and utilities industries, which demonstrate their general support for the government Energy Efficiency Programme, and meet the expectations of the Saudi government, as shown in the example disclosures below:

...the company aims to have a leading role in the field of environmental protection throughout the Kingdom of Saudi Arabia by achieving **compatibility with the updated environmental standards** issued by the General Authority of Meteorology and Environmental Protection on 2/5/1435 AH ... thereby **increasing the production of clean energy** and reducing the consumption of non-renewable resources. (SE annual report, 2015, p. 54, emphasis added)

[The company] **embraced energy management system** focus as a key enabler of active positive contribution toward efforts to reduce global warming, and improve the performance of assets and **meet legislative requirements**. (SB annual report, 2016, p. 45, emphasis added)

6.2.2.2 Environment and Sustainability disclosures: water scarcity discussions in the annual reports for the materials and food and beverage industries

The above sub-section has discussed how the attention of the Saudi government on oil and petrochemicals industries, as well as the Saudi government focus on improving energy efficiency have motivated the Environment and Sustainability disclosures. A third area where the Saudi government has had some focus with regards to environmental and sustainability is water scarcity. Water scarcity is particularly relevant to the materials and food and beverage industries since water consumption is an important element of their operations, and this is now discussed.

²⁹ It should be emphasised that the discussion of energy efficiency initiatives does not pertain to the 'Energy' industry. The 'Energy' industry sector comprises enterprises engaged in activities other than oil and gas extraction, such as storage, transportation, and marketing. As a result, the companies in this industry sector have not been impacted by the energy efficiency initiatives and provide very low numbers of Environment and Sustainability disclosures (TADAWEL, 2021).

³⁰ The Utilities industry, according to the Saudi Arabia's Stock Exchange industry classification, includes electricity, gas, and water producers' companies. Therefore, it is this industry sector which is impacted by the government energy efficiency initiatives rather than the Energy industry as explained in the previous footnote (TADAWEL, 2021).

Water scarcity, which includes both water supply and water quality, is a significant health predictor and is inextricably related to food security, sanitation, and hygiene (Denicola et al., 2015). In Saudi Arabia, one of the largest arid countries in the world and classified by the United Nations as a water-scarce nation, the incautious use of groundwater resources for agricultural, industrial and domestic purposes over a long period of time combined with an annual increase in water demand has had a substantial impact on the availability and quality of water resources (Schaar, 2019; Denicola et al., 2015). This has meant that the risk of disease in the Kingdom has increased as a result of low water quality and availability. As a result, the Saudi government has incorporated the issue of water scarcity into national agendas and initiatives to regulate those industries that contribute to the extensive use of water in Saudi Arabia.

The industries affected are the food and beverage³¹ and materials industries, and the need is to ensure water is continuously available and conservation of water is important (Al Zaharani, Al Sayaa and Baig, 2011). The Saudi government has taken some conservation measures in an attempt to reduce the use of groundwater and to use desalinated seawater (Kajenthira, Siddiqi and Anadon, 2012). Water scarcity is evident in the disclosures of companies in these two industries in the Environment and Sustainability categories. In their annual reports, companies in food and beverage and materials industries state how water is an extremely valuable resource and the most important environmental challenge facing the Kingdom, as shown in the example disclosures below:

In Saudi Arabia, we face a challenging set of environmental factors, **the most pressing of which is water conservation**. (MR annual report, 2015, p. 41, emphasis added)

Water is **a scarce and valuable** commodity throughout the Kingdom (MD annual report, 2011, p. 46, emphasis added)

Programs for processed wastewater recycling are one of the conservation techniques the Saudi government has introduced. Therefore, wastewater recycling has gained favour in Saudi Arabia as an efficient way to curb demands on water resources, and to help balance both water and food security (Schaar, 2019; Denicola et al, 2015; Zaharani et al, 2011). The companies state in their Environment and Sustainability disclosures that they employ wastewater recycling systems to overcome the problem of water scarcity and make efficient use of water. This type of company

³¹ Food and beverage industry includes agricultural companies that are involved in the conversion of raw agricultural materials into consumer food and beverage products. Hence, water is of great significance as it is a primary input to their production process.

initiative is aligned with the government water conservation measures. This gives the sense that companies are seeking to meet government's expectation regarding efforts to curb demands on groundwater and desalinated seawater. Therefore, providing disclosures regarding water scarcity can be understood as legitimization strategy employed by Saudi companies to demonstrate their support for the government's strategic goals and meet the expectations of the Saudi government regarding water conservation, as shown in the example disclosures below:

[The company] has undertaken **many initiatives to reduce water usage**. This includes importing 100% of the green fodder required to produce the [company] milk which is exported out of the Kingdom. (MR annual report, 2013, p. 25, emphasis added)

... the project is **employing a wastewater treatment system** (Engineered Natural System) that will treat and recycle processed waste water, sanitary waste water and storm water back to operations. (MD annual report, 2011, p. 47, emphasis added)

6.2.2.3 Environment and Sustainability disclosures: beyond government environmental initiatives

In the previous sub-sections, it has been stated that the majority of the disclosures in these two categories are located in the three industries where the Saudi government attention has been focused. This is due to their having a more significant impact on the environment when compared to the other industry sectors. The discussions in the Environment and Sustainability disclosures appear to be a function of the companies following the government's lead in this area. Namely, the Saudi government has undertaken some environmental initiatives, but they are relatively low key and the result is that the disclosures are similarly modest.

There is, however, an additional comment that needs adding. Some companies operating in these industries have provided a small number of Environment and Sustainability disclosures which show an awareness of the environment which goes beyond government requirements. The following disclosure, for example, clearly shows that the company's environmental programme to reduce its environmental footprint goes beyond regulatory requirements:

We have strengthened our commitment to reduce [the company] environmental footprint, shifting from a compliance-led program to stewardship-based performance through **a program that goes far beyond regulatory requirements**. (MD annual report, 2015, p. 87, emphasis added)

The most likely reason for some companies stating they have gone beyond government requirements is that they are seeking to demonstrate awareness of global environmental initiatives and standards. However, it is noteworthy that the phrasing of these types of disclosure is still by reference to how these environmental and sustainability programmes are positioned in relation to Saudi government requirements. As a result, these companies are still ware of the need to be accountable to their key stakeholder.

6.2.3 Environment and Sustainability disclosures: concluding comments on the overall analysis

In conclusion, this section has argued that the two key stakeholders identified in Chapter 5, namely Islamic religion and Saudi government, continue to be the two primary stakeholders for Environment and Sustainability disclosures. This is seen in the low number of Environment and Sustainability disclosures, which appear to be tied to the Saudi government's relative lack of attention on the environment and sustainability. Further, there has been a lack of any pronouncements from Al-Ulama as to what is required by companies to address the world's environmental challenges. It is also important to note that the low numbers of Environment and Sustainability disclosures provided in the annual reports are dominated by three industries which received some greater, albeit still limited, attention from the Saudi government. These industries have a particular impact on the country's environmental profile. As a result, the low level of Environment and Sustainability disclosures appear to be a function of the companies following the government's lead on the environment and sustainability.

6.3 Analysis of Employment, Equal Opportunity and Diversity eco-justice disclosures

This section focuses on an analysis of employee-related disclosures, namely, Employment, Equal Opportunity and Diversity disclosures. The three categories are interconnected in that they all concern the disclosures the companies have made in respect of equal treatment between (male and female, Saudi and non-Saudi) employees, meaning that all receive benefits equally and no one deserves greater benefits than others. Thus, it is logical to consider these three categories in the same section and to investigate what factors may be causing these disclosures concurrently.

In the previous section it has been argued that the underlying reason for the provision of such relatively low numbers of Environment and Sustainability disclosures can be explained by reference to the primary stakeholders, Islamic religion and the Saudi government. In the previous section the contention was that the companies did not feel impelled to provide these two types of disclosure due to a relative lack of government policies and initiatives and a complete lack of pronouncements from religious leaders in respect of the environment and sustainability. In this section, it is considered whether this also holds when examining the Employment, Equal Opportunity and Diversity disclosures over the eleven-year period.

6.3.1 Employment, Equal Opportunity and Diversity disclosures: overall analysis

As can be seen from table 6.3 below, there is a total of 1,026 disclosures across the eleven-year period for the combined three categories of Employment, Equal Opportunity and Diversity in the companies' annual reports. Table 6.3 shows that the number of disclosures within the Employment category is 3.7% of the total disclosures whilst the Equal Opportunity and Diversity disclosures account for 6.7% and 7.6% of total disclosures, respectively. Prima facie, this appears to suggest that providing Employment, Equal Opportunity and Diversity disclosures is not a high priority for the companies, as they are only accounting for 18% of all eco-justice disclosures. The causes of the relatively low numbers of disclosures in the three categories are discussed in the following sub-sections.

Table 6.3 Employment, Equal Opportunity and Diversity disclosures for sample companies

Disclosure Category	% of Total Disclosures	Number of Disclosure Sentences
Employment	3.7%	212
Equal Opportunity	6.7%	382
Diversity	7.6%	432
Total	18%	1026

6.3.1.1 Employment, Equal Opportunity and Diversity disclosures: the lack of government and religious interest in empowering women

In the previous sections, it was noted that the low number of Environment and Sustainability disclosures appear to be tied to the Saudi government's relative lack of concern for the environment, as well as a lack of any pronouncements from Al-Ulama as to what is required by companies to address the world's environmental challenges. It is argued in this section that the fundamental cause for the provision of such relatively low numbers of Employment, Equal

Opportunity and Diversity disclosures can also be explained by reference to the stance of the primary stakeholders, Islamic religion and the Saudi government, in these areas.

As previously discussed in chapter 5, Saudi Arabia is an Islamic monarchy where the Al-Ulama have a stake in the political structure and functioning of the state (Quamar, 2014). Islam is a major influence on all parts of Saudi society and Saudi life, impacting on businesses and how society approaches a wide range of matters pertinent to eco-justice. The role of women in Saudi society has been shaped by Islam with, for example, gender segregation being one aspect of this (Geel, 2016). In respect of women's rights, Saudi Arabia has faced internal as well as external criticism for the ways in which it has dealt with these gender issues. These issues pertaining to women's rights and gender equality have historically been seen as a red line for many in the religious community (Petersen, 2018). The religious conservatives reject these rights considering them to be a Western invention and that they are based on Western values of secularism and individualism (Petersen, 2018). Consequently, the role of religion and Al-Ulama in Saudi society has been used to legitimize the adoption of highly conservative and restrictive approaches to eco-justice related problems such as women's rights, freedom of speech and expression, and young people's ambitions as an attempt to stop a Western-style modernization process occurring in the country.

Gender-based inequality is a significant social and economic issue in Muslim societies in general (Duderija, Alak and Hissong, 2020). In particular, Saudi Arabia has been recorded as one of the world's most gender unequal countries (Syed, Ali and Hennekam, 2018). It is generally perceived that "Saudi Arabia takes a very distinctive gendered form due to the interaction of gender with religious and cultural norms" (Sian et al., 2020, p.1), which is manifested within the Saudi culture or way of life of the people.

The power of Al-Ulama, and what some consider to be their misinterpretations of Islamic texts, have a profound impact on the gender discrimination practices in Saudi society. Their (mis)interpretation of the Quranic verse, "And they [the women] have [rights] like [the obligations] they are under with beneficence, and men have a degree above them" (Qur'an, Al-Baqarah: 228) has justified reinforcing gender inequality and promoted a patriarchal gender system where men are deemed superior to women in most, if not all, aspects of everyday life. As a result, Saudi women are a 'weaker' segment of society and it is difficult for women to contradict existing social norms, which are a complex combination of religious dictates, cultural understandings, and patriarchal traditions (Quamar, 2015; Hamdan, 2005). The religious views propagated by Al-Ulama mean women have to be segregated from men in public life, and their

right to work is only permissible within traditional jobs, such as medicine, teaching, and nursing (Sidani, 2005). This excludes women from participating in the economic and political domains.

