The Evolution and Determinants of Corporate Social Responsibility (CSR) Disclosure in a Developing Country: Extent and Quality

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Abstract

Purpose: We examine the evolution and determinants of the extent and quality of corporate social responsibility (CSR) disclosure in a developing country (Mauritius).

Design/methodology: CSR disclosures from annual reports of all listed companies were hand-collected for a 12-year period (2007-2018). The extent of disclosure was measured using a dichotomous index (41 items) while the quality of each disclosure item was assessed on a three-point scale. We rely on organisational legitimacy and resource dependence theories to investigate (i) trends in CSR disclosure extent and quality (ii) the role of selected board and firm characteristics, namely the business qualifications of board members, extent of cross-directorships, and the firm's use of employee volunteering scheme, on CSR disclosure.

Findings: CSR disclosure extent, notably in relation to environment and human resources, gradually increased to an overall score of 45%. Comparatively, the quality of disclosures was low, with an average score of 20%. The proportion of business-qualified directors is only positively associated with CSR disclosure extent. The extent of cross-directorships is negatively associated with CSR disclosure quality while employee volunteering is positively associated with disclosure extent and quality.

Originality/value: The findings reveal the relatively low quality of information being disclosed, and in spite of CSR and governance reforms, there seems to be limited influence from the board of directors and their networks; prompting a call to foster greater board engagement on CSR matters. The results also highlight the need for a multi-dimensional assessment of CSR disclosure.

Article classification: Research Paper

Keywords: CSR disclosure; legitimacy; resource dependence; developing country; Mauritius.

1. Introduction

This paper seeks to contribute to the research on the trends and determinants of corporate social responsibility (CSR) disclosure in the context of developing countries and emerging economies (Petera et al. 2019; Ahmad et al. 2018; Matuszak et al., 2019; Sorour et al. 2021; Khan et al., 2020; Nuskiya et al, 2021). CSR disclosure has become increasingly widespread (KPMG, 2020) from the perspective of more companies engaging with particular international reporting models/approaches (e.g., Global Reporting Initiative (GRI), Integrated Reporting (IR), Sustainable Development Goals Reporting, Sustainability Accounting Standards Board), and addressing a wider range of social and environmental themes. Country-specific CSR reporting models have also been noted, such as the Business Responsibility Report in India (Securities and Exchange Board of India - SEBI, 2012). However, other studies (Sorour et al., 2021; Khan et al., 2020; Albu et al. 2021) surmise that reporting practices in many developing countries and emerging economies are not based on any specific mainstream model or draw on very minimal guidance. Hence, while there appears to be clear signs of the institutionalisation of CSR reporting in developing countries and emerging economies, actual practices in the field (in form and content) remain very eclectic.

In light of the above, most studies study CSR disclosure in terms of the breadth or extent of information being reported (i.e., presence or absence of different CSR themes) and/or the extent/volume of disclosure (word count, sentences, and page numbers) (Vourvachis and Woodward, 2015; Arena et al., 2018; Khan et al. 2020). What is less apparent from prior research in developing or emerging settings is whether the quality (or depth) of these CSR disclosures has been improving (Ali et al., 2017; Nuskiya et al., 2021). Although we acknowledge there are different conceptualisations of what might constitute ‘quality’ CSR disclosure (e.g., Haji, 2013; Chiu and Wang, 2014; Alotaibi and Hussainey, 2016), we rely on prior studies (e.g. Hackston and Milne, 1996; Mahadeo et al., 2011b; Bouten et al., 2011) that consider how comprehensive (i.e. from the general to the specific) the information is in relation to each disclosure item. An explicit assessment of the quality of CSR from this perspective can provide complementary insights on an already observed increase in CSR disclosure and/or adherence to reporting models. This leads to our first research question: *Is the quality of CSR disclosure, relative to the extent of CSR disclosure, improving in developing countries*?

Furthermore, the eclectic nature of CSR disclosures across firms, both in terms of extent and quality, has led to an examination of several contextual (e.g. country, industry, stakeholder influences) and firm level factors (governance and organisational) (Ali et al., 2017; Kühn et al., 2018). There remains significant inconsistencies and gaps as to the relevance (and direction) of these factors (Muller and Kolk, 2010; Shabana and Ravlin, 2016; Rashid, 2018). Given the largely unregulated nature of the form and content of CSR disclosures, the organisational legitimacy perspective does inform our analysis of why firms would *generally* structure or adjust their CSR disclosure in response to changing societal expectations (Baboukardos et al., 2021). However, it is less obvious how corporate board decision makers would *specifically engage (or not)* with these signals in view of their own managerial orientations, profiles and/or existing strategies (Shabana and Ravlin, 2016). In particular, we argue that the background of board members (Fernandez-Gago et al., 2018; Chang et al. 2017) may be of interest from a resource dependence viewpoint; whereby boards respond in specific ways when seeking to reduce uncertainty, manage interdependence and relationships with the external environment with a view to ensure a continual access to resources. Furthermore, firms may rely on employee volunteering schemes to allow for the development of 'social capital' with outside communities (Cook and Burchell, 2016; Gatignon-Turnau and Mignonac, 2015) although the implications for better accountability and disclosure have not been considered. Our second research question is hence: *To what extent do board member backgrounds (business profile and cross-directorships) and employee volunteering schemes influence the extent and quality of CSR disclosure?*

We examine these two research questions in the context of Mauritius, an African developing country, in view of the country's various experimentations with policies to pressure companies to engage more extensively and strategically with a 'social' agenda. First, and inspired by the South African King reforms, a stakeholder-led corporate governance code was published in 2004 which emphasised the role of the board in addressing social concerns and recommended the practice of CSR disclosure; albeit with minimal guidelines (Mahadeo et al., 2011b). Second, similar to Indonesia and India, it is one of the rare countries to have mandated a CSR levy (Gatti et al., 2019; Soobaroyen and Mahadeo, 2016) on all profitable businesses from 2009. A company is expected to spend the proceeds of the levy (2% of profits) on CSR projects or remit the funds to the tax authorities. While the policy has faced reforms from 2015 (mainly in terms of how the proceeds of the levy may be spent), it has nonetheless fostered deeper engagement by firms and their employees (Ramdhony et al., 2021a). At the same time, there has been no attempt to mandate specific models of CSR disclosure and the local use of international reporting models (e.g., GRI; IR) remains scant. Although an increase in the extent of CSR disclosure in Mauritius has been previously observed (Mahadeo et al., 2011a; Mahadeo et al., 2011b; Soobaroyen and Mahadeo, 2016; Ramdhony et al., 2021b) it is not clear whether the quality of disclosure has increased as well.

Hence, the objective of this study is two-fold, (i) to analyse the changes (if any) in the extent and quality of CSR disclosure over the period 2007-2018, and (ii) to examine the relevance of board background (business education and cross-directorships) and employee volunteering schemes on the quality of CSR disclosure. We rely on a content analysis of 432 annual reports of 41 listed companies and a 41-item disclosure items, classified in four themes (human resources, environmental, community and products/consumers), to first evaluate the extent (quantity) of the CSR disclosure, followed by a qualitative evaluation. Secondly, we rely on a multivariate analysis to examine the relevance of the board variables and employee volunteering schemes. The extent of CSR disclosure has materially increased over the period of analysis, but the quality of the information has remained at a relatively lower level - although both extent and quality has increased after the CSR levy regulation. In recent years, the extent vs. quality 'gap' has actually widened for all CSR themes. In addition, a higher proportion of business backgrounds on the board is associated with the extent of disclosure but not with its quality. Furthermore, a higher proportion of cross-directorships on the board is negatively associated with the extent of disclosure but not significantly so to quality. Finally, employee volunteering is associated with both extent and quality CSR disclosure.