In addition, the Council of Senior Al-Ulama has a primary duty to express their opinion in the form of *fatwa* (a formal opinion on a point of Islamic law) and the more extreme members of Al-Ulama take this as an opportunity to direct their religious conservative opinions across a very wide range of matters including education, business practices, male-female relations and women's rights. Thus, the religious opinions (fatwa) have been used not only as an instrument for legitimising government policy, but also for changing social expectations within Saudi society and for influencing Saudi socio-cultural norms (Abu Sulaib, 2020; Al-Atawneh, 2009). Some of the Al-Ulama have argued that their fatwas are compatible with the basic principle of “dar’a al maffasid awla min jalb al masaleh”, which means that they are dissuading citizens from engaging in activities which could cause harm to an individual. For example, the fatwa that prohibited women from driving is an indication of the ability of Al-Ulama's being able to impact on socio-legal matters, and the justification was that it protected women from facing potentially dangerous situations that could result from being alone (khalwa) while driving. This fatwa was issued by The Permanent Council for Scientific Research and Legal Opinions (CRLO) in 1990 and implemented by the Saudi Ministry of the Interior (Atawneh, 2009). Another example of a rather strict piece of social legislation issued on the basis of fatwa concerns women working outside the home. The fatwa prohibited women from having certain types of job such as working in hotels as this entailed interaction with male strangers (Atawneh, 2009). Consequently, it is evident that the religious authorities have had the ability to influence societal expectations through fatwa (religious opinions) and to slow down developments such as increasing the role of women in Saudi society.

As a result, Employment, Diversity and Equal Opportunity are a critical and sensitive problem for the Kingdom (Human Rights Watch, 2011). In Saudi Arabia, the Islamic religion and its related conservatism have a significant influence on the lack of women's empowerment in the Saudi workforce and have played an essential part in how women's roles in the workplace are virtually missing. The religious conservatives reject the rights of women to employment, and reject equality and diversity (Petersen, 2018). Consequently, the Al-Ulama have employed both fatwa (rulings on specific aspects of Islamic law) and (mis-)interpretations of Islamic principles as strategies for enforcing conservative norms within Saudi society and to provide rationales for inequality, discrimination and denials of freedom (Mansour, 2014). Thus, the strict control placed by Al-Ulama has significantly reduced the involvement of Saudi women in the labour market. As such, they have forbidden women from engaging in some professional jobs and women's work

must be relevant to their nature and only within traditional jobs that do not interact with unrelated males (AlAtawneh, 2009). As a result, there is a significant gender difference in labour supply, resulting in a structural imbalance in the Saudi labour market. This has meant that the religious views propagated by Al-Ulama, may be seen as a social force and a fundamental source of moral norms and beliefs that social institutions which companies need to adhere to in order to be legitimate.

Notwithstanding the objections of Al-Ulama, factors such as the decline in oil revenues, and the increased population of Saudi citizens have influenced the government to introduce some reforms to improve women's participation in the labour market and to tackle the unemployment issues during King Salman's reign. However, although Saudi Arabia has witnessed quite significant reforms since the reign of King Abdullah, these reforms have been slow and still do not fully empower women in the workplace. Hence, the relative lack of disclosure on Employment, Equal Opportunity and Diversity matters in Saudi companies' annual reports appears to potentially stem from the lack of government initiatives in this area and because of religious opposition to enacting positive change in respect of all three disclosure aspects. Companies do not want to be seen in their disclosures, on women employment and gender diversity, to be contradicting or opposing the stance of Al-Ulama and religious conservatives, and because government reforms are limited their accountability to this stakeholder can be satisfied through provision of a relatively small number of disclosures.

While the 11-year trend was of significance and required analysing in the previous chapter for Community and Education and Training disclosures, this is not the case when addressing the Employment, Equal Opportunity and Diversity disclosures as the trends for the three categories are insignificant in the sense that there are no significant year on year fluctuations. Instead, further overall commentary regarding the analysis of the Employment, Equal Opportunity, and Diversity disclosures is provided in the next sub-section.

6.3.1.2 Employment, Equal Opportunity and Diversity disclosures: the dominant discussions in the annual reports

This sub-section builds on the discussions in the previous sub-section to explain in greater detail how the relative lack of disclosure on Employment, Equal Opportunity and Diversity matters in Saudi companies' annual reports appears to potentially stem from the lack of government and religious interest in addressing Employment, Equal Opportunity and Diversity issues in the Saudi context.

With declining oil-wealth, changing economic needs, and some internal and external demands for reforms, the dominant power of Al-Ulama in the country began to diminish in the 1990s.

The Kingdom during King Abdullah's reign (2005-2015) came under pressure from the International Labour Organization (ILO) and the World Trade Organization (WTO) to undertake reforms in terms of human resources and the condition of women (Quamar 2015; Mellahi, 2007). However, the strong influence of Al-Ulama meant that the country only undertook modest changes to modernise the country and did not deviate to any great extent from the social and religious values which were already in place, particularly those pertaining to women (El-Sanabary, 1993). In 2005, the Minister of Economy allowed Saudi women to work in retail shops but simultaneously introduced a measure compatible with the Al-Ulama's opinions on gender segregation. So, whilst all foreign shop assistants in lingerie stores were replaced with Saudi women, at the same time men were banned from entering such stores (Le Renard, 2008). The government made amendments in labour law regarding working women's rights such as maternity leave, vacation time, work-life balance, and nurseries (Varshney, 2019). Article 149 of the 2005 Labour Law encouraged businesses to employ women in their entities but with the proviso that the company took into consideration the provisions of article 4 of the Labour Law and does not contravene shariah law. Thus, Article 149 states, "... women shall work in all fields suitable to their nature. It is prohibited to employ women in hazardous jobs or industries..." (Labour Law, 2005). However, despite Saudi Labour Law allowing women to work, women's employment has remained subject to religious barriers which the law could not successfully address.

The decline in oil revenues in the Kingdom and the increased population of Saudi citizens in the past three decades have influenced the government to introduce a number of reforms and initiatives to tackle unemployment. However, these government initiatives have not deviated to any great extent from the social and religious values which were already in place, particularly those pertaining to women (El-Sanabary, 1993). Consequently, to ensure their actions and values are seen to be congruent with the values espoused by the Al-Ulama the companies will be unlikely to want to make extensive Employment, Equal Opportunity and Diversity disclosures. To do otherwise could negatively impact upon their legitimacy in the eyes of the Al-Ulama and have repercussions for their continued survival and success. The government's reforms have been limited in respect of Employment, Equal Opportunity and Diversity at least in part because they too have been constrained by the Al-Ulama and religious conservatives. Therefore, accountability to the government stakeholder can be met through providing only a relatively small number of disclosures. This desire to ensure that they do not contradict the values and beliefs of the Al-Ulama in such a sensitive area is evidenced by the type of Employment and Diversity disclosures.

The disclosures provided in the annual reports are noticeably dominated only by discussions related to creating job opportunities for Saudi nationals which are consistent with the Saudization programme; a job localisation policy that has been implemented by the government in 2009, aiming to prioritize employing Saudi nationals in the private sector (Fakeeh, 2009). This type of disclosure emphasising their commitment to provide job opportunities for Saudi nationals is not contentious or sensitive whereas disclosures regarding, for example, women's right would be contentious. Examples of The Employment and Diversity disclosures which are aligned with the Saudization programme are below:

[The company] has **a strong focus on employing and retaining local nationals and is working with government authorities** such as Saudi Human Resource Development Fund and Technical Vocational Training Corporation to attract, recruit and train young talents for various positions throughout the company. (MR annual report, 2009, p. 32, emphasis added)

In line with the conviction of NSCSA that Saudization is a national requirement, **it has completed Saudization of most of the leadership positions in the company and its subsidiaries** (BH annual report, 2009, p. 27, emphasis added)

In confirmation of the supreme commitment to the requirements of Saudization, the company worked during the year 2011 to develop Saudi professional competencies in the insurance sector; This was represented by an increase in the percentage of Saudi employees in the company at the end of the year compared to last year. (TW annual report, 2011, p. 5, emphasis added)

In addition, the Equal Opportunity disclosures provided in the annual reports are dominated by discussions related to incentive programs and benefits for employees which are consistent with the Saudi Labour Law and regulations but avoid discussion of sensitive matters relating to, for example, equal rights for women. These benefits including paying compensation, savings program for employees and housing loans programs. Therefore, the companies provide Equal Opportunity disclosures in their annual reports to demonstrate their compliance with the government regulations, as shown in the example disclosures below:

The Bank **pays compensation and benefits to employees** according to Saudi Labour Law and Regulations, and the statutory requirements applicable to foreign branches and subsidiaries.” (NB annual report, 2016, p. 27, emphasis added)

The **Housing Loans Program** is also still being offered and during 2010, 211 employees benefited from it by borrowing an amount of SR 264 million. (ST annual report, 2010, p. 29, emphasis added)

The company has **a savings program for employees** ... Under this program, a specific percentage of the employees' salaries is deducted and the company invests it in one of the investment funds that comply with the provisions of Islamic Sharia. (TW annual report, 2011, p. 18, emphasis added)

Despite matters such as women's empowerment being sensitive there is, however, an additional discussion that needs highlighting. Some companies have provided a very small number of disclosures in their 2018 annual reports which demonstrate their general support for the government's women's empowerment initiatives. During King Abdullah's reign (2005-2015) issues such as the problem of rising unemployment (which was particularly affecting younger people) and the rights of women to participate in the development process were debated (Niblock and Malik, 2007). After the death of King Abdullah, King Salman came into power in 2015, and his son Mohammad bin Salman Al-Saud became the Crown Prince. Under King Salman's leadership, Saudi Arabia has witnessed a number of socio-economic and political reforms (Alshuwaikhat and Mohammed, 2017). Underpinning the developments attributable to the reign of King Salman is that the power of conservative views presented by religious authorities have been partially curbed. As a result, some greater rights have been given to women, including permitting the involvement of women in municipal elections as both candidates and voters for the first time in December 2015. On the economic front, the government made further amendments to labour law regarding working women's rights such as maternity leave, vacation time, work-life balance, and nurseries (Varshney, 2019). Therefore, providing this type of disclosures regarding women's empowerment can be understood as an attempt by Saudi companies to demonstrate their support for the government's openness goal to maintain their approval, as shown in the example disclosures below:

Special attention was paid to female employees who received new benefits including **child-care allowances**. (RJ annual report, 2018, p. 23, emphasis added)

Believing in the importance of the role of women and in line with the Kingdom's vision 2030 in supporting women, the company has supported its female employees, mothers, to contribute to enabling them to perform their work easily and easily by contributing to the costs of custody for their children. (ST annual report, 2018, p. 38, emphasis added)

Another initiative taken in 2018 to help us retain staff was the **opening of a nursery for the children of employees**, which was received positively. (MB annual report, 2018, p. 35, emphasis added)

In addition, with the recent decree in 2017 allowing women to drive cars for the first time in the Kingdom's history, some companies demonstrate their general support for the government announcement, as shown in the example disclosures below:

The company also **bears the cost of obtaining driving licenses for female employees** by covering the fees of (Training - lectures - issuance of a driver's license) as 50 female employees benefited from these programs. (ST annual report, 2018, p. 38, emphasis added)

In line with the Saudi government's decision to allow women to drive for the first time in the Kingdom, we organized an initiative under the name "Jahza" ... reflecting our belief in supporting women ... to show our support we decided to cover the costs of issuing a driving license for the first 30 female employees. (SV annual report, 2018, p. 42, emphasis added)

However, while the government has placed emphasis on women's participation in the workforce in recent years, the companies' disclosures on women's empowerment are still limited and resulting in a relative lack of disclosure on Employment, Equal Opportunity and Diversity. Despite various reforms taking place recently, the gap between men and women remains large. In part this gap remains because of the long prior history of gender inequality.

6.3.2 Employment, Equal Opportunity and Diversity disclosures: concluding comments on the overall analysis

This section reiterates that the two key stakeholders, as highlighted in previous sections and the previous chapter, are Islamic religion and the government. The companies demonstrate their accountability to Islamic religion through the (lack of) disclosure of Employment, Equal Opportunity and Diversity information which ensures they are not seen to be challenging the

views of the Al-Ulama. The need to avoid disapproval or a legitimacy threat leads to companies avoid contradicting the views of the Al-Ulama. The Saudi government has implemented modest initiatives during King Abdullah's reign, such as the Saudization programme, to address unemployment and women's empowerment in the workplace. However, whilst there might be some need to demonstrate their support for the government initiatives, it is a limited need, and it is likely to be of more importance not to undermine Al-Ulama's views.

6.4 Analysis of Health and Safety and General eco-justice disclosures

This section examines disclosures for the Health and Safety and General categories. In previous sections the contention is that the dominant stakeholders driving, or in some cases constraining, disclosures are Islamic religion and the Saudi government. In this section, it is considered whether this also appears to be the case when examining the Health and Safety and General disclosures over an eleven-year period. The 11-year trend was of significance and required analysing in respect of the Community and Training and Education disclosures (see Chapter 5) but this was not the case when addressing the five categories of Environment, Sustainability, Employment, Equal Opportunity and Diversity. In respect of Health and Safety the 11-year trend is not significant. Consequently, the following sections examine the Health and Safety and General disclosures overall.

6.4.1 Health and Safety and General disclosures: overall analysis

This sub-section sets out the overall results of the Health and Safety and General disclosures for the eleven-year period 2008-2018. As can be seen from table 6.7 below, there is a total of 1035 disclosures across the eleven-year period for the combined two categories of Health and Safety and General in the companies' annual reports. This is a relatively low number of disclosures, equating to an average of only 5.2 disclosures per year per company, and accounting for 18.1% of all eco-justice disclosures. Table 5.4 shows that the number of disclosures within the Health and Safety category is 8.7% of the total disclosures whilst the General disclosures account for 9.4% of total disclosures. The causes of the comparatively low number of disclosures in the two categories are discussed in the following sub-sections.

Table 6.4 Health and Safety and General disclosures for sample companies

Disclosure Category	% of Total Disclosures	Number of Disclosure Sentences
Health and Safety	8.7%	497
General	9.4%	538
Total	18.1%	1035

The Saudi Labour Law of 2005 requires employers to provide a safe working environment for employees and to have procedures which prevent occupational accidents or injuries. If companies do not comply with the Saudi labour law requirements in respect of maintaining the health and safety of employees, fines and penalties can be imposed. To ensure their actions are perceived as legitimate, therefore, stating that they are compliant with the Labour Law requirements offers a rationale for Saudi companies providing Health and Safety disclosures in their annual reports. Conversely, companies which fail to comply with the government's health and safety laws and regulations may find their organisational legitimacy will be threatened.

While health and safety is addressed by the Saudi Labour Law, it has not had the same government focus as, for example, training and skills development.³² Hence, when comparing the level of companies' disclosures on Health and Safety to Training and Education the latter has far greater numbers of disclosures than Health and Safety. The Health and Safety disclosures provided in the annual reports of the sample companies, perhaps unsurprisingly, emphasise compliance with the Labour Law. For example:

The Bank **follows the Labour Law on health and safety** at work. (RJ annual report, 2012, p. 48, emphasis added)

[The company's} Occupational Health, Safety, & Environment (QHSE) Policy is based on implementing a systematic approach to the management of Quality, Health, Safety and Environment, **in accordance with applicable laws and regulations** (PR annual report, 2011, p. 47, emphasis added)

[The company} **takes measures to protect the health and safety of its employees** both at sea and on land (BH annual report, 2013, p. 38, emphasis added)

The company **applies the latest occupational security, safety, and health requirements** and works under the supervision of the Supreme Authority for Industrial Security, adhering to its standards and policies. (GS annual report, 2016, p. 26, emphasis added)

³² This is despite health and safety having lately become more prominent particularly in light of the sad incident involving the collapse of a crane at the Holy Mosque in Makkah during the Hajj season in 2015 (Khoja,2015).

Thus, the companies Health and Safety disclosures demonstrate the companies' accountability in respect of their compliance with laws enacted by Saudi government. With regards to the General category of disclosures relevant regulations are located within the Saudi Corporate Governance Code. The Corporate Governance Code was published by the Capital Markets Authority (CMA) in 2006 and through its principles and guidelines emphasises the importance of companies engaging in activities beyond company's financial goals and signals the importance of companies' participating in societal-related activities. Specifically, Article 10e states that all listed companies are required to provide a written policy that regulates the relationship with stakeholders to protect their respective rights, and such a policy must cover the company's social contributions. Thus, Article 10e emphasises the importance of companies engaging in activities beyond the firm and encourages listed companies to make a contribution to society and, in effect, requires them to be socially aware and socially responsible albeit in what ways is not specified.

The analysis of the General disclosures observable over the eleven years appears to be a response to the government encouraging, through the Code, social responsibility. Namely, this category of disclosures is notably dominated by companies' statements on the necessity of being socially responsible:

Corporate Social Responsibility (CSR) represents a framework within which we can shape the future responsibilities of the company for today and tomorrow. (RJ annual report, 2011, p. 26, emphasis added)

[The company] always goes beyond the commercial interests and **believes that social responsibility is an obligation** to make decisions as well as take actions that will enhance the welfare and interest of the society and the company. (BH annual report, 2010, p. 30, emphasis added)

[The company] was so keen to proceed on its positive and effective role in serving the society and **embodying the principle of social responsibility** (ST annual report, 2009, p. 9, emphasis added)

6.4.2 Health and Safety and General disclosures: concluding comments on the overall analysis

The discussions above have highlighted what appears to be motivating the eco-justice disclosures within Health and Safety and General categories. This section has argued that the most important stakeholder for Health and Safety and General disclosures are government regulations

and initiatives. The Health and Safety and General disclosures are unlike the Employment, Equal Opportunity and Diversity disclosures in that they are not sensitive issues which attract the attention of the Al-Ulama. Therefore, the government is the primary stakeholder which the companies need to be accountable to when considering Health and Safety and General disclosures.

6.5 Analysis of Discrimination and Corruption eco-justice disclosures

This section focuses on an analysis of the last two categories with the lowest numbers of eco-justice disclosures for the eleven years. The section investigates what factors may be causing companies to not or provide minimal disclosure on these two categories. In previous sections, it has been argued that Islamic religion and Saudi government are the major influences for companies' disclosure. In this section, it is considered whether accountability to Islam and the government also appears to be the reason of the low level of disclosure in Discrimination and Corruption categories. This is discussed further in the next sub-section.

6.5.1 Discrimination and Corruption disclosures: overall analysis

As can be seen from table 6.5 below, there is a total of 71 disclosures across the eleven-year period for the combined two categories of Discrimination and Corruption in the companies' annual reports. Table 6.5 shows that the number of disclosures within the Discrimination category is 0.2% of the total disclosures whilst the Corruption disclosures account for 1.0% of total disclosures. Prima facie, this appears to suggest that the sample, which comprises large Saudi companies, are unwilling to report publicly on Discrimination and Corruption within their annual reports, as they are only accounting for 1.2% of all eco-justice disclosures. The causes of the very low levels of disclosures in the two categories are discussed in the following sub-section.

Table 6.5 Discrimination and Corruption disclosures for sample companies

Disclosure Category	% of Total Disclosures	Number of Disclosure Sentences
Discrimination	0.2%	12
Corruption	1.0%	59
Total	1.2%	71

6.5.1.1 Discrimination and Corruption disclosures: unwilling to report publicly on Discrimination and Corruption

It has been described previously there is a form of power-sharing arrangement existing between the King and Al-Ulama. This arrangement is the primary determinant of social expectations within Saudi society and significantly influences Saudi socio-cultural norms (Abu Sulaib, 2020). The Al-Ulama have employed fatwa (rulings on specific aspects of Islamic law) and promoted their interpretations of Islamic principles as strategies for enforcing conservative norms within Saudi society and to provide rationales for inequality, discrimination and denials of freedom (Mansour, 2014). Thus, Saudi society has gone through numerous normative as well as functional changes influenced by Al-Ulama.

Discrimination and corruption are two of Saudi society's most sensitive issues. Although the country's constitution, which is based on the Qur'an and Sunna, promotes the principle of equality and justice, Saudi Arabia has a long history of gender discrimination and has been classified as one of the countries suffering from the issues of corruption, ranking 57th out of 182 countries (Khan, Muttakin and Siddiqui, 2013).

The country has long experienced discrimination in its labour market between Saudi males and females, and between Saudis and foreign employees. Male domination, significant dependency on foreign labour, and limited female representation in the Saudi labour market have not only resulted from the implications of an economy solely dependent on petroleum exports, but also from the effects of religion and conservative tradition. The strict control of Al-Ulama has significantly curtailed the involvement of Saudi women in the labour market. As such, they have forbidden women from engaging in some professional jobs, and women's work must be relevant to their nature and only within traditional jobs that do not interact with unrelated males (AlAtawneh, 2009). Al-Ulama considers women's work only allowable in capacities where they serve other women exclusively as doctors, teachers, and nurses (Sidani, 2005). Moreover, the policy of gender segregation, that was issued with the advice of Al-Ulama has kept Saudi women from engaging in roles in public life that are important to their career growth and visibility (Rajkhan, 2014b). This policy is a 'must' for Al-Ulama causing restrictions on women's participation in the private sector and women's ability to join these workplaces. Women working in the private sector must work separately from any male employees in segregated offices and have different facilities (Khoja, 2019). Such religious and strict policies have widened the gender gap between Saudi women and men instead of narrowing gender inequality in the labour market. This policy of segregation means there are additional costs for employers in the private sector

who recruit female employees and, consequently, leads to discriminatory practices with many employers preferring to hire male employees instead of female employees.

In the wake of the Arab Spring uprisings taking place throughout the Arab world, the government started to give some attention and undertake some reforms in terms of gender equality and eliminate corruption. The Anti-Corruption Commission was established in 2011 to protect integrity and enhance the concept of transparency, as well as combat financial and administrative corruption in its different forms (Ishiguro, 2021). Furthermore, for the first time, the government issued legislation concerning discrimination and gender abuses and established The Criminalize Domestic Abuse Against Women Act in 2014. This new legislation is seeking to remove obstacles that reduce women's participation in different domains of national life and promotes non-discrimination practices and protects people from all forms of abuse.

Although Islam promotes the principle of equality and justice and forbids corruption as well as discriminatory practices in all its forms, there were no anti-corruption or anti-discrimination initiatives developed by the religious authorities in Saudi Arabia in the period. On the contrary, the role of Al-Ulama and their interpretations of Islamic texts has had a profound impact on gender discrimination practises in Saudi society, promoting a patriarchal gender system in which males are deemed superior to women in most, if not all, aspects of daily life. As a result, there has been a complete lack of Al-Ulama pronouncements on what is required by companies to address the issue of discrimination.

Consequently, a lengthy period of government inattention to discrimination and corruption issues, as well as companies likely to want to avoid contradicting the views of the Al-Ulama regarding the discrimination issue, appear to be the reasons why companies offer so few disclosures for these two categories. Thus, this mirrors the situation noted in the discussions concerning Employment, Equal Opportunity and Diversity disclosures. While the majority of the companies are unwilling to report publicly on Discrimination and Corruption matters within their annual reports, examples of Discrimination and Corruption disclosures that demonstrate some support for the government initiatives are below:

...having a zero tolerance policy on child labour and **discrimination** in any form. (RJ annual report, 2014, p. 45, emphasis added)

... our compliance reporting and investigation procedures with the rollout of our new Compliance Investigation Guidelines and issuing new Anti-Bribery and Gifts & Entertainment Guidelines to support our employees in understanding and **complying with ... Anti-Corruption standards**. We **also provided live Anti-Corruption training** to more than 4,500 employees (SB annual report, 2012, p. 65, emphasis added)

6.5.2 Discrimination and Corruption disclosures: concluding comments on the overall analysis

This section has argued that the two key stakeholders are as identified in earlier sections. Namely, the companies are seeking to be most accountable to Islamic religion and the Saudi government and their accountability in respect of these primary stakeholders explains the lack of disclosure of Discrimination and Corruption information. The analysis in this section highlights the role of Al-Ulama in particular. It is evident that the influence and legitimacy of Al-Ulama has largely been unquestioned in the Kingdom for a long period. Al-Ulama is a central and powerful force in Saudi society and this analysis implies companies are aware of the need to be accountable to, and maintain their legitimacy in respect of, Al-Ulama.