Our findings contribute to the literature in three main ways. First, we highlight the variations in extent vs. quality of CSR disclosure, supporting the recent contentions about a possible (over) emphasis on researching the volume/extent of disclosure in developing countries and emerging economies (Haji, 2013; Chiu and Wang, 2014; Alotaibi and Hussainey, 2016; Nuskiya et al., 2021). This suggests that firms are engaging in providing a broad swathe of information as the preferred strategy to ensure organisational legitimacy, but with less interest in improving the quality of information over time. In a related note, a number of studies have sought to gauge the role of 'hard' and 'soft' regulation on CSR disclosure (Rashid, 2018; Chauvey et al, 2014; Chelli et al. 2016; Ioannou and Serafeim, 2017). In our case, the CSR levy does provide an instance of a more direct and concerted signal but there is again more impact on the extent rather than the quality of information. This finding is of relevance given the scant research in the aftermath of similar CSR ‘taxes’ in other countries e.g., India (Dharmapala and Khanna, 2018; Marques and Srinivasan, 2018). Second, we find the different board variables to have limited association with the quality of CSR disclosure (except for a weak board independence variable) relative to the extent of CSR disclosure. Our main contention is that the resource dependence argument does underpin the positive association between the board’s business backgrounds and the extent of CSR disclosure, as boards take heed of the wider implications of the CSR levy but less so in relation of the quality of CSR disclosure (Chiu and Wang, 2014). Contrary to theoretical expectations and prior work (Ben Barka and Dardour, 2015), board cross-directorships are negatively associated with the extent of CSR disclosure and are not associated with CSR disclosure quality. Thirdly, the role of employee volunteering scheme is seen to be relevant in enabling deeper interactions between the firm and its external audiences, as reflected in a higher quality of CSR disclosure (Muthuri et al., 2009; Gatignon-Turnau and Mignonac, 2015). Our findings are distinct from earlier CSR disclosure studies in Mauritius (Mahadeo et al. 2011a, b; Soobaroyen and Mahadeo, 2016; Ramdhony et al., 2021a; Ramdhony et al, 2021b) in terms of highlighting the evolution of extent vs. quality over time, and the implications of board member backgrounds and employee volunteering schemes.

The remainder of this paper is structured as follows. Section 2 reviews CSR levy practices and applicable regulation in Mauritius. Section presents the theoretical framework and formulation of hypotheses. Section 4 presents the research method. Section 5 presents the findings and discusses them. The final section summarises the contributions and implications of the study.

2. Context: CSR Levy and CSR reporting in Mauritius

Mauritius is regularly hailed as a relatively well performing emerging economy, as reflected by high and increasing per capita incomes achieved over the last 30 years (Gunessee and Sooreea-Bheemul, 2019). At the same time, major economic upheavals, arising from the reduced competitiveness of key export and high employment industries (mainly sugar and textile) together with rising energy prices started to hamper the Mauritian economy from 2005 onwards. The 2007 global financial and economic crisis made matters worse and in its 2008 budget, the country’s finance minister raised a concern as to the increasing number of families living in poverty, and notably that 8% of the population was seen to be living in extreme poverty (Ministry of Finance, 2008). In this context, the government made an appeal requesting companies to contribute more towards CSR activities in 2008. The government however concluded that the corporate sector did not sufficiently heed these calls and introduced a 2% CSR levy on all profitable companies from 2009 (Soobaroyen and Mahadeo, 2016); which could either be retained to be invested in CSR activities or be paid to the government. Fairly elaborate national policies and guidelines were drawn up set for the use of the funds (and monitored by a government agency) with the overall aim of fostering a strategic and coordinated approach to CSR projects and thereby help channel funds towards priority areas that would be of greatest benefit to society and communities. Most of the listed companies sought to retain the CSR levy funds to implement their own projects in line with the national guidelines and priority areas (Sannassee et al., 2017). These guidelines were relaxed in 2015 providing more leeway to companies. From 2019, the majority of the CSR levy funds were mandatorily transferred to a new apex body (National CSR Foundation) to finance social projects; thereby leaving less CSR levy funds for companies to engage in their own projects.

From the corporate governance and CSR reporting perspective, the Financial Reporting Act (2004) was amended in 2008 to require all Public Interest Entities (PIE) (companies or group of companies having an annual turnover of MUR 250 million or more[1]) to adhere to existing code of corporate governance (National Committee on Corporate Governance, NCCG, 2004). Section 7 of the code, which deals with integrated sustainability reporting, requires companies to report (within the annual report) to stakeholders on issues linked to: environment, ethics, health and safety and social issues. While this implies that CSR reporting is mandatory for PIEs (including all listed companies), there has not been any prescribed model of reporting, leaving firms with the flexibility to determine 'what' and 'how' to report. Similar and arguably 'softer' forms of regulation are prevalent in several countries, such as Norway (Fallan and Fallan, 2009) and Malaysia (Haji, 2013), and prior studies highlight that international CSR reporting models have not been prevalent in Mauritius (Soobaroyen and Mahadeo, 2016). At the same time, these 'softer' forms of regulation reflect a change of values, norms and opinions about a given issue or agenda. For instance, Soobaroyen and Mahadeo (2016) narrated the circumstances/discourses in which the CSR levy

[1] MUR - Mauritian Rupee (currently 1 USD = 43 MUR)

was imposed, signalling a shift from a long-established consensus-driven government-private sector relationship to a rather more antagonistic environment where the government intervened to address private-sector shortcomings. In a similar vein, the code of corporate governance strongly asserted the need for boards to take more responsibility for managing relationships with social stakeholders and balancing the demands of different financial and non-financial constituencies. It is in light of these signals that we frame this study from a combination of legitimacy and resource-dependence perspectives

3. Theoretical Framework: Legitimacy and Resource Dependence Theories

Whilst CSR disclosure practices and trends have been associated with a number of theories such as neo-institutional sociology, stakeholder and agenda setting theories, one dominant perspective is legitimacy theory (Ali et al. 2017; Deegan, 2019; Patten, 2019). The strategic dimension of this perspective (Suchman, 1995) asserts that organisations strive to ensure that they are aligned and 'behaving' in accordance with the societal norms and values of the context in which they operate. Should this be not the case, a threat to organisational legitimacy ensues which may lead to a withdrawal of support from societal actors. As part of the different strategies to gain, maintain or repair legitimacy, CSR disclosure can be conceived as means to communicate an organisation's congruence with the prevailing norms and values, in terms of conveying the different social, environmental and ethical objectives, policies and/or activities it has (or purports to have) adopted.

Attempts to understand how and why CSR disclosure may help to 'secure' legitimacy has led to a discussion of the types of legitimacy being sought, notably Suchman's (1995) notions of pragmatic and moral legitimacy. First, pragmatic legitimacy rests on the self-interested calculations of the organisation's most immediate audiences (e.g., workforce, shareholders or customers) and on satisfying the 'exchange' expectations of these audiences through a reciprocal transfer of financial or non-financial resources. In a similar vein, these constituents support an organization not only because of the benefits they can derive from it but also because they believe that the organization serves their larger interests. Common themes underlying the pursuit of pragmatic legitimacy are self-interest, the prevailing logic of short-term economic rationality and the use of CSR disclosure to placate immediate audiences. Several authors (Islam et al., 2021; Sorour et al. 2021, Soobaroyen and Ntim, 2013) have relied on this notion to argue that disclosures deemed symbolic, selective, and/or 'greenwashed' tend to reflect a dynamic of pragmatic legitimacy. Second, and contrastingly, moral legitimacy is not connected to particular immediate audiences and the economic interests of the organisation but rather depends on broader judgements whether a CSR action is the *'right thing to do'* (Suchman, 1995, p. 579). In effect, organisations conform to particular ideals from a pro-social perspective and engage in CSR practices because it promotes societal welfare on the basis of a moral reasoning (Islam et al. 2021). Moral legitimacy relies on demonstrating evidence of the consequences of an organisation's activities and of its adherence to relevant policies and social commitments. To a large extent therefore, one expects that CSR disclosure will be more substantive, comprehensive and of sufficient informational quality to enable societal actors ascertain the 'performance' of the organisation; and at the same time, avoid the perception of being involved potentially damaging cynical manipulations (Suchman, 1995; Shabana and Ravlin, 2016; Sorour et al. 2021).

Since societal norms/values and the expectations of different audiences do fluctuate over time, one can expect organisations to provide a combination of moral- and pragmatic-led CSR disclosures. Several studies have relied on the pragmatic/moral classification to analyse the nature of CSR disclosures over time and/or in response to social, economic and political changes (e.g., De Villiers and Van Staden, 2006; Soobaroyen and Ntim, 2013; Duff, 2016; Sorour et al., 2021; Islam et al., 2021). For instance, De Villiers and Van Staden (2006) found that a change in the nature of environmental disclosures (from specific to general) by South African companies arose due to changing concerns/interest by the government. More recently, Sorour et al. (2021) concluded that changes in CSR disclosures in Egypt post-2011 revolution focused on addressing pressing social challenges (e.g., education, health, poverty), thereby reflecting an organisational shift to pursue moral and pragmatic legitimacy.