6.6 Interviewee responses

This section expands the findings of the interview analysis in Chapter 5 and draws further on the interview data in respect of the above discussions of stakeholders and legitimacy for the nine disclosure categories discussed in this chapter, to better understand the motives for the relative lack of disclosure in these categories. In the previous chapter, the interview data largely confirms the outcomes of the disclosure analysis and affirms that the motivations for companies to provide high numbers of disclosures in Community and Training and Education disclosure categories are that they want to demonstrate their accountability to Islam and to demonstrate their accountability to the Saudi government. Hence, in this research project interviews were undertaken with company managers to verify whether the underlying reason for the lack of disclosure in the nine categories discussed in this chapter can also be related to these key stakeholders as identified in the above discussions or reveal other reasons that need to be considered.

6.6.1 Barriers to increasing corporate eco-justice disclosures

Based on consideration of the disclosures, it has been argued above that the causes of the relatively low numbers of disclosures in the nine categories are related to the primary stakeholders identified in chapter 5, namely the Islamic religion and the Saudi government. In the preceding discussions it has been contended that the lack of disclosures arises for the following reasons. First, there are some matters which are highly sensitive, for example women's rights. The companies appear to be averse to providing disclosures in these areas to maintain legitimacy and to avoid coming into conflict with stakeholders. Second, there are some matters which are not sensitive, for example Health and Safety, but for which the stakeholder has only shown a limited (or possibly no) interest in establishing initiatives. If the stakeholder, whether the government or Al-Ulama, has only limited interest then the companies need only to provide a low level of disclosure as this is sufficient to ensure they have demonstrated their accountability to the stakeholders and to maintain their legitimacy. Because the companies pay attention to the stakeholders in this way this gives rise to barriers to increasing corporate disclosure for these nine categories. Thus, the relatively low number of disclosures in the nine categories. The next sub-sections present the findings from the interviews with regard to the key stakeholders and the disclosure categories.

6.6.1.1 Lack of government demand on the environment and sustainability

In terms of environment and sustainability disclosures then, overall, the interview findings suggest that the managers experience is that there is little demand from stakeholders for them to provide greater amounts environment and sustainability information than that currently reported. Many interviewees revealed that environmental and sustainability concerns were a relatively low priority. It has been argued in earlier sections that, despite the threats to the environment increasing in Saudi as a result of major demographic pressures, it is only certain environmentally sensitive industries that have received some (relatively limited) attention from the Saudi government because of their impact on the country's environmental profile. Many interviewees concurred with this argument indicating it is those companies which are contributing to environmental issues, such as CO₂ emissions, that have received some attention from the Saudi government and have been encouraged to some degree to make efforts to mitigate the impact of their activities on the environment. Hence, one interviewee explained how it was the government was motivating the company to take actions to reduce emissions:

We are now planting Mangrove trees, and this helps reduce carbon emissions. This [initiative] stems from the government itself as it cares

about the topic of the environment in terms of reducing the proportion of emission - P15

The interview analysis suggests that these companies in industries which are environmentally more sensitive provide Environment and Sustainability disclosures as a legitimization strategy to maintain their organisational legitimacy with the government as the key stakeholder.

In respect of the less environmentally sensitive industries, they have had minimal government pressure placed upon them to act upon environmental issues. Several interviewees commented upon this lack of government pressure and how, as a consequence, this placed little demand upon them to report environment and sustainability information. As a result, this does confirm that the relatively few disclosures provided by companies in these industries are a result of them following the government's lead which places few demands on them in respect of the environment and sustainability. One interviewee described how there has been little attention paid to the environment in Saudi but then also noted how this is changing with the government starting recently to have a greater focus on the environment and sustainability:

We are in the Arab world in general, in Saudi Arabia specifically, we are environmentally undeveloped. **We have only just recently understood the [importance of] pollution and diseases, due to increased government attention,** and importing knowledge from other countries. - P12

6.6.1.2 Compliance with the government's minimum requirements

In terms of Health and Safety disclosures, the interviewees agreed with the overall disclosure analysis findings, and indicated that the reasons for such a low number of disclosures in health and safety are that this is sufficient to demonstrate they meet the government's requirements as set in in the Labour Law and hence, this is sufficient to demonstrate their accountability to the government in this area. The majority of interviewees indicated that the Health and Safety disclosures they provide in their annual reports to state they have complied with statutory requirements and, therefore, have met the government's regulations. For example, one interviewee explained that for health and safety:

We **comply with everything the legislator** [the government] **wants** in respect of [health and safety] methods and systems. The annual report simply presents information about the company's health and safety policies This is **only to satisfy stakeholders** that we have such disclosures. - P02

In addition, the disclosure analysis findings explained that companies make relatively low disclosures in General category and these contain broad disclosures regarding companies explaining they are socially responsible. The majority of the interviewees stated that the main motivation for the provision of these disclosures is to demonstrate they have met the requirements outlined in the Saudi governance code and as described earlier in this chapter. The corporate governance requirements relating to the disclosure of wider societal contributions is not mandatory and, thus, many interviewees expressed the view that the disclosures were provided to show they adhered to the requirements and that this was, in effect, sufficient to demonstrate their accountability as socially responsible citizens. They further indicated that they would only feel it necessary to provide greater numbers of disclosures in this area if it was made mandatory requirement to disclose wider societal contributions. Presumably this is because moving from a voluntary to mandatory requirement increases the level of accountability the companies have to the (government) stakeholder. Thus, they explain:

The reason [for the low numbers of disclosures] is that the governance regulations [regarding societal-related activities disclosure] **are not mandatory**. - P03

...**due to the lack of a mandatory code** requiring a company's societal contributions to be disclosed, **companies in general like to adhere to minimum requirements**. ... [The company will not disclose further information] as long as it is not mandatory and there is no pressure. - P03

6.6.1.3 Adherence to the views of the Al-Ulama

It has been argued in the disclosure analysis that a primary reason why the companies did not provide disclosures in the Employment, Equal Opportunities and Diversity categories was because this is a sensitive matter. The Al-Ulama opposes making changes which would, for example, empower women or bring about greater gender equality. The companies do not want to be seen to be in opposition to, or contradicting, the religious views propagated by Al-Ulama. As this body is a primary stakeholder they need to avoid being censured by Al-Ulama as this potentially harms the legitimacy of the companies.

Many interviewees concurred with this argument and stated that it is rare to release information pertaining to women's empowerment. Hence, according to a number of interviewees, the lack of disclosure on the employment of women and gender equality matters in Saudi companies' annual reports stems from the companies adhering to the views of the Al-Ulama regarding women and women's empowerment.

In discussing women and employment they acknowledged there is a low level of women in management positions although two exceptions to this are the medical and administrative fields:

I mean I know that ... **our medical clinics are run by women.** ... I think that those were **the first women working in the company 2005-2006 in the medical field.** - P13

But **in the maritime transport** sector if something is not administrative, **it is very difficult for a woman to get a job.** - P15

By comparison there are still a wide range of occupations women cannot access. For example, interviewee P13 discussed how in the context of his company engineering roles could not be accessed by women because it would require them to go “into the field”:

jobs in engineering management and property administration need engineers who can go into the field, watch the work of other branches or visit our buildings for maintenance problems. - P13

The Al-Ulama views have long been a social force to which companies (and wider society) must conform to in order to be considered legitimate. However, during King Salman’s reign (which commenced in 2015) the power of the Al-Ulama has begun to be partially curbed. Specifically, with the announcement of the Saudi Vision 2030 by the government some greater rights have been granted to women, including permitting wider involvement of women in the workforce and the granting of the right to drive. So, whilst many interviewees openly acknowledged that the lack of reporting was due to companies being unwilling to deviate from the social and religious norms imposed by Al-Ulama, they revealed that their reluctance to report data on women’s empowerment has changed slightly with the announcement of the Saudi Vision 2030. Many interviewees prove women consideration in the country. They stated that the gradual increase in government support for women’s issues means companies are now starting to adapt and to change their disclosures regarding women’s empowerment. This is in response to stakeholder’s changing expectations. The quotations from interviewees below show the significance of this change in this issue:

Since last year, **many things changed.** ... the **companies are interested in women’s empowerment and Vision 2030.** Then we [the company] are now planning this thing to fulfil it [the initiatives in the Vision] by 2030. - P10

Before not ... but since 2017 after the Saudi new vision we started dealing with problems [associated with the lack of women's empowerment] better and faster. We have become more educated. We understand more. We have a desire to change. Everyone has found a desire to change. There is a resistance to going back [to how things were before]. - P01

That is true. Up to 2015, our company had never employed women. ... Since then, the company changed after the new ideas and opinions and 2030 changed the subject. - P10

And enabling **women is a very large project that we have right now**. The company has made a significant jump forward in this project. Furthermore, the guidance of the Board of Directors is **at the direction of the government** [regarding women's empowerment]. - P15

For example, for women and **women's empowerment**, lately in 2016-2017 there was more **when it comes to woman driving for example**. This was late in 2018, yes. There were more activities. Each company pays fees of the **driving license test, there was more empowerment and hiring of women** in corporates. - P05

As seen by the interview discussions above, avoiding contradicting the views of the Al-Ulama regarding women issues, is the core reason companies offer very few disclosures within the Employment, Equal opportunities and Diversity categories. Adherence to the religious views propagated by Al-Ulama regarding women's empowerment is important to ensure companies are seen as 'legitimate'. There is, however, the possibility that this will change as the government is gradually introducing new initiatives in this area and curtailing some of the power of Al-Ulama. The interviewees indicate this has the potential to lead to a gradual increase in disclosures in this area as companies follow the lead of government.

6.6.2 Reasons for non-disclosure of sensitive eco-justice issues

The above sub-section discusses how one of the barriers to increased corporate disclosure is because the area is sensitive, then the companies are careful not to make disclosures which contradict the views of a major stakeholder. Another sensitive area where companies do not report information is gender discrimination and corruption to the public domain. In respect of these two areas the analysis of the interview data reveals that the main barriers include avoidance of bad

publicity and avoidance of threats to their legitimacy. The next sub-section explains this in further detail.

6.6.2.1 Avoid risk and bad publicity

The interviewees emphasised that there are risks associated with disclosing information in respect of the sensitive eco-justice issues of discrimination and corruption. Many interviewees acknowledged that their companies prefer not to disclose such critical/sensitive information pertaining to discrimination or corruption to avoid negative impacts that might arise from disclosure and negative publicity. They stated that the companies are acting to restrict the public's knowledge of the negative information that may threaten their legitimacy.