At the same time, authors have highlighted the limits of the legitimacy perspective in analysing CSR disclosure patterns. While Suchman (1995) outlines the range of strategic mechanisms and circuits of the legitimation process (e.g., how to gain, maintain or repair organisation legitimacy and the focus on pragmatic and moral forms of legitimacy[2]), Deegan (2019) contends that it is not clear which disclosures can be more (or less) 'impactful' in enabling the legitimation process. At a micro-level, it is not also clear how managers (including board members) do actually evaluate

[2] Suchman (1995) refers to cognitive legitimacy as the third type of legitimacy, which is not considered in this paper.

the importance of the threats to legitimacy (Deegan, 2019) and decide (or not) to actively resort to disclosure. Hence, not all firms engage in CSR disclosure in the same way in response to macro-level changes or pressures (Muller and Kolk, 2010; Shabana and Ravlin, 2016; Ali et al., 2017).

In an attempt to capture the firm-level influences, and as an illustration of the potentially varying nature of managerial responses at the firm level, we rely on the resource dependence perspective. Originally drawn from the work of Pfeffer and Salancik (1978), resource dependence theory (RDT) conceives of organizations as dependent on their environment and in need of addressing the demands of powerful 'resource providers' to ensure a continual access to critical resources (e.g. financial, human, know-how, legitimacy). RDT gives prominence to the role of actors (directors, board members) and their strategic decision-making (Hillman et al., 2009; Frynas and Yamahaki, 2016; Chang et al., 2017; Fernandez-Gago et al., 2018) in addressing the complexity of an uncertain environment and in light of the specific circumstances of the organisation. In particular, the multiple, and often competing demands of different resource providers can lead to volatility in the access to resources. To address such challenges, the board can co-opt members who can provide advice, channels of information, preferential access to resources and legitimacy. In turn, uncertainties can be mitigated by engaging in CSR disclosure in order to project autonomy, resist external pressures, and manage their interdependencies with external constituencies (Hillman et al., 2009; Ntim et al., 2017). At the same time, Ntim et al. (2017) contend that voluntary disclosure is not always conducive to the management of interdependencies between the organisation and external parties. Revealing too much information may also lead to a power imbalance between the involved parties and disrupt existing efforts by the managers/boards. Furthermore, Chang et al. (2017) does warn of the limitations of relying on the theory in non-Western contexts (e.g., Asia) in that a conceptualisation of a diverse and/or independent board may be less beneficial in countries where homogeneity at the top (e.g., in terms of educational and regional background) is preferred.

Finally, the resource dependence theory arguments can be extended to the different organisational initiatives, such as an employee volunteering scheme (Muthuri et al., 2009), where the intended corporate objective is to deepen social relations and transact/generate 'social capital' through the involvement of employees towards the community, thereby strengthening the pro-social identity of the organisation. While there are manifestly employee-level as well as stakeholder-level benefits from operating such a scheme (Gatignon-Turnau and Mignonac, 2015), resource dependence theory emphasises how employee volunteering interactions favour communication, shared understandings, networking and management of interdependencies with the community. At the same time, Gatignon-Turnau and Mignonac (2015) highlights a potentially adverse impact of employee volunteering if it is perceived to be driven by a 'public relations' motive while Cook and Burchell (2018) note the challenges of a 'knowledge gap' underpinning relations between an organisation's employee voluntary scheme and outside parties (e.g., third sector). These points thus bring to the fore the role of CSR disclosure in communicating in a credible way the organisation's effort in supporting communities. In conclusion, resource dependence can be seen as a perspective that is complementary to legitimacy theory, in terms of underpinning how an organisation's specific structuring of their boards and activities influence the extent and quality of CSR disclosure.

3.1 Literature Review and Hypothesis Development

3.1.1 CSR Levy Regulation and CSR Disclosure Extent & Quality

The legitimacy perspective is an appropriate frame to evaluate how particular events lead to a shift in 'organisation-society' relationships, either as a result of a gradual change in attitudes towards a given issue (e.g., firms' social responsibility) or following a more abrupt juncture e.g., accident or scandal threatening organisational legitimacy (Patten, 2002; Cho and Patten, 2007). Earlier empirical evidence from developed countries suggests that firms do review their CSR disclosure practices following a major event, be it an environmental disaster and/or penalties thereof (Patten, 1992; Deegan and Rankin, 1996), the introduction of social or environmental regulations and/or the introduction of corporate governance codes. Companies also release positive social and environmental information in response to unfavourable media attention following community concerns (Deegan, Rankin and Tobin, 2002).

In the context of developing and emerging economies, a number of studies have highlighted the role of government initiatives (or regulations) in fostering an engagement with reporting (Ali et al., 2017; Momin and Parker, 2013), although an explicit requirement for companies to adopt particular models of CSR reporting is beginning to emerge (Dharmapala and Khanna, 2018; Marques and Srinivasan, 2018). Furthermore, government interventions or initiatives to improve social accountability are often themselves associated to international pressures, related for instance to ethics/anti-corruption reforms, modern slavery in the supply chain and corporate governance developments (Belal and Owen, 2007; Islam and Deegan, 2008; Islam and Van Staden, 2021). In the context of Mauritius, Soobaroyen and Mahadeo (2016) outline how the CSR levy reform in 2009 was largely borne out of local politics and historical relations involving the government, private sector companies and societal actors. This development followed from the 2004 corporate governance code which encouraged companies to recognise their social responsibility and provide disclosures on their social contributions. The CSR levy reform thus can be seen as significant event in realigning the role of companies and expecting them to take a more strategic, active and targeted approach to CSR beyond traditional philanthropic activities. Although it was observed that more companies provided CSR disclosures and the extent of the information increased in Mauritius, (Mahadeo et al., 2011a; Mahadeo et al., 2011b), it was less clear whether the quality of the information was also enhanced. So far, very few studies have sought to contrast extent and quality of disclosure (Ali et al., 2017) in developing countries with competing findings. Alotaibi and Hussainey (2016) observe that the extent of CSR disclosure increased but not in terms of its quality even after the adoption of a local corporate governance code. Chiu and Wang (2014) report similar findings in the case of Taiwan and argue that the low quality is primarily associated to lax enforcement. Contrastingly, Haji (2013) finds that the quality of CSR disclosure improved in the case of Malaysia. We contend that the social and political circumstances leading to the CSR levy in Mauritius are consistent with the need to engage more deeply with the social agenda rather than purely on a pragmatic legitimacy basis. Therefore, consistent with moral legitimacy motivations brought about by the CSR levy, we formulate the following hypotheses:

H1: There is a concurrent rise in the extent and quality of CSR disclosure post-regulation.

H2: The adoption of the CSR levy is positively associated with the quality of CSR disclosure.

3.1.2 Directors' business qualifications and CSR Disclosure Extent & Quality

From a resource dependence perspective, a board of directors that has a range of educational backgrounds, qualifications and expertise can contribute effectively to the management of the external environment and help address uncertainties and interdependencies faced by the firm (Pfeffer and Salancik, 1978; Hillman and Dalziel, 2003; Chang et al., 2017). Largely informed by developments in board and corporate governance practice, the CSR disclosure literature has tended to emphasise specific facets of the board typically in relation to independence, non-executive/outsider status, and gender diversity (Ali et al., 2017; Chang et al., 2017). Empirical results are fairly consistent in that these dimensions are positively associated with CSR disclosure. However, when it comes to educational backgrounds, the evidence is far less clear, although one expects that the process of education will impart individuals with knowledge and experience, shaping how they think and what they stand for when making decisions (Fernandez-Gago et al., 2018). For example, both Bear et al. (2010) and Post et al. (2011) do not find an association between business expertise/education and corporate social performance in a US context. Contrastingly, Huang (2013) and Lewis et al. (2014) report that chief executive officers (CEOs) with business qualifications tend to perform better in relation to CSR performance and environmental disclosure respectively. In the case of Mauritius, we argue that the regulatory implications of the CSR levy have crystallised attention amongst business-facing board members and institutionalised the need for boards to consider CSR as a mainstream practice. Taken together, we argue that a higher proportion of directors on the board with business qualifications will be associated to higher levels of CSR disclosure. Consequently, this study proposes the following hypotheses:

H3a: There is a positive association between directors' business qualification and the extent of CSR disclosure.

H3b: There is a positive association between directors' business qualifications and the quality of CSR disclosure.

3.1.3 Cross-Directorships and CSR Disclosure Extent & Quality

Another facet of a director's profile relates to his/her experience and/or tenure as a board member in different companies, typically referred to as cross directorship, multiple directorships or board interlocks. Cross-directorships have gained attention in recent times (Ahn et al, 2010; Khan et al., 2013; Rao and Tilt, 2016). On one hand, the more a director is involved in many companies, the more he/she can bring valuable insights and lessons to the board. Directors gain more experience, acumen and expertise as they affiliate themselves to more companies through privileged channels of information for knowledge transfer (Ben Barka and Dardour, 2015). In this regard, Webb (2004) observe a positive association between a higher proportion of cross-directorships on the boards and social performance of US firms, a finding which is partly confirmed by Haniffa and Cooke (2005) in the Malaysian context with specific reference to the directorships held by the chairperson. On the other hand, an alternative explanation is referred to as to the ‘busyness’ argument (Ahn et al., 2010), which states that as directors operate in (many) different boards/businesses, they may struggle to understand the nature of each business and of its activities, and do not effectively contribute to strategic decision-making and oversight (Brickley and Zimmerman, 2010). This information asymmetry may not allow them to perform their assigned tasks appropriately, including engaging with CSR activities and disclosure; particularly in relation to new developments and expectations leading to the CSR levy. In the absence of clear results, we formulate a non-directional hypothesis, namely that:

H4a: The proportion of cross-directorships in the board is associated with the extent of CSR disclosure.

H4b: The proportion of cross-directorships in the board is associated with the quality of CSR disclosure.

3.1.4. Employee Volunteering Scheme and CSR Disclosure Extent & Quality

Corporate employee volunteer programs have gradually become an innovative way for companies to provide an intrinsic and ethical commitment to the community, that improves corporate reputation and instil a corporate culture (Houghton et al., 2009). A number of reasons are provided by companies initiating employee volunteering programs such as ‘doing good’, ‘cooperating with others’, ‘developing trust’ or ‘networking’ (Muthuri et al., 2009; Gatignon-Turnau and Mignonac, 2015; Cook and Burchell, 2016).

From a resource dependence perspective, employee volunteering schemes formalises the development of pro-social links between the firm and community-led organisations and localities thereby developing opportunities to address societal concerns and expectations. These ties enable a better understanding of community expectations, manage conflict, and allows the firm to target their CSR interventions in a more meaningful and impactful way. The employee volunteering literature (Gatignon-Turnau and Mignonac, 2015; Doshi, 2020) tends to focus primarily on employee outcomes (e.g., commitment, motivation, engagement) and there is scant evidence on the association between such employee-level involvement and CSR disclosure (Huang and Kung, 2010). Gatignon-Turnau and Mignonac (2015) highlight a concern that employee volunteering schemes can be perceived primarily as a public relations exercise. This implies that credible communication and disclosure is important to dispel such concerns, both from the perspective of internal and external actors. Increased employee involvement (through volunteering) serves to develop a stronger organisational commitment to societal concerns whilst fostering a participative approach to CSR activities and strategy within the company. From a resource dependence perspective, this reinforces the view that such an alignment of commitment and actions can better manage uncertainties and dependencies with the external environment. In turn, a more intrinsic and deeper conceptualisation of CSR arising from a structuration of CSR activities (e.g., the use of formal employee volunteering programs) are expected to lead to higher levels of CSR disclosure, leading to the following hypotheses:

H5a: There is a positive association between a firm's use of an employee volunteering scheme and the extent of CSR disclosure.

H5b: There is a positive association between a firm's use of an employee volunteering scheme and the quality of CSR disclosure.

4. Data and methods

4.1 Sample

We consider the case of all companies listed on the official market of the Stock Exchange of Mauritius (SEM), consisting of 41 firms. While local companies communicate CSR activities using various media, including social reports, websites, TV/radio, and press releases, we rely on annual reports from 2007 to 2018. In line with prior work (Ntim and Soobaroyen, 2013; Ramdhony et al. 2021a; Ramdhony et al., 2021b; Nuskiya et al. 2021), a reliance on the annual report is motivated on the basis that the company has editorial control over content (excluding the mandatory/statutory accounting and financial sections) and is a well-publicised document both in print and online. As such, it remains the most commonly circulated public document and is typically free from intermediate (i.e., journalistic) distortions (Guthrie and Parker, 1989). The annual report reflects what the organisation chooses to disclose or not (Guthrie and Abeysekera, 2006) and light of the expectations set out in the local corporate governance code and the legislation pertaining to public interest entities, one would envisage CSR disclosures to be provided in the annual report.

4.2 Extent and Quality of CSR Disclosure

We rely on content analysis to assess the themes, extent and quality of CSR disclosures in the consolidated annual reports. Content analysis enables the codifying of written narratives (quantitative and text) into various categories in light of the CSR dimension(s) one seeks to analyse and of the research questions (Branco and Rodrigues, 2008). When a category is reported, there is an assumption that such reporting reflects some importance for the organisation about the subject matter (Krippendorff, 1980). Content analysis remains the most common technique in the voluntary disclosure literature (Md Zaini et al. 2018).

To assess the extent and quality of CSR disclosure, we adopt a disclosure index involving 41 items (See Appendix 1). Given the absence of a reporting model, we are informed by the themes and disclosure items that have been extensively considered in prior studies (Haniffa and Cooke, 2005; Branco and Rodrigues, 2008; Purushotaman et al. 2000; Said et al., 2009; Gjølberg, 2009). Furthermore, items were included in the checklist following the general expectations set out in the local corporate governance codes (NCCG 2004; 2016) and the guidelines for using CSR levy funds. Since the guidelines privilege the use of CSR levy funds towards community-based support, the community theme has the largest number of items in the checklist (19), followed by human resource (10), environment (7) and products and consumers (5). An independent coder was assigned to pre-test a subset of the annual reports along with the primary researcher. The coding rules were clearly laid out. The result of the pre-test showed an inter-coder reliability rate of 95% measured by Krippendorff's alpha. All annual reports were then coded by the independent coder. To ensure stability of the results, a sub-sample of annual reports were again coded after one month by the independent coder (Beattie et al. 2004). Some minor discrepancies were identified and resolved.

With respect to the extent of disclosure, a dichotomous procedure was adopted whereby an item on the checklist disclosed in the annual report is scored as 1 (or 0 if not disclosed). If the same item is discussed twice in the annual report, only one score is provided since the reiteration of themes might reflect emphasis or mere repetition (Purushotaman et al., 2000). The total score for CSR Extent (CSRE index) for each company will be the sum of all items disclosed divided by the maximum allowable score (41) i.e. CSRE is calculated using the following equation:

$$CSREi = \sum_{n=1}^{nj} \frac{Xij}{nj}$$

Where $CSRE_i$= CSRE index for the i_{th} firm; n is ≤ 41; X_{ij} = 1, if the j_{th} item is disclosed for firm i else 0.

Building on the above, CSR disclosure quality involves an evaluation of each CSR item/narrative and is guided by prior work, namely Saleh et al. (2010), Haji (2013), Elijido-Ten (2009), Hackston and Milne (1996), Mahadeo et al., (2011b) and Bouten et al. (2011). If the disclosure is expressed in general terms with no specific information (also referred to as declarative statements), a score of one (1) is allocated. Items which disclose information expressed in monetary or quantitative terms are allocated a score of two (2) and a maximum score of three (3) is allocated to items providing comprehensive information, both in quantitative and qualitative terms. The maximum allowable score is (41 x 3) 123 and the CSR disclosure quality index (CSRQ) for a company is calculated by dividing the score by 123. CSRQ is calculated for each category (environment, human resource, products and consumers and community) similar to the CSRE score. Finally, given the uneven number of items per theme and the possibility that one theme may drive the overall score, the scores per theme were weighed (25% per theme) to ensure that all four disclosure themes have the same importance when reaching the overall disclosure score (Martson and Shrives, 1991). We present the results using the weighted scores in the robustness tests section.