We want to minimize this [possibility of a legitimacy threat]. We have a list in a book for each one of them [sensitive matters] about which we might expect questions. I do not want to add more to that headache by having disclosures on sensitive issues. -P05

Because the company does not want to have a negative image ... we do not want to negatively affect the picture and the reputation of the company. - P07

... you cannot disclose publicly about discrimination or corruption, you cannot show publicly this, why? Because you have stakeholders and this document [the annual report] is printed and distributed for all [stakeholders] and they may bring it to the assembly meeting. - P05

Some interviewees explained that not reporting on this critical/sensitive information was a matter of costs being greater than benefits. This means that critical/sensitive information is not likely to be disclosed to the public, unless it can be turned into a positive story which produces a sufficient level of benefits. Thus, sensitive eco-justice issues such as discrimination and corruption are rarely reported unless the company has resolved problems that have arisen. Examples of this being explained by the interviewees are as follows:

As companies, it is not recommended to disclose about problems without expected benefits. - P04

I do not think that there is a company that includes this [information on sensitive issues]. However, there are the companies that disclose it as a kind of promotion of the company, especially if such information can be turned to a positive impact. - P08

It's a cost-benefit equation ... I will never do that [disclose this type of information]. I'm not going to do it because the cost-benefit is too high for me. - P05

One interviewee also added that there are significant risks associated with revealing information on sensitive eco-justice issues such as discrimination and corruption. The interviewee stated that, in particular, he feared legal cases and this is the reasons he averred towards non-disclosure on sensitive eco-justice issues such as discrimination and corruption:

[an important aspect that will hold company from disclosing] is the **fear from legal cases the reason for not disclosing**. - P05

6.6.3 Interviewee responses: concluding comments

The reason for the lack of disclosures in the nine categories is similar to the reasons for high disclosures in both Community and Training and Education categories discussed in chapter 5. The majority of interviewees acknowledged that the primary stakeholders that been identified in chapter 5, namely Islamic religion and the Saudi government are behind such relatively low numbers of disclosures in the nine categories. This is due to the companies following the government and Al-Ulama lead with their lack of focus and demand in order to maintain their survival and success. The majority of interviewees cited reasons such as a lack of stakeholder demand, conformity with the government's minimum requirements, and avoiding contradicting the social and religious norms imposed by Al-Ulama as explanations for the lack of disclosures in the nine categories. In addition, many interviewees stated that critical/sensitive information such as discrimination and corruption, are unlikely to be disclosed to the public to avoid negative publicity, and if so, companies' legitimacy will be threatened.

6.7 Conclusion

This final section provides concluding comments on the nine disclosure categories from 2008 to 2018. This chapter set out to examine eco-justice disclosures across nine categories, namely, Environment, Sustainability, Employment, Equal Opportunities, Diversity, Health and Safety, General, Discrimination and Corruption which they account for 54.5% of all the eco-justice disclosures. In particular, it focuses on the primary motivations for eco-justice disclosures in the Saudi context. The findings of this chapter, from both disclosure and interviews analysis, support the argument in Chapter 5 that Islamic religion and government policies and initiatives are the major influences and the primary stakeholders for eco-justice disclosures provided by the sampled companies. This means that the relatively low number of disclosures in the nine categories is a result of companies demonstrate their accountability to 'Islam' primarily through ensuring their evidence adherence to the views of the Al-Ulama. In addition, this chapter indicates that the companies ensuring they are seen as accountable by responding to the government's expectations. Therefore, the companies' disclosures on the nine categories are a means of managing key stakeholders' expectations by a number of legitimising strategies.

The seven categories (General, Health and Safety, Environment, Diversity, Equal opportunities, Sustainability and Employment) received relatively little consideration in government policies and initiatives, and there was a complete lack of pronouncements on these categories from religious leaders. As a result, the comparatively low number of disclosures in the seven categories were the result of companies following the government's lead with its lack of focus and complete lack of religious leaders' declarations. This is reflected in the companies' disclosures, which can be seen when comparing the disclosures of the seven categories to the disclosures of Community and Training and Education. Arguably, the companies are acting in accordance with religious leaders' and the government's priorities, to maintain their legitimacy and avoid any negative consequences that may affect their ability to continue operations.

In addition, this chapter indicates that, the sample, which comprises large Saudi companies, are unwilling to report publicly on critical/sensitive information such as, discrimination and corruption, within their annual reports, which only provide very minimal or no disclosures in respect of these two categories. It is argued that the lengthy period of government inattention to discrimination and corruption issues, as well as avoid contradicting with the views of the Al-Ulama regarding the discrimination issue, were the reasons of why companies offer limited or no disclosures of the two categories. Therefore, such non-disclosure is an attempt by companies to avoid risk or negative publicity and, thus, maintaining their legitimacy.

The interview data confirms the outcomes of disclosure analysis and acknowledge that the fundamental reason for the lack (none) of disclosure on the nine categories are related to the key stakeholders identified, namely Islamic religion and the Saudi government. According to the findings in the interviews, the barriers to increase corporate disclosure on the nine categories are tied to the stakeholders' demand, and companies are unlikely to provide critical/sensitive information to the public, as this may threaten organisational legitimacy.

The following chapter (Chapter 7) concludes with a restatement of aims and the findings of the thesis. The final chapter discusses the study's contributions to knowledge and provides limitations and some recommendations for future research.

Chapter 7: Conclusion

7.1 Introduction

This chapter concludes the thesis, with the first section 7.2 reviewing how the thesis addresses the three research questions and achieves the three objectives set out in chapter 1. Therefore, this first section discusses the primary stakeholders to whom the companies appear to be seeking to be most accountable, the determination of the contextual factors motivating the companies to prioritise these stakeholders and how the disclosures act as a legitimisation strategy. Section 7.3 then discusses key implications of the research findings. Section 7.4 sets out the contributions to knowledge made in respect of the thesis. Section 7.5 discusses limitations of the research project. Finally, section 7.5 makes suggestions for future research.

7.2 Summary of results and the objectives of the thesis

The principal aim of this thesis is to investigate the eco-justice disclosure practices of Saudi Arabian companies in respect of accountability to stakeholders and legitimisation. A central research finding is that the companies were primarily motivated by the desire to be accountable to two key stakeholders in respect of their eco-justice disclosures and to ensure that they maintained their legitimacy in respect of these two stakeholders. Typically, the primary stakeholders in an organisation might be cited as including, *inter alia*, shareholders, customers, employees and suppliers (see, for example, Galbreath, 2006). Based on the evidence as set out in the empirical chapters 5 and 6 the Saudi companies sampled are not prioritising shareholders, customers, employees and suppliers; instead in this Saudi context the primary stakeholders who are being prioritised are, as discussed in the section above, the Saudi government and the Islamic religion.

Thus, this examination of the eco-justice disclosure practices of Saudi Arabian companies reveals a number of distinctive features. The first is that in Saudi Arabia religion plays a crucial role in affecting the governance of the country and has an instrumental role in how society approaches a very wide range of matters pertinent to eco-justice. In this study Islamic religion was identified as one of the most important stakeholders influencing how Saudi companies choose to disclose, or not disclose, on eco-justice issues. A second important feature is that Islamic religion in respect of its interpretations from the Al-Ulama also strongly influences how companies act in respect of their eco-justice disclosures. As a result, in those disclosure categories displaying a relative lack of eco-justice disclosures this was the result of an absence of interest in

that area on the part of the Al-Ulama or because the topic was sensitive in respect of the Al-Ulama. The third feature is the importance of the Saudi government and in the study the government is identified as a second key stakeholder whose interests are being addressed by the Saudi companies. Hence, the companies wished to demonstrate their accountability to this stakeholder through providing disclosure which indicated their support for significant initiatives and policies introduced by the Saudi government. Finally, it is important to state that the thesis argues that the eco-justice disclosures are acting as a legitimising mechanism with companies striving to guarantee their behaviour and actions as set out in their disclosures are judged appropriate or desirable by the two primary stakeholders.

The thesis contributes to knowledge by answering three research questions. These research questions are set out in chapter 1. By answering the three research questions, the thesis achieves the three objectives defined in chapter 1. These three objectives ensure the study meets its principal objective and set out below are discussions concerning each of the three objectives.

The first objective is *'To identify which stakeholders Saudi companies appear to be most concerned about being accountable to'*. This objective is achieved by analysing the annual reports of the sample Saudi companies over an eleven-year period (2008-2018) using the content analysis-close reading methodology and through conducting semi-structured interviews as described in chapter 4. In the light of the evidence presented in chapters 5 and 6 the thesis succeeds in determining the two primary stakeholders which the companies are seeking to be most accountable to and these are Islamic religion, including the Al-Ulama, and the Saudi government.

Chapter 5 examines the two categories exhibiting the greatest numbers of eco-justice disclosures and these are Community and Training and Education. In chapter 5 accountability in respect of the Islamic religion is achieved within the Community disclosures in two forms. First, through their disclosures, the companies are ensuring they can evidence adherence to the principles of Islam through participation in community welfare. Community activity is a particularly important aspect of doing worship for God in the Islamic faith. Hence, the Islamic religion operates as a social force encouraging companies to actively engage in community activities or in giving charitably to community causes. As a result, Saudi companies have a primary focus on community development activities both to obtain the ultimate reward from God and, in addition, to gain approval of the Muslim community of which they are a part. The second form is that the companies demonstrate their accountability to Islam through the disclosure of community information which accords with the views of the Al-Ulama.

Alongside Islam as a key stakeholder in respect of the Community disclosures, a further driver influencing the disclosures is policies and reforms instituted by the Saudi government. This is because community welfare has been a priority theme in many of the most important Saudi government national policies and development plans during the disclosure period 2008-2018.

The significant increase in the numbers of Community disclosures which occurs in 2013 appear to be related to the Arab Spring. During the Arab Spring ‘community’ was an important feature of the Saudi government’s response to the unrest which this major event provoked. The unrest of the Arab Spring threatened to rupture community in the Kingdom and, as a result, the Saudi government with the support and endorsement of the Al-Ulama, reacted to societal demands and this led to the rise in community disclosures in 2013. Thus, the companies used the community disclosures in 2013 as a way of securing legitimacy by demonstrating support for: (i) unity in the Kingdom on a generalised basis, (ii) unity in the Kingdom in more specific forms such as the promotion of cultural events, and (iii) the younger generation.

In chapter 5 accountability in respect of the Training and Education disclosures is directed towards the Saudi government. The provision of high-quality training and education to help increase the skill levels of the Saudi workforce has been a major focal point in the government’s development strategies as they seek to address structural imbalances in the labour market and decrease reliance on foreign labour. Therefore, the findings evidence that the provision of such relatively high numbers of disclosures in the Training and Education disclosure category is related to the companies ensuring they are seen as accountable by responding to the government’s expectations with regard to initiatives related to human capital development.

Additionally, based on the evidence presented in Chapter 6, it is possible to argue that the underlying reason for the relatively low number of disclosures in the Environment, Sustainability, Employment, Equal Opportunities, Diversity, Health and Safety and General categories can be explained by reference to the two primary stakeholders, Islamic religion and the Saudi government. In comparison to the Community and Training and Education disclosure categories, in many of the eco-justice disclosure categories analysed in chapter 6 there has been a relative lack of government policies and initiatives, coupled with a lack of pronouncements from religious leaders. For example, the low numbers of Environment disclosures appear to be connected to the Saudi government’s relative lack of initiatives or pronouncements on the environment and, further, there is an absence of pronouncements from Al-Ulama as to what companies might do to address the world’s environmental challenges.

However, an important additional finding with regards to the analysis of the categories with relatively low number of disclosures is that the Islamic religion can act as a negative influence on eco-justice disclosures. For example, issues pertaining to women's rights and gender equality have historically been seen as a red line for many in the religious community. The religious conservatives reject these rights considering them to be a Western invention and that they are based on Western values of secularism and individualism. Consequently, the role of religion and Al-Ulama in Saudi society has been to adopt highly conservative and restrictive approaches to eco-justice related problems such as women's rights, freedom of speech and expression, and young people's ambitions as an attempt to stop a Western-style modernization process occurring in the country. Hence, the relative lack of disclosures on Employment, Equal Opportunity and Diversity matters in Saudi companies' annual reports appears to potentially stem from the lack of government initiatives in this area and because of religious opposition to enacting positive change in respect of all three disclosure aspects. Clearly, companies do not want to be seen in these types of disclosures to be contradicting or opposing the stance of Al-Ulama and religious conservatives, and because government reforms are limited their accountability to this stakeholder can be satisfied through provision of a relatively small number of disclosures. For example, it emerged during the analysis that Discrimination and Corruption were relatively undisclosed in Saudi companies' annual reports, since they were deemed too sensitive to be reported on in public. As highlighted in chapter 6, the long period of government inattention to discrimination and corruption concerns in addition to the fear of contradicting Al-Ulama views on discrimination led to companies offering minimal or no disclosure of these two categories.