4.3 Independent Variables

In line with H1 and H2, regulation (REG) is a dummy variable, which takes a value of 1 after 2009 when the CSR levy became applicable and 0 in all other years. With respect to H3, the educational background of directors (Haniffa and Cooke, 2002; Chang et al., 2017) is based on the proportion of directors with a qualification in accounting/finance/business (BUSQUAL). For H4, cross-directorship (CROSS) represents the proportion of directors on board who are also directors in other companies. Finally, for H5, employee volunteering (EMPVOL) takes a value of 1 if a firm has a scheme to allow its employees to volunteer in community activities and 0 otherwise.

4.4 Control variables

Consistent with Rao et al. (2012), board size (BSIZE) is measured by the total number of directors on the board and is expected to be positively associated to CSR disclosure (Ali et al., 2017). The same applies for board independence (BDIND), which represents the proportion of non-executive independent directors (Ramdhony et al., 2021b). Government ownership (GOVOWN) represents the proportion of shares held by the government of Mauritius through its investment arm and is generally positively associated to CSR disclosure (Said et al., 2009). Similar to most studies (Ali et al., 2017; Khan et al., 2020), firm size (SIZE) is expressed in terms of the natural logarithm of total assets and is typically positively associated. In a similar vein, firm profitability (PROF) and CSR disclosure are positively associated (Hanniffa and Cooke, 2005; Ali et al, 2017), relying on return on equity as a proxy. Industry effects are also expected whereby CSR disclosure extent and quality would vary between manufacturing and non-manufacturing activities (Chithambo and Tauringana, 2014; Kılıç and Kuzey, 2019). Finally, Rankin et al. (2011) and Ramdhony et al. (2021b) argue that relevant organisational structures, respectively the existence of a CSR committee (CSRCOM) and the setting up a CSR Foundation (FOUND), contributes to the credibility of the firm's CSR efforts and are positively associated to CSR disclosure.

4.5 Model Specification

A panel regression technique was used to test for the association of the different firm-level and board characteristics with CSR disclosure extent and quality. The following research models are proposed for this study, while Table 1 summarises the notations for the dependent, independent and control variables.

$CSRQ_{it} = \alpha + \beta1\ REG_{it} + \beta2\ CROSS_{it} + \beta3\ BUSQUAL_{it} + \beta4\ EMPVOL_{it} + \beta5\ BDIND_{it} + \beta6\ GOVOWN_{it} + \beta7\ BDSIZE_{it} + \beta8\ PROF_{it} + \beta9\ CSRCOM_{it} + \beta10\ SIZE_{it} + \beta11\ FOUND_{it} + \beta12\ INDUSTRY + eit$ (Model A)

$CSRE_{it} = \alpha + \beta1\ REG_{it} + \beta2\ CROSS_{it} + \beta3\ BUSQUAL_{it} + \beta4\ EMPVOL_{it} + \beta5\ BDIND_{it} + \beta6\ GOVOWN_{it} + \beta7\ BDSIZE_{it} + \beta8\ PROF_{it} + \beta9\ CSRCOM_{it} + \beta10\ SIZE_{it} + \beta11\ FOUND_{it} + \beta12\ INDUSTRY + eit$ (Model B)

INSERT TABLE 1 AROUND HERE

5. Findings and Analysis

5.1 Descriptive Statistics

The descriptive statistics are set out in Table 2 for the dependent, independent and control variables. The average score for the dependent variables (CSRE and CSRQ) is respectively 31% and 17%, indicating that the extent of CSR disclosure (CSRE) is higher than the CSR disclosure quality (CSRQ). This chimes with the findings of Alotaibi and Hussainey (2016) and of Chiu and Wang (2014) who also reported a higher extent of CSR disclosure relative to CSR disclosure quality. This difference is also apparent from the minimum and maximum values for the extent of CSR disclosure range from 0 to 0.8 respectively, relative to CSR disclosure quality values (0 to 0.58).

INSERT TABLE 2 AROUND HERE

The mean of 0.77 for REG variable signals that 77% of all observations fall in the post CSR levy period. The value of cross directorship (CROSS) ranges from 0 to 1 with an average value of 0.674, implying that about two thirds of the board of directors have directorship positions in other companies. Moreover, the mean value of business qualification (BUSQUAL) is close to 52%, indicating that just over half of the sample of the board of directors hold a qualification in business or business-related studies. EMPVOL has a mean value of 0.54, highlighting just over half of companies have an employee volunteering scheme. With regards to ownership structure, government ownership (GOVOWN) varies between 0 and 25% with a mean of 0.81%, while average board independence (BDIND) composition is 35%. This exceeds the minimum composition of independent directors in the local context and is a higher proportion than previously reported (Mahadeo et al, 2012), suggestive of an increased reliance on independent oversight; albeit lower than in the case of Malaysia and Saudi Arabia (63% and 52.5% respectively; Said et al, 2009; Habbash, 2016). The mean board size (BSIZE) is 9.81, is similar to findings in Australia (Rao et al, 2012) and South Africa (Ntim and Soobaroyen, 2013) but slightly larger than the findings of 7.71, 8.14 and 8.95 by Alazzani et al (2017), Mudiyanselage (2018) and Khan et al (2019). With regards to the CSR committee (CSRCOM), it appears most of the companies have such a committee (approximately 82%), which is larger than previously reported in developing and developed countries (60% and 51% respectively; Bhatia and Makkar, 2020). Finally, just over half of the companies have a separate entity (FOUND) for implementing and managing social projects. These last two findings are somewhat unsurprising given the implementation of the CSR levy in Mauritius and the implications of more detailed structuring of CSR activity by firms, leading to the use of committees and special legal entities (foundations) to manage CSR projects.

5.2 Evolution of CSR disclosures over time

INSERT FIGURE 1, 2, AND 3 AROUND HERE

Figure 1 shows the overall trend in the extent and quality of CSR disclosure from 2007 to 2018, with an upward trend noted from 2009 (the year in which the levy is implemented) and a recent drop in disclosure from 2017 to 2018. Although the difference between extent and quality disclosure scores is minimal in the earlier years, this gap persists over the period of study and in fact widens from 2014. The average score for the extent of CSR disclosure reaches a maximum of 45% in 2017 compared to the CSR disclosure quality of about 20% in the same year. In terms of the disclosure per theme, Figure 2 shows a fairly gradual increase in the extent of disclosure over the same period, with companies emphasizing the environments and human resources' extent of disclosure (rising up to 60% in 2017) while disclosure for community and products/consumers reached only 30%-35%. Figure 3 shows a similar trend for the quality of disclosure although the scores are about half of the extent of disclosure scores. For example, the disclosure quality scores for the environment and human resources only achieved about 30% in 2017. Figure 3 also reveals an interesting pattern of disclosures for the community theme, which increased beyond the other themes until 2013 to about 20% and then dropped to 10% thereafter. This trend may be explained by the fact that CSR levy policies and guidelines gave more weight and attention to community support (e.g., poverty alleviation, social projects, education) relative to other areas of intervention and this was reflected in the higher level of disclosure quality. The authorities however reviewed the CSR levy guidelines in 2014, thereby allowing firms the latitude to use the CSR funding without major restrictions. Following this decision, one may argue that firms re-assessed the importance of other themes (namely environment and human resources) and decreased their activity (and disclosures) in relation to the community theme.

With regard to H1, an analysis of the extent and quality of disclosures reveals a clear gap over time that is at odds with our original expectation of a progression from the pursuance of a pragmatic form of legitimacy to a moral one. Similar to the study by Alotaibi and Hussainey (2016) and Chiu and Wang (2014), there has been a relatively low quality of disclosure albeit gradually increasing over the period of study. Furthermore, the overall quality of CSR disclosure dropped from 2014 while the extent of CSR disclosure continued to increase. One possible explanation of this widening gap is that the decision of the authorities to remove the CSR levy restrictions signalled a waning interest from the government. The socio-political circumstances and pressures associated to the introduction of the CSR levy in 2009 (Soobaroyen and Mahadeo, 2016) also appear to have lessened[3]. As noted in the De Villiers and Van Staden's (2006) study of environmental disclosures in South Africa, companies preferred to provide general (rather specific) disclosures in response to this waning interest. We argue that a similar firm-level response is at play in our case, whereby companies rely on the extent of CSR disclosure to maintain a pragmatic form of legitimacy because they perceive that the level of attention does not warrant higher level of disclosure quality. This explanation is also consistent with Chiu and Wang's (2014) argument about lax enforcement given that the CSR levy authorities paid little attention to the quality of CSR disclosures. By the same token, and in light of the established societal concerns about the environment and treatment of employees in Mauritius (Mahadeo et al., 2011b), the quality of environmental and human resource disclosure has remained comparatively high over the period and this is consistent with the moral pursuit of legitimacy.

Notwithstanding the above, Figures 1 to 3 show the evolution of the extent and quality of CSR disclosure post CSR levy (after 2009). To further gauge whether the regulation had a significant impacted on CSR disclosure, a paired sample t-tests is presented in Table 3 and reveals significant differences in the extent and quality of disclosure. To this extent therefore, H2 is supported in that the CSR levy has crystallised attention around societal expectations towards firms, thereby leading to an increase in the extent and quality of CSR disclosure.

INSERT TABLE 3 AROUND HERE

5.3 The influence of board background and employee volunteering schemes

To examine the second research question, we adopt a panel regression method to test models set out in Section 4.5 (models A and B). We consider the issue of multi-collinearity and found that the highest correlation coefficient between independent variables was -0.228 (Table 4), thereby concluding that the independent variables are not highly correlated. The Hausman test was

[3] In support of this explanation, a new political alliance came into power in September 2014.

performed to select between the fixed-effect and random effect models. The result ($p<.05$) confirmed the use of fixed effect for all models. Tables 5 and 6 show the regression results for CSR quality (CSRQ) and extent (CSRE) respectively. As noted from Table 5, the CSR Quality model (model 1) is significant ($F=17.75$, $p=0.000$) and has an adjusted R squared of 66%, implying that 66% of the variation in CSR quality is explained by the independent variables in the model. The main CSR Extent model (Table 6 - model 7) is also significant (F-26.02, $p=0.000$) and has an adjusted R squared of 74%.

INSERT TABLE 4 AROUND HERE

Although the CSR levy policy does not address the issue of disclosure, one would expect companies to disclose how the CSR levy has been spent in the pursuit of their legitimacy. Paired sample t-tests (Table 3) already showed a significant increase in both the extent and quality of CSR disclosure in the post levy period. While the increase is significant from the first-year post levy (2010) for CSRQ, it took a further two years to find a significant increase in the extent of CSR disclosures. It is plausible that firms took some time to adjust their CSR strategy, including disclosure, to match the requirement of the new regulation. The results from the panel regressions (Tables 5 and 6) show a significant increase in the quality ($p < .01$) and extent of CSR disclosure ($p<.01$) post CSR-levy period. Our result chimes with Yang et al. (2021)'s work, who found an increase in both quality and quantity of environmental reporting following a regulation to disclose environmental information in Australia. While companies have the choice of paying the CSR levy as a tax and hence elect to not to carry on its own CSR activities, our findings reveal a preference for companies to continue their CSR engagement and disclosure, hence supporting H2. Expectedly, the REG variable is not significant for the 'products and consumers' disclosure since the CSR levy regulation does not apply to this theme.

INSERT TABLES 5 AND 6 AROUND HERE

H3 considers whether firms whose boards have a higher proportion of directors with business qualification (BUSQUAL) disclose a higher extent and quality of CSR disclosure. Of note is that a significantly positive association ($p<.05$) is present in the case of disclosure extent (Model 7) but not in relation to disclosure quality (Model 1). In other words, H3a is supported while H3b is not supported. Theoretically, the resource dependence perspective asserts that educational backgrounds do matter in providing the necessary competence to address external uncertainties and challenges, and manage organisational legitimacy; including those in relation to CSR disclosure. Insofar as this is concerned, and in contrast to Bear et al. (2010) and Post et al. (2011), our results highlight the relevance of business backgrounds. Ahmad et al. (2018) also argues that a business educational background exposes individuals to social and environmental matters during their studies. Furthermore, our findings may be consistent with the work of Huang (2013) and Lewis et al. (2014), since CEOs with business qualifications tend to perform better on CSR performance and environmental disclosure respectively. However, given our interest in comparing CSR disclosure extent versus quality, the lack of a significant result for disclosure quality is ominous. As we hypothesised, business-educated managers do recognise the implications of the CSR levy and the need to be socially accountable, hence supporting H3a. However, there does not seem to be a (moral) compulsion to provide more detailed and informative disclosures. A study by Godos-Diez et al. (2015), who surveyed business and non-business students' views on stakeholder orientation, concluded that business-trained students tend to show a more instrumental (and have a less normative) orientation. Such a study may therefore hint towards an instrumental-minded resource dependence argument amongst business educated-dominated boards i.e., some CSR disclosure can be beneficial to maintain legitimacy and to manage inter-dependencies/uncertainties with the external environment. However, there is less need for quality CSR disclosure since the extent of CSR disclosure may be sufficient to meet these instrumental motives. Therefore, our finding contributes to the debate by emphasising the subtleties (e.g., Huang, 2013; Lewis et al., 2014; Ahmad et al., 2018) underlying the specific influence of boards with a higher proportion of business-educated directors on CSR disclosure.

Given the mixed findings in the literature, we only formulated H4 as a non-directional association between cross directorship and CSR disclosure. Tables 5 and 6 respectively show a non-significant association (CROSS) with CSRQ while a negative association is observed in the case of the extent of CSR disclosure. Therefore, H4 is marginally supported. Our findings are however at odds with Rao and Tilt (2016), Ben Barka and Dardour (2015), Webb (2004) and Haniffa and Cooke (2005) who claim that as directors sit on multiple boards, they gather experience and knowledge that might benefit stakeholders and increase CSR disclosure. While a resource dependence argument to underpin the role of cross-directorships in local firms can still be valid, we surmise that the networking and resource-gathering role of these directors may have actually led to a somewhat critical view of CSR disclosure. As highlighted earlier, CSR disclosure in a resource dependence perspective may disrupt existing interdependencies between the firm and its external environment (Ntim et al., 2017). In this way, experience from other companies may have influenced directors to consider CSR disclosure as inappropriate or unnecessary and advising boards accordingly. The absence of a significant result for the quality of CSR disclosure reinforces this point.

Considering the hypothesis about the role of employee volunteering (H5), the variable (EMPVOL) has a positive coefficient and is significant for both models in Tables 5 and 6. H5 is supported and we conclude that firms involved in employee volunteering disclose greater extent and quality of CSR. From a resource dependence perspective, employee volunteering schemes enables the development of ties with the community, allowing for a better understanding of community expectations, managing conflict/tensions, and orient their CSR interventions in a more effective way. Given the concerns about the instrumental nature of employee volunteering schemes (Gatignon-Turnau and Mignonac, 2015; Doshi, 2020), it appears that quality CSR disclosure can contribute to the dissemination of credible information as a result of increased employee involvement (through volunteering). In turn, this ensures that there is an alignment between commitment and actions, which in turn can better manage uncertainties and dependencies with the external environment (Muthuri et al. 2009). Such firms may be able to capitalise on their proximity to stakeholders and demonstrate their commitment to social concerns since they draw on the support of a key direct stakeholder (labour). The following disclosure serves to illustrate the deeper involvement of employees in CSR activities as well as the incentives designed by the firm to encourage such involvement:

"SBM staff is encouraged to volunteer their time and talent to support the community. Following its success and request from staff, the SBM 50:50 Matching Scheme has been upgraded to SBM 1:2 Matching Scheme. Under the scheme, staff members are encouraged to organise fund-raising activities in favour of NGOs/ community organisations of their choice, with the Company topping up the amount by twice the proceeds raised, subject to a ceiling. We have seen an increasing number of employees getting involved in community development initiatives" (State Bank of Mauritius (SBM) Annual Report, 2010)

Our finding about the role of employee volunteering contributes to the literature in highlighting how such a scheme may foster alignment between commitment, actions and quality CSR disclosure. So far, the emphasis of most CSR disclosure studies (e.g., Huang and Kung, 2010;

Vithana et al., 2021) has been on conceptualising employees as salient or dominant stakeholders who might pressure their employers to engage in more CSR reporting. Instead, our contention is that employee volunteering schemes can be part of the strategies adopted by the firm to manage access to external resources and in turn, foster a better form of CSR accountability and communication with key external constituents.