The second objective is *'To identify the contextual factors relevant to Saudi Arabia which influence the companies in respect of their accountability to stakeholders'*. In relation to the second objective, this thesis builds a detailed picture of the key contextual factors which have influenced the companies in respect of their accountability to stakeholders and offers a deeper understanding of the contextual factors relevant to Saudi Arabia in relation to the companies' disclosures through examining evidence from the companies' annual reports and semi-structured interviews undertaken with company managers. As discussed in chapters 5 and 6, there is a form of power-sharing arrangement existing between the King and religion in the form of the Al-Ulama. Islam originated in the Kingdom and the identity of the Kingdom is inextricably connected with Islam. This collaborative arrangement is the primary determinant of social expectations within Saudi society and significantly influences Saudi companies in respect of their accountability to stakeholders. The Al-Ulama have employed fatwa (rulings on specific aspects of Islamic law) and promoted their interpretations of Islamic principles as strategies for enforcing conservative norms within Saudi society and to provide rationales for inequality, discrimination

and denials of freedom. The government cannot simply disregard the rulings and, vice versa, the Al-Ulama cannot ignore the government as it headed by the King. Thus, Saudi companies have a desire to ensure that their disclosures do not contradict the values and beliefs of the Al-Ulama, and this is particularly evident in sensitive areas, for example, such as the employment of women, gender equality and diversity.

This connection between Islam and government can be seen, for example, in respect of government policies and initiatives where they have enacted only modest changes to modernise the country. These modest changes ensure the government do not deviate to any great extent from the social and religious values which are already in place, particularly those pertaining to women. The companies, therefore, demonstrate their accountability to Islamic religion through the (lack of) disclosures in such sensitive areas, ensuring that they are not seen to be challenging the views of the Al-Ulama. In such cases, whilst there might be some need to demonstrate their support for the government initiatives, it is a limited need, and it is likely to be of more importance not to undermine Al-Ulama's views.

On the other hand, the companies provide a significant amount of disclosure on topics that are important in Islam and in government initiatives and policies, such as community-related information, or on topics that are aligned with government expectations and do not conflict with Islamic principles or their interpretation. This is to demonstrate their adherence to Islam and to demonstrate they are accountable to the government.

The third objective is *'To assess whether the eco-justice disclosures are a means for the companies to ensure their disclosed actions are judged legitimate by their key stakeholders'*. In relation to the third objective, the companies' disclosures on eco-justice issues not only serve to ensure they are being accountable to key stakeholders, but are also a means for the companies to ensure their disclosed actions are judged legitimate by their key stakeholders. As demonstrated in Chapters 5 and 6, a detailed examination of the reasons why the sampled companies disclose (or do not disclose) information about eco-justice issues reveals that they deploy legitimising tactics to control important stakeholders' perceptions (Lindblom, 1993). The empirical evidence in chapter 5 argues that companies increased their Community disclosures during the Arab Spring as a legitimisation tactic in an effort to secure the trust, support and legitimacy of their key stakeholders. During the Arab Spring, the government and the Al-Ulama co-operated to act swiftly in the face of the dangers posed to societal structures to maintain the status quo Saudi Arabia. In this period the government, with support from Al-Ulama, undertook measures in respect of the creation of government-funded schemes with a significant focus upon supporting younger people. Thus, the Saudi regime paid a considerable attention to 'community' and

maintaining unity in the community, as can be seen from the actions they undertook in that regard. Therefore, the increase in the number of disclosures in 2013 ultimately reflects the government's focus on preserving existing societal structures which were under threat because of the events of the Arab Spring; consequently, the increased disclosures are chiefly related to companies espousing their commitment to 'community' and setting out how they were acting to support community initiatives many of which are connected to younger people.

In addition, the empirical evidence in chapter 5 revealed that companies increased their Training and Education disclosures from 2017 to 2018 as another legitimisation tactic; the purpose being the companies wished to appear 'legitimate' in respect of the Saudi government. The Saudi Vision 2030 government initiative is a function of the considerable attention the Saudi government is paying to the importance of developing the next generation of business leaders through training and educating younger employees and was introduced at the start of the reign of King Salman. Saudi Arabia has seen a number of socio-economic and political changes since King Salman took power in 2015, and his son Mohammad bin Salman Al-Saud became Crown Prince. The policies and reforms of King Salman aim to enhance the quality of life in Saudi Arabia by addressing issues in Saudi society which are linked to eco-justice issues related to unemployment and developing future generations. Therefore, the additional Training and Education-related disclosures appear to be an effort by companies to paint an image of their sharing this concern about the importance of human capital development in regard of their workforce to create future leaders. It is important for companies to be seen to be meeting the government's expectations and demands set out in the Saudi Vision 2030 initiative, to ensure they are deemed legitimate. Hence, appearing 'legitimate' is of primary importance in motivating the Saudi companies to disclose information in respect of their Training and Education programmes.

The interview analysis supports the above discussions regarding legitimacy and the eco-justice disclosures. Also note that for those categories where the companies are disclosing limited information about eco-justice issues (such as women's employment, gender equality, discrimination, and corruption) this, too, is a legitimising technique used by companies to demonstrate that their operations meet the expectations of their primary stakeholders in order to enhance the corporate image and reputation. That is, they are attempting to limit disclosing information in these sensitive areas as that may threaten their legitimacy.

Thus, the overall finding shows that the companies' eco-justice disclosures are primarily motivated by a desire to strategically manage their relationship with, and be accountable to, two important stakeholders. Unfortunately, they accomplish this at the expense of other stakeholders who are not prioritised in this way. Additionally, the eco-justice disclosures serve as a legitimising

device, with companies attempting to make clear through their disclosures that their behaviour is appropriate for the key stakeholders, Islamic religion and the Saudi government.

7.3 Implications of the research

The thesis provides both theoretical and practical implications.

7.3.1 Theoretical implications

The study findings have a number of theoretical implications based on the research conducted. This study extends prior disclosure studies in social and environmental accounting by investigating eco-justice disclosure practices in a developing economy context (i.e., Saudi Arabia). This has resulted in the construction of a framework which explains the managerial motivations behind the disclosure practices from an eco-justice perspective. A central research finding is that the companies were primarily motivated by the desire to be accountable to two key stakeholders, the Islamic religion and the Saudi government, in respect of their eco-justice disclosures and to ensure that they maintained their legitimacy in respect of these two stakeholders. The definitions of stakeholders as set out according to Evan and Freeman's (1993) principle of corporate effect states that almost 'any group' that can affect or is affected by the firm is considered a 'stakeholder', including investors, employees, customers, suppliers, government, competitor, pressure groups, stock market, industry bodies, foreign governments, and future generations; however, surprisingly, this is not wholly applicable in the Saudi context. Based on the evidence as set out in the empirical chapters 5 and 6, Saudi companies prioritize stakeholders in this Saudi context differently and in contrast to this listing (see Freeman, 1984; Gray et al., 1996) of primary stakeholders. Consequently, based on the evidence in this thesis it needs to be acknowledged that, following the principle of corporate rights as set out by Phillips (1997, 2000), stakeholders can include those to whom the company has a moral obligation and legitimate relationship, regardless of whether the stakeholder is of human or non-human origin for in this research the stakeholders are the Islamic religion and the Saudi government.

Further, this study expands accounting disclosure studies by using a qualitative research technique to investigate Saudi companies' reporting practices that takes into account contextual factors. Accounting disclosure research has been criticized for being primarily descriptive in nature, "for example, to test the effect of various firm characteristics (size, financial performance, industry, etc.) on social and environmental disclosure behaviour or performance ... ignoring the rich contextual information in that country" (Qian et al., 2021 p. 1022-3). This research has shown that explanations need to take into account the contextual features driving eco-justice disclosure practices, and this can be achieved by employing a qualitative approach which uses multiple

methods of data collection (content analysis with close reading methodology and interviews). The implication here is that by using Saudi Arabia as the research base for examining eco-justice disclosure practices, this research has identified the need to fully take into account the contextual environment where the research is situated, in order to support further understanding of the accounting disclosure practices with regard to social and environmental information.

Moreover, this study has adopted the concept of eco-justice to examine company disclosures. By examining the original conception of eco-justice this thesis has drawn attention to the differences and similarities between the concept of eco-justice disclosure and the concepts of sustainability and CSR. Consequently, the research has argued that the concept of eco-justice is broader than concept of sustainability or CSR and that it needs to be understood that eco-justice differs from sustainability and CSR. One difference is that whilst sustainability adopts an anthropocentric viewpoint emphasizing the primacy of human needs, eco-justice declines to accept this anthropocentric worldview and instead adopts an eco-centric stance. The eco-centric stance is one where equal emphasis and equal value is placed human and nonhuman life, and the interdependence between all the parts of nature are recognised. A further difference is that sustainability places greater emphasis on the economy than it does on the social and environmental. In contrast, eco-justice places equal value on the environment, the social and economic justice. This is because eco-justice considers that the great perils and problems confronting the world both in respect of the environment and social justice are so deeply intertwined that they cannot be addressed discretely. Prior accounting studies have neglected to use the concept of eco-justice as it was originally conceived and have, as a result, inadvertently mis-characterised eco-justice. This research clarifies the concept of eco-justice.

7.3.2 Practical and policy implications

Besides the theoretical implications, this thesis has practical implications for government and other policymakers in respect of companies disclosing on eco-justice issues and to increase transparency and accountability. The research reveals that should there be a shift in the balance of the power-sharing arrangement between the government and the Al-Ulama then this has the potential to move Saudi in the direction of following historical formulations of Shari'a which are rooted in ideas of equality and social justice, respect for the natural world, equal rights, and labour rights. If this move occurs, this could then move Saudi Arabia away from following conservative Al-Ulama discourses which has legitimised imposing restrictions on particular segments of less powerful stakeholders, such as women and the Saudi younger generation. Such a shift is possible as during King Salman's reign (which commenced in 2015) the power of the Al-Ulama has begun to be partially curbed. Specifically, with the announcement of the Saudi Vision 2030 by the

government, some eco-justice issues that have related to less powerful stakeholders and remained critical for decades are starting to be addressed; for example, aspects such as the education system, women's rights, the high unemployment rate, a noticeable skills gap amongst Saudi citizens, curtailment of individual liberties and corruption. The research findings have revealed that the companies' reluctance to report data on issues such as women's empowerment has moderated slightly following the announcement of the Saudi Vision 2030. An implication of this research is that the government could be a potential driving force for improving eco-justice disclosures connected to less powerful stakeholder groups. This might be accomplished by the government creating a greater number of eco-justice related initiatives and policies and requiring disclosure of information relevant to a wider range of stakeholder groups is provided in annual reports.

On the policy level, the research results indicate that the reasons for lack of eco-justice disclosures are that at present companies are disclosing what is sufficient to demonstrate they meet the government's requirements. For example, the corporate governance requirements relating to the disclosure of wider societal contributions is not mandatory and, thus, as explained in an earlier chapter many interviewees expressed the view that the disclosures were provided to show they adhered to the requirements and that this was, in effect, sufficient to demonstrate their accountability as socially responsible citizens. They further indicated that they would only feel it necessary to provide greater numbers of disclosures in this area if it was made mandatory to disclose wider societal contributions. Presumably this is because moving from a voluntary to mandatory requirement increases the level of accountability the companies have to demonstrate. Therefore, if the government were to consider enacting regulation which mandated eco-justice disclosures this would increase and improve the eco-justice disclosures provided in the companies' annual reports.

on the company level, companies need to improve their disclosure on eco-justice issues to be accountable to a wider group of stakeholders. A related implication is that had the eco-justice disclosures taken into account a wider group of stakeholders, the companies' transparency and accountability would be enhanced. The information disclosed would not be so selective and this might have led to greater numbers of eco-justice disclosures, particularly in those categories where numbers of disclosures were relatively low. In turn, if companies are attempting to be accountable to a wider group of stakeholders, then might be more strongly incentivized to act positively on different eco-justice issues.