5.4 Control Variables

First, we note that board size (BSIZE) is weakly and negatively associated to CSRE but not to CSRQ, indicative of the limited relevance of board size on CSR disclosure from a resource dependence perspective (Ali et al., 2017). A larger board is by itself a mechanism to account for, and manage, the external environment and interdependencies with resource providers (Hillman et al., 2009), and in such circumstances, CSR disclosure may not appropriate in managing relationships (Ntim et al., 2017). Second, Models 1 and 7 both show a positive and significant association between board independence (BDIND) and CSRE/CSRQ, confirming the pivotal role of independent directors for both the extent and the quality of CSR information (Kühn et al., 2018; Nuskiya et al. 2020; Ramdhony et al., 2021b).

Models 1 and 7 confirm a significantly negative association between government ownership and both CSR quality ($p < 0.01$) and CSR extent ($p < 0.05$). While state or government ownership has often been highlighted (Ali et al., 2017; Amran and Devi, 2008) as having a positive impact on CSR disclosure from the perspective of government being an influential stakeholder and the need to operate by example (Ghazali, 2007), our results instead highlight the often politicized nature of such entities (Mahadeo and Soobaroyen, 2012). Furthermore, most of these companies operate in restricted sectors where there is little drive for competition and innovation (Wang et al. 2009; Ding et al. 2007). In the case of Mauritius, about 60% of companies with government shareholding operate as quasi-monopolies. As a result, we argue there is less pressure for accountability, disclosure and legitimacy-seeking behaviour, leading lower levels of CSR disclosure.

Firm size (SIZE) and the use of a foundation (FOUND) are positively and significantly associated to both CSRE and CSRQ. Larger firms tend to be more visible, have more resources and are subject to greater scrutiny by the public relative to smaller firms (Hu et al. 2018; Habbash, 2016; Farooq et al. 2015; Kiliç et al. 2015). Furthermore, corporate foundations, by virtue of their specific CSR mandate CSR and structure, will tend to foster greater accountability, both in terms of extent and quality of disclosure (Ramdhony et al. 2021b). Profitability (PROF) is not significantly associated to CSR extent and quality, suggestive of the mixed results in the literature (Ali et al. 2017; Rao et al. 2016). Finally, the establishment of a CSR committee is only associated to the extent of CSR disclosure, albeit that this result may be influenced by the relatively large majority of companies that have a CSR committee.

5.5 Robustness Tests

We conduct a series of robustness tests for our main results. As mentioned earlier, our results are based on the use of an unweighted index. CSRQ/CSRE consist of four sub-indices; Environment, Human Resource, Products and Consumers and Community comprising 7, 10, 5, and 19 items respectively. Given the unequal number of items per theme, the CSRQ/CSRE scores may be influenced by one or more sub-indices. In line with Elghuweel et al. (2017), we create an alternate CSR disclosure score by assigning the same weight (25%) to each sub-index, for both extent and quality. Model 6 (Table 5) shows the results using the scaled quality index (CSRQSC). Virtually all variables that were significant for Model 1 are also significant under Model 6. We replicate the same analysis for the CSRE model. Model 12 shows the results of the scaled CSR extent model (CSRESC) and when compared to main CSR extent model (model 7), we also note that the results under both models are consistent.

A review of the different models per theme (Models 2 to 5 and Models 8-11) does highlight some differences in the significance of the variables when comparing quality and extent models. In particular, environment, human resources and community disclosure appear to drive the results in the extent of disclosure models while human resources and community disclosures are more prominent in the case of the quality of disclosure models. Notwithstanding, our main results remain conclusive and a summary of the hypotheses and their outcomes are summarised in Table 7.

INSERT TABLE 7 AROUND HERE

6. Conclusion

Our study first sought to examine the evolution of CSR disclosure practices in the context of an developing country, in light of the growing institutionalisation of the practice in such settings (Ali et al. 2017). While most of the prior studies conceive of disclosure and measure it in terms of its coverage (breadth), extent of information being reported and/or volume of disclosure (Arena et al., 2018; Khan et al. 2020), we first ask whether there has been a concurrent change in the quality of CSR disclosure. We rely on the case of Mauritius as a setting that has fostered the development of local CSR practice, and in particular whether the CSR levy regulation in 2009 encouraged listed firms to better communicate their CSR activities. We rely on a disclosure index to evaluate the extent and quality of CSR disclosure over a 12-year period, on an overall and individual theme basis (environment, human resources, community, products/consumers).

While the extent and quality of CSR disclosure has increased over the period of study (until 2017), CSR disclosure quality is significantly lower than the extent of the information provided. In fact, the gap between extent and quality scores appears to have widened over time, potentially as a result of the signal conveyed from a change in local CSR levy regulation. Theoretically, we argue that the extent of CSR disclosure emphasises a more pragmatic legitimacy response to societal expectations while disclosure quality signals deeper commitment associated to the pursuit of moral legitimacy. Although the implications of the CSR levy regulation were perceived initially from a moral legitimacy standpoint, this appears to have been less of a priority in later years, leading to a preference for a higher extent (rather than higher quality) of disclosure. Our finding chimes with earlier points made by Chiu and Wang (2014) and Alotaibi and Hussainey (2016), and responds to recent calls for further research on this aspect (Ali et al., 2017; Nuskiya et al., 2021). One clear implication for researchers and policymakers is to ensure there is multi-dimensional assessment of CSR disclosure. All too often, ‘more’ disclosure covering an eclectic set of items tend to be construed as an all-round improvement in disclosure practices, without due consideration of the quality of what is being reported. From a policy making standpoint and bearing in mind the contents of the recent local corporate governance code (NCCG, 2016), our results indicate that generic calls for CSR disclosures and relatively vague references to examples of sustainability reporting models do not sufficiently signal a call for quality CSR disclosure. In effect, companies seem more adept at engaging with the breadth of CSR disclosures rather than grapple with the issue of the informational benefits of particular disclosure items. However, rather than urge the use of specific reporting models, we suggest that the relevant regulator (e.g. Financial Reporting Council) and policy makers disseminate examples of good practice (both from a stakeholder and firm perspective) to foster the adoption of better and more informative CSR disclosures.

Our second research question sought to examine the relevance of selected (and relatively less researched) determinants on disclosure extent and quality, as informed the resource dependence perspective. Beyond the already well-researched and typically stakeholder-theory driven governance and board characteristics (e.g., gender diversity, board independence), we focus on the role of business qualifications and cross directorships from a resource dependence perspective. We contribute to the literature (e.g., Huang, 2013; Lewis et al., 2014; Ahmad et al., 2018) by highlighting the point that business-educated managers do recognise the implications of the CSR levy and the need to be socially accountable, but this does not imply that the quality of disclosures will be improve as well; chiming with the comments by Godos-Diez et al. (2015) about the instrumental motives of such directors. Furthermore, the cross-directorship findings point to the possibility that the experience and knowledge gathered from other boards can also result in lower CSR disclosure due to concerns that disclosure can disrupt interdependencies between the firm and its external environment (Ntim et al., 2017). Finally, the impact of an employee volunteering scheme is notable in that it can provide a channel through which community expectations, conflicts/tensions, and CSR activities can be managed in a more effective way. In turn, this leads to a greater extent and quality of CSR disclosure. Our results thus serve to inform corporate decisions as to the composition of boards, the limits of cross-directorships and the role of employee volunteering schemes.

Admittedly, our evaluation of disclosure quality is based on one of the possible conceptualisations of CSR narratives, which considers how comprehensive (i.e., from the general to the specific) the information is in relation to each disclosure item. In contexts where companies rely on specific models of disclosure (e.g., Integrated Reporting; Global Reporting Initiative), it may be possible to develop a more targeted evaluation of disclosure quality. Our CSR disclosure index does not also consider the use of visual or graphical representations, which tend to improve the quality of the disclosures. Finally, our content analysis is based on the annual report content given the eclectic use of other media (website content, additional reports, video content) by many of the local companies.

Finally, further research could analyse the quality of CSR disclosure from different perspectives (including the use of readability scores), and in what circumstances would one expect a convergence between quality and extent. A qualitative study can also provide deeper insights into the determinants of the quality and extent of CSR disclosure and more specifically, in terms of the mechanisms that might enable employee and board engagement to foster better CSR reporting.