7.4 Contributions to knowledge

Despite the concept of eco-justice reflecting the world needing to attend to a range of critical environmental and social challenges and needing to achieve equity and justice in respect of these issues, the concept is largely unexplored in the prior accounting literature. Only a limited number of prior accounting disclosures studies make mention of eco-justice and even fewer provide any form of discussion which advises the reader of how they either define or characterise eco-justice. Bebbington's (2001) explanations of eco-justice go further than most prior studies, but this too has limitations as discussed in the literature review in chapter 2. Importantly, Bebbington (2001) makes no reference to foundations of the concept of eco-justice. This thesis does differently and examines the origins and foundations of the concept, which is rooted in principles connected to ethics. Consequently, the thesis makes a contribution through developing the conceptual foundations of the idea of eco-justice and successfully demonstrating the application of the concept within the context of an accounting disclosure research study. It does this by providing a more comprehensive explanation of eco-justice than prior accounting disclosure studies and by explaining the concept's historical origins and foundations which are concerned with connecting, and placing equal value on, both ecology and justice. As a result, this is the first accounting disclosure study to use the concept of eco-justice as it has originally been conceived and the first to use the concept as the basis for analysing annual report disclosures.

In this thesis, the concept of eco-justice is not adopted simply as a means of differentiating the study from prior social-environmental type disclosure studies. Instead, it has been adopted because the nature of the concept concerns, *inter alia*, matters related to social justice, the environment and considers these from a faith-based (religious) perspective. As discussed in the Introduction chapter, the concept of eco-justice originates from Christian ethics and this thesis has then adopted the concept for use in the Islamic context with Saudi Arabia as the research site. The discussion in the Introduction chapter has explained that the transfer of the concept from a Christian context to an Islamic context is appropriate because of the strong interconnections between eco-justice and the stance of Islam on both the environment and social justice (see, for example, Helfaya et al., 2018; Ghernaout, 2017; Kamla and Rammal, 2013; Kamla et al., 2006; Yamani, 2002; Noor, 1998). It is important the Introduction chapter considered whether the concept of eco-justice was transferable to the Islamic context as a misinformed transfer could, ultimately, mean that the transfer is not appropriate and this may lead to a failure in respect of the adopted concept. As a consequence, this thesis thoroughly studied the setting in which the original concept of eco-justice was developed, as well as the significance of eco-justice as for the non-Christian Saudi context. As a result, the concept is highly pertinent given the current high prominence the world places on environmental and social issues as well as on achieving equity

and justice in respect of these issues. In the Saudi context eco-justice is of great consequence as there have been continuing intensive debates regarding social justice in respect of, for example, the role of women and political freedom, and in respect of how, for example, climate change is impacting Saudi Arabia.

The second contribution this thesis makes to the field of accounting disclosure research is in respect of it using Saudi Arabia as the research base for examining eco-justice disclosure practices. There are very few prior Saudi studies published which examine CSR, environment or sustainability matters, and those which are published are limited in their scope. Prior Saudi-based studies have been limited to examining associations between CSR disclosure indices and firm characteristics. Through this study we now understand who the primary stakeholders are that Saudi companies wish to be accountable to and how this motivates their eco-justice disclosures with the result that there are categories of eco-justice disclosures where there are relatively high and relatively low levels of disclosure as set out in chapters 5 and 6. In addition, we now know how Saudi companies wish to appear legitimate in respect of these stakeholders. Further, this thesis has identified that it is important to take into context and this is discussed further below in respect of the third contribution.

In respect of this second contribution the thesis has drawn attention to the merits of researching Saudi Arabia and it is surprising that it has not been studied to a greater extent given its unique features which are described further in the discussions below concerning the third contribution. In their introduction to a recent *Accounting, Auditing and Accountability Journal* (AAAJ) special issue, Qian et al. (2021) aim to stimulate “increasingly critical SEA research in the developing world” (Qian et al., 2021, p. 1023). This call for further research into developing countries is consistent with the purpose of this thesis as it provides an in-depth analysis of corporate disclosure practices in respect of eco-justice issues in Saudi companies’ annual reports taking into account the social, economic and political context. As a consequence, by using Saudi Arabia as the research base for examining eco-justice disclosure practices, the thesis contributes to the relatively small but growing body of knowledge regarding social-environmental type disclosures in respect of developing countries as identified by Qian et al. (2021) as well as adding to the much smaller body of Saudi disclosure literature.

The motivation for selecting Saudi Arabia in this study is not solely on the grounds of its unique characteristics. In addition, eco-justice is highly relevant to studying annual report disclosures in a Saudi context in two respects. First, as explained in the paragraph above Saudi Arabia has been enmeshed in multiple and important debates regarding social justice and faces huge environmental challenges. Second, religion is of fundamental importance in Saudi Arabia

where the Islamic religion is not confined to worship, faith, and ethics, but also plays an important role in other aspects of life, including business practices. Religion is discussed further below in respect of the fourth contribution.

According to Qian et al. (2021), SEA disclosure studies in developing countries are at fault in “ignoring the rich contextual information in that country” (Qian et al., 2021, p. 1022-3). The third contribution made by this thesis is that it fully considers the contextual information relevant to Saudi Arabia and confirms the importance of taking context into account. Saudi Arabia has unique features, and these have been fully incorporated in the analysis of the thesis to address the research questions. Lawson (2011) implores researchers to move away from holding a one-dimensional view of Saudi Arabia and describes the Kingdom as “at once paradigmatic and exceptional” (p. 737) when compared to other neighbouring countries in the Middle East. Saudi Arabia is the birthplace of Islam and recognised as one of the most conservative and orthodox Muslim countries (see, for example, Lobo and Elaluf-Calderwood, 2012). The Saudi Arabian regime differs from other regimes in the Middle East. For example, other small oil-gas states in the Middle East region, such as Qatar, the United Arab Emirates (UAE) and Kuwait, do not rely as heavily on the political-religious perspective for their stability as pertains to Saudi Arabia. This political and religious equation is evident in the analysis in this thesis in chapters 5 and 6. Therefore, this thesis fully takes into account the contextual information and environment relevant to Saudi Arabia. It identifies that Islam, including the role of the Al-Ulama, and government are the key stakeholders and are major influences upon eco-justice disclosures in Saudi Arabia over the eleven-year period (2008-2018) studied. As a result, by combining a content analysis with a close reading of the disclosures as well as interviews in considering changes in the social, economic and political context in Saudi Arabia, this thesis makes a contribution in disclosure research in developing countries.

The fourth contribution is that this research, through the adoption of eco-justice with its faith-roots (religious), describes the impact of religion on Saudi companies’ disclosure practices. Eco-justice as originally conceived is ultimately grounded in a spiritual view of the world, and it is possible accounting scholars have given little attention to ‘eco-justice’ as management studies can be prone to be averse to topics that have religious roots. Van Buren et al. (2020) discuss some of the key issues related to research in this domain, explaining that the importance of ‘religion’ has not been adequately reflected in scholarly work within business and management, including research in business ethics, business and society and CSR. They suggest that “research in this domain should not seek to adjudicate truth claims about what should be ... Rather, research in this domain should seek to describe how religion actually functions as a macro social force affecting

business.” (Buren, et al., 2020, p. 807). Therefore, this thesis makes a contribution in business and management literature by providing an analysis of how religion influences eco-justice disclosure practices. Namely, the research has shown through an investigation of the contextual factors relevant to Saudi Arabia that the Islamic religion should be considered as a macro social force in the context of Saudi Arabian society (Buren, et al., 2020). Consequently, Islamic religion is identified an important stakeholder for managers of Saudi companies as the Islamic faith and worship of God is central to their lives and they wish to ensure their behaviours adhere to the principles of Islam. It has further shown that Islamic religion or some of its interpretations from the Al-Ulama act as barriers to disclosure on eco-justice issues such as gender (in)equality and discrimination.

As argued by Al Mahameed et al. (2021) “little is known about how social accounting operates in the context of profound political, social and economic crises” (Al Mahameed et al., 2021, pp. 1080-1). This fifth contribution made by the thesis is in respect of addressing this research gap through providing an understanding of how the disclosures of Saudi companies were impacted by significant events during the period 2008-2018. The period the research examines covers the reigns of King Abdullah, whose reign commenced in 2005, and King Salman who succeeded to the throne in 2015 following the death of King Abdullah. The results of the thesis present strong evidence of the impact of changes in the monarch, who also has the role of head of government, on disclosure practices and particularly. Additionally, this thesis examines disclosures during a period of major upheaval in Saudi Arabia as it incorporates the events of the Arab Spring (2011-2012). The Arab Spring placed significant pressures on the entire Arab region including Saudi Arabia. The results show the impact of this event on the actions of key stakeholders and how these actions then impact on Saudi companies’ disclosure practices in respect of eco-justice issues. Based on the evidence presented in the analysis, the significant rise in the numbers of eco-justice disclosures appear to be legitimization tactics used by companies in an effort to re-secure their trust, support and legitimacy from their key stakeholders. As a result, this thesis contributes to accounting research by examining Saudi companies’ eco-justice disclosures during an unstable socio-political period during which there is a transition to a new monarchy and the Arab Spring events occur.

7.5 Limitations of the research

As with any research project there are limitations and boundaries have to be placed around any research project. One limitation is in respect of the analysis of the corporate annual reports. Despite the fact that the interpretation of the eco-justice information disclosed in the annual report was undertaken with great care utilising a close reading technique, the conclusions drawn

regarding the managerial motivations for disclosing eco-justice information in the annual reports may be subjective. Similarly, the analysis of the interview transcripts conducted with the Saudi company managers might include an element of subjectivity. Subjectivity is a fundamental challenge in any research which is qualitative.

A second limitation is that the interviewees' responses may not have been wholly candid. This is possible for a number of reasons. Interviewees might be motivated by a desire to publicize a particular view which enhances their company's reputation. Additionally, respondents may express views that they feel are socially desirable and reflective of what the interviewer wants to hear, or they may avoid discussion of topics which they consider sensitive.

To overcome these methodological limitations, the triangulation methodology was used to create a more complete view of the research topic by offering various alternate explanations and interpretations. Furthermore, employing content analysis of annual reports with close reading coupled with interviews, aids in overcoming the limitations of relying on a single method and should lead to achieving a better understanding of eco-justice disclosure practices in Saudi Arabia.

7.6 Suggestions for future research

This thesis offers a number of new directions for further research which can build on this thesis. Chapter two of the thesis has identified eco-justice as an appropriate concept for consideration given the current social, environmental and economic challenges confronting the world. Future accounting studies which investigate disclosure practices from an eco-justice perspective are required as the results can then be usefully compared to the results of this study. This would move future social-environmental type studies in a new direction and away from the current emphasis on 'sustainability' or 'corporate social responsibility'.

Detailed examinations of eco-justice disclosure practices within a range of different contexts might usefully be undertaken. Eco-justice studies directed towards other developing countries would further address Qian et al's (2021) criticism that there are too few published studies situated in developing countries. Consideration of the choice of which developing countries to select for further study is important. Selecting countries where Islam is the primary religion might build on the research in this thesis by revealing further contextual dimensions relevant to Islam and eco-justice. Alternatively, selecting countries where a religion other than Islam is primary might provide insights into how different religions impact upon eco-justice disclosures. Identifying countries and time periods where there has been significant instability and turbulence would also offer the opportunity for adding to the research in this thesis; for example, examinations of eco-justice disclosure practices in other countries where the Arab Spring impacted would give

comparative accounts of how eco-justice disclosures were affected by this highly significant event.

Further research that is worthy of exploration might also involve an examination of changes in respect of eco-justice disclosures post-2018 in Saudi companies' annual reports. Such research might focus on all the eco-justice disclosure categories or focus just on specific categories. For example, as evidenced by the empirical chapters, the Saudi companies' unwillingness to report on eco-justice issues related to gender (in)equality and women's empowerment is beginning to alter in response to the Saudi Vision 2030 announcement. Therefore, future research could study the disclosure practices of Saudi companies in the years after this thesis to determine whether there is any noticeable improvement or shift in the way companies disclose information about gender (in)equality and women's empowerment. The thesis has noted how Saudi Arabia is often seen from a one-dimensional perspective and future Saudi studies might give the reader of the research a more nuanced understanding of the country and different aspects relevant to the Saudi context.

A final suggested direction for future research projects might include the impact of the pandemic of COVID-19 on eco-justice disclosure practices. The pandemic occurred after the research in this thesis was conducted and, hence, it is not explored in this thesis. Governments around the world have not only been facing medical dilemmas, they have also had to confront ethical dilemmas at a broader policy level which ideally require them to institute measures to slow down the transmission of the virus in a fair and just manner. The pandemic put global companies under unprecedented strains too. Future research could be conducted to examine how managers responded to the global uncertainties caused by COVID-19 and how this impacted their disclosure strategies on eco-justice issues. This type of research might result in providing further insights on the depth of global companies' commitment to eco-justice.

Appendices

Appendix 1: Categories and decision rules for eco-justice disclosures

Decision rules for eco-justice disclosures:

1. Sentences are to be coded as eco-justice disclosures.
2. If a sentence has more than one possible classification, the information will be classified into the category that is most emphasised within the sentence.
3. Tables (quantitative and qualitative) that provide eco-justice information should be interpreted as one line equals one sentence and classified accordingly.
4. Any disclosure that is repeated shall be recorded as an eco-justice disclosure sentence each time it is discussed.
5. Arabic disclosure will be coded as sentences without translation into English.
6. Enumeration in a sentence is treated as a single sentence.

Appendix 2: Participant information sheet



The York Management School

University of York
Freboys Lane
Heslington

Title: Disclosure practices of eco-justice issues

Researcher: Raghad Alsudays

Participant Information Sheet

Company Disclosure Practices: Eco-justice issues

You are invited to take part in a research study which is being conducted as part of a Doctoral Research degree at The University of York by Mrs Raghad Alsudays, a PhD student at the University of York.

It is important for you to understand why the research is being undertaken and what it will involve. Please take time to read the following information carefully and do ask if there is anything that is not clear or if you would like more information.

Purpose of this study

The study is investigating disclosure practices in respect of eco-justice issues in Saudi Arabian companies' annual reports. Eco-justice issues are an important component of sustainability in which companies cannot achieve full sustainability without considering eco-justice issues. They include issues related to protecting the environment, supporting local community initiatives, female empowerment in the workplace, creating jobs for all segments of society, providing access to education for employees, health and safety and anti-business corruption. The research is examining how large Saudi companies are disclosing eco-justice issues, particularly, (i) how large Saudi companies decide what disclosures to make in their annual reports. (ii) what factors that affect their decision in eco-justice disclosure.

Your Involvement

As a director/executive of one of Saudi Arabia's largest companies you have been identified as a potential participant in this study for your knowledge and your extensive working experience.

I am conducting interviews as part of this research. The interview will last approximately 45 minutes.

Participation is optional. If you are willing to participate in the study, you will be given a copy of this information sheet for your records and will be asked to complete a participant consent form. If you change your mind at any point during the three months from the interview, you will be able to withdraw your participation without having to provide a reason.

Possible Benefits

This is an opportunity for you to share your professional knowledge and experience to inform research into company disclosure practices. The findings of this study will help to reach a better understanding of eco-justice disclosures and may in the future lead to better quality eco-justice disclosures.

On what basis will you process my data?

Under the General Data Protection Regulation (GDPR), the University has to identify a legal basis for processing personal data and, where appropriate, an additional condition for processing special category data.

In line with our charter which states that we advance learning and knowledge by teaching and research, the University processes personal data for research purposes under Article 6 (1) (e) of the GDPR:

Processing is necessary for the performance of a task carried out in the public interest

Special category data is processed under Article 9 (2) (j):

Processing is necessary for archiving purposes in the public interest, or scientific and historical research purposes or statistical purposes.

Research will only be undertaken where ethical approval has been obtained, where there is a clear public interest and where appropriate safeguards have been put in place to protect data. In line with ethical expectations and in order to comply with common law duty of confidentiality, we will seek your consent to participate where appropriate. This consent will not, however, be our legal basis for processing your data under the GDPR.

Please note that for this project I will only be collecting contact information and will be treated as confidential. This means that any information that could identify participant or company identities will not be included in anything written as a result of the research.

How will you use my data?

Data will be processed for the purposes outlined in this notice.

Will you share my data with 3rd parties?

No. Data will be accessible to the project team at York only. No personal data will be collected. Anonymised data may be reused by the research team or other third parties for secondary research purposes.

The Information you Provide

Interview tapes will be transcribed. All tapes and transcriptions will be locked in a safe place. All information collected during the course of the study will remain strictly confidential. The confidential handling, processing, storage and disposal of data will be in accordance with Data Protection Guidelines.

At the end of the study, this information may be used to write up a PhD thesis, and may be used in publishing articles in professional and academic journals and conference presentations.

All information will be anonymised and no personal identities or company identities will be revealed in any form.

When the study is completed, all the information will be kept in a locked filing cabinet in a storeroom of the York Management School, University of York for 10 years of last requested access and will be destroyed after that time.

Further Information

If you have any concerns or questions about this study, please feel free to contact the main researcher Mrs Raghad Alsudays, on e-mail: raa551@york.ac.uk.

Address: The York Management School, University of York, York, North Yorkshire. YO10 5DD

You may also contact my PhD supervisor at the University of York who is Professor Philip Linsley and his email address is: Philip.linsley@york.ac.uk.

Alternatively, you can contact the Head of our Ethics Committee at the University of York. He is: Professor Tony Royle and his email address is: elmps-ethics-group@york.ac.uk.

Appendix 3: Consent Form



The York Management School
University of York
Freboys Lane
Heslington

Title: Disclosure practices of eco-justice issues

Researcher: Raghad Alsudays

Consent Form

This form is asking if you want to be involved in this research study.

I have read the Information Leaflet about this project	Yes <input type="checkbox"/> No <input type="checkbox"/>
I agree to participate in this study	Yes <input type="checkbox"/> No <input type="checkbox"/>
I understand what the project is about and what taking part involves	Yes <input type="checkbox"/> No <input type="checkbox"/>
I understand that the interview will be recorded	Yes <input type="checkbox"/> No <input type="checkbox"/>
I understand that my participation in this study is voluntary and If I change my mind at any point during the three months from the interview, I am able to withdraw my participation without having to provide a reason.	Yes <input type="checkbox"/> No <input type="checkbox"/>
I understand that the information I provided will be used to write up a PhD thesis, and may be used in future research	Yes <input type="checkbox"/> No <input type="checkbox"/>
I understand that the information collected during the course of the research project will be treated as confidential. This means that any information that could identify me will not be included in anything written as a result of the research.	Yes <input type="checkbox"/> No <input type="checkbox"/>
I understand that only the members of the research team have access to the information collected during the study.	Yes <input type="checkbox"/> No <input type="checkbox"/>

Please write your name here: _____

Please sign your name here: _____

Appendix 4: Interview Schedule

1. Section A: General:

- What is your position in the company/team?
- What is your specific role in the social and environmental disclosure process/ committee?

2. Section B: Corporate Social Responsibility Activities and Disclosure Practices

Objective – to investigate the determinants of eco-justice disclosure (relevant to RQ1 &2)

- Could you briefly summarise the company's policy on social and environmental disclosure?
- How does your company decide on the eco-justice activities/or theme?
- What is the top priority for your company in terms of eco-justice reporting? Are those long-standing (repeated) or change regularly?

3. Section C: Factors affect disclosure decision:

Objective – to understand the factors that affect companies' disclosure decision on eco-justice issues (RQ3)

- Why did your company report focus only on the issues that you have just mentioned?
- What are the main changes (e.g., social, political, economic) in Saudi Arabia that affected the way you disclosed information on the company's social/environmental performance/activities?
- To what extent the abovementioned changes increase (or decrease) eco-justice-related information?
- Why do you think some Saudi companies are reluctant(unwilling) to disclose information related to human right issues (e.g., equal opportunity (equal pay), diversity and discrimination) and others do not?
- Why do the pattern of your company's disclosure of these issues has change over years?
- There are a lot of disclosures related to certain eco-justice issues in your annual report and these issues are relevant (or less relevant) to Saudi community (e.g., gender equality, unemployment, equal opportunities, discrimination etc). What are the incentives/disincentives for the reporting/non-reporting of these issues that matter most to Saudi society?

4. Section D: Companies Motivations

Objective – to understand the motivations of the eco-justice disclosure practices (RQ 3)

- Who are the primary users of your company's financial and non-financial information? How important is it for the company's top management to disclose eco-justice information to its main users?

- Do you think that the stakeholders of your company are concerned with your company's eco-justice activities?
- Disclosures related to eco-justice issues are still voluntary in Saudi Arabia, what are the main motives for disclosing CSR information to your stakeholders?

5. Section E: Special Pressure

- To what extent do you think the company's reports meet the expectation of its stakeholders and Saudi society? (Can you provide some examples).
- To what extent the expectations of company's stakeholders/society towards company's the social responsibility of companies have changed in the past 10 years?
- To what extent does your company feel under more pressure (than in the past) from its stakeholders to disclose eco-justice information?
- To what extent is the industry in which your company is operating subject to any pressure from the interest groups to disclose information on their social/environmental responsibilities?
- How does your company align its disclosure strategies with national policy or government agenda related to social and environmental issues? (To what extent does your company have to change its eco-justice reporting (in terms of content and issues disclosed?
- Can you give me example(s) showing the conflict between your company's disclosure strategy and government agenda and how your company responded to this conflict?

Appendix 5: Ethical approval decision



Raghad Alsudays <raa551@york.ac.uk>

ELMPS decision Raghad Alsudays

Tony tony.royle@york.ac.uk

July 2019

To: RaghadAlsudays <raa551@york.ac.uk>

Cc: Debbie Haverstock <debbie.haverstock@york.ac.uk>

Dear Raghad

Your ethics application form is now approved.

Best wishes

Tony

[Quoted text hidden]

Abbreviations

AAAJ	Accounting, Auditing and Accountability Journal
ABACUS	Journal of Accounting, Finance and Business Studies
Al-Ulama	The Senior Council of Islamic religious scholars
BP	British multinational oil and gas company
CCS	Carbon Capture and Storage initiatives
CMA	Capital Market Authority
CO ₂	Carbon dioxide
CSR	Corporate Social Responsibility
EEJ	Ecological and Eco-justice
EJPN	Eco-Justice Project and Network
ELMPS	Economics, Law, Management, Politics and Sociology Ethics Committee
ESG	Environmental, social and governance
EU	European Union
G20	The Group of Twenty
GDP	Gross Domestic Product
GRI	Global Reporting Initiative
HM	Her Majesty
ILO	International Labour Organisation
MNC	Multinational Companies
SCGC	Saudi Corporate Governance Code
SD	Sustainable Development
SDGs	Sustainable Development Goals
SEA	Social and Environmental Accounting
TA	Textile and Apparel
TADAWUL	Saudi Stock Exchange
TBL	Triple bottom line
TCFD	Climate-related Financial Disclosures
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
UNWCED	United Nations World Commission on Environment and Development
WBCSD	World Business Council for Sustainable Development

WCC	World Council of Churches
WEF	World Economic Forum
WTO	World Trade Organisation

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