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Appendix 1 - CSR Checklist

Environment		Human Resources
1. Environmental policy		1. Employee Health and Safety
2. Environmental management		2. Employment of women
3. Pollution from business operations		3. Employee training
4. Prevention of environmental damage		4. Code of ethics
5. Conservation /recycling activities		5. Equal opportunities
6. Reduce pollution		6. Number of employees
7. Support NGO in environment field		7. Family activities
		8. Medical check up
		9. Employee study scheme
		10. Support employees with long term sickness
Products and Consumers		**Community**
1. Product safety		1. Housing programme
2. consumer safety practices		2. Promote women empowerment
3.Consumer complaints/satisfaction		3. Support literacy and numeracy skills
4. Major types of products/service		4. Prevention of drug, cigarette and alcohol consumption
5. Improvement in product/service quality		5. Youth empowerment
		6. Training for unemployed/ retrenched
		7. Donations to NGOs/ Foundations to fight poverty
		8. Calamities
		9. Sports and leisure activities for vulnerable children
		10. Support education of children from vulnerable group
		11. Sponsorship of clubs/federations
		12. Support to the elderly
		13. Support to the disabled
		14. Support to NGOS in preventing communicable / Non-communicable diseases
		15. Run artistic classes for vulnerable children
		16. Educational facilities/support to schools in needy areas
		17. Blood donation
		18. Charitable donation in addition to CSR
		19. Extra contribution to CSR fund

Appendix 2- Description and Illustrations of Quality Scores

*Quality Score	1	2	3
Description	1. In February 2015, based on the recommendations of the Environmental and Social Committee, Company X approved a sustainability policy to ensure that sustainability is treated as an integral component of business performance. 2. The Group has developed and implemented social, safety, health and environmental policies and practices that in all material respects comply with existing legislative and regulatory frameworks.	1. Since 2005, MUR 72.3m have been invested in various projects to alleviate poverty and exclusion. 2. For the financial year ended 30 June 2016, Y Foundation has donated some Rs 3.0 million (2015: Rs 3.4 million) to sixteen NGO's involved in activities that we consider to be high on our priority list of interventions	1. The foundation which seeks to combat poverty and exclusion in Mauritius, spent some MUR 5 m during the period under review on various projects at national and international level. The projects are in line with the criteria set by xxx's board of directors and follow national legal guidelines governing the use of CSR tax contribution. 2. Y Foundation has supported 16 NGOs for the FY 15/16, disbursing an aggregate amount of Rs 2.95 million in its efforts to combat poverty. In line with our sustainability policy, we have favored projects which have made education and training their key components, so that the beneficiaries are not only cared for, but also given tools that may allow them to one day claim their independence and pursue their dreams.

Note: Company names have been kept anonymous.

*** Quality Score**

Score 1- The disclosure is expressed in general terms with no specific information (also referred to as declarative statements).

Score 2- The disclosure is expressed in monetary or quantitative terms.

Score 3- The disclosure provides comprehensive information, both in quantitative and qualitative terms.

Table 1 - Definition of Dependent, Independent, Control Variables

CSRE	CSR extent disclosure index
CSRQ	CSR quality disclosure index
REG	Dichotomous variable which takes value 1 in years the CSR levy is applicable
CROSS	The proportion of directors on the board holding other directorships
BUSQUAL	The proportion of directors qualified in Accounting/Finance/Business
EMPVOL	Dichotomous variable which takes value 1 for companies that have an employee volunteering scheme
BDIND	The proportion of independent directors on the board
GOVOWN	The proportion of shares owned by the government and its investing arm
BSIZE	The total directors on the board of the firm
PROF	Return on equity of the firm
CSRCOM	Dichotomous variable which takes value 1 for companies that have a CSR committee
SIZE	Log of total assets of the firm
FOUND	Dichotomous variable which takes value 1 for companies that have a CSR Foundation
INDUSTRY	Dichotomous variable which takes value 1 for companies which are involved in manufacturing activities

Table 2 - Descriptive statistics

	Minimum	**Maximum**	**Mean**	**Median**	**Std. Dev**
CSRE	0	0.8	0.311	0.314	0.188
CSRQ	0	0.581	0.169	0.157	0.119
REG	0	1	0.766	1	0.424
CROSS	0	1	0.674	0.7	0.231
BUSQUAL	0	1	0.518	0.545	0.214
EMPVOL	0	1	0.539	1	0.499
BDIND	0	1	0.347	0.3	0.229
GOVOWN	0	25	0.812	0	2.981
BSIZE	5	15	9.808	10	2.211
ROE	-0.078	16.464	0.190	0.083	0.842
SIZE	3.938	21.760	8.168	6.874	3.518
CSRCOM	0	1	0.824	1	0.381
FOUND	0	1	0.551	1	0.498

Table 3 - Pre and Post CSR Levy Disclosure comparison (Paired Sample t-test)

	(CSRE) Extent		**(CSRQ) Quality**	
Comparison	t	p	t	p
2009 v 2010	-1.498	0.145	-1.745	0.091*
2009 v 2011	-2.595	0.015	-3.074	0.004***
2009 v 2012	-3.418	0.002**	-4.889	0.000***
2009 v 2013	-4.683	0.000***	-5.407	0.000***
2009 v 2014	-5.608	0.000***	-4.356	0.000***
2009 v 2015	-6.192	0.000***	-5.073	0.000***
2009 v 2016	-8.243	0.000***	-6.362	0.000***
2009 v 2017	-11.004	0.000***	-7.805	0.000***
2009 v 2018	-8.688	0.000***	-5.642	0.000***
*p<0.10, **p<0.05, ***p<0.01				

Table 4 - Pearson's correlation matrix of variables

		1	2	3	4	5	6	7	8	9
1	CROSS	1								
2	BUSQUAL	0.053	1							
3	BDIND	-0.127**	-0.029	1						
4	GOVOWN	-0.125*	-0.228**	0.075	1					
5	BSIZE	-0.038	0.047	-0.233**	-0.025	1				
6	PROF	-0.056	-0.028	-0.028	-0.056	-0.056	1			
7	SIZE	-0.205**	0.059	-0.022	-0.104*	0.136**	-0.083	1		
8	CSRE	-0.065	0.230**	0.014	-0.176**	0.312**	-0.040	0.439**	1	
9	CSRQ	0.010	0.232**	0.035	-0.186**	0.297**	-0.049	0.290**	0.902**	1
** Correlation is significant at the 0.01 level (2-tailed) *Correlation is significant at the 0.05 level (2-tailed).										

Table 5 - Regression Results - CSR Quality

	Model 1 CSRQ	Model 2 ENVQ	Model 3 HRQ	Model 4 PRODQ	Model 5 COMMQ	Model 6 CSRQSC
REG	0.053*** (3.871)	0.060** (2.586)	0.059*** (3.291)	0.008 (0.669)	0.062*** (3.220)	0.0467*** (3.560)
CROSS	-0.025 (-1.008)	-0.015 (-0.397)	0.004 (0.097)	-0.052 (-1.530)	-0.045 (-1.087)	-0.024 (-0.957)
BUSQUAL	0.051 (1.355)	0.067 (0.862)	0.032 (0.531)	0.037 (0.812)	0.056 (1.484)	0.045 (1.027)
EMPVOL	0.032*** (3.936)	-0.014 (-0.824)	0.047*** (3.981)	-0.018 (-1.342)	0.058*** (4.751)	0.018*** (2.284)
BDIND	0.047* (1.779)	0.124 (1.518)	0.048 (1.026)	0.061** (2.398)	0.008 (0.237)	0.061* (1.802)
GOVOWN	-0.003*** (-3.713)	-0.006** (-2.319)	-0.006*** (-2.651)	-0.005** (-2.165)	-0.002 (-1.030)	-0.005** (-2.717)
BSIZE	-0.004 (-1.222)	-0.010 (-1.174)	-0.011* (-1.922)	0.002 (0.359)	-0.002 (-0.433)	-0.006 (-1.386)
PROF	-0.001 (-0.656)	0.002 (1.022)	-0.004** (2.474)	0.001 (0.423)	-0.001 (-0.325)	-0.002 (-.0.165)
SIZE	0.006*** (3.567)	0.010*** (3.579)	0.011*** (3.678)	0.008*** (4.207)	-0.000 (-0.147)	0.007*** (4.145)
CSRCOM	0.019 (1.150)	0.032 (1.063)	0.013 (0.329)	0.029 (1.384)	0.012 (0.493)	0.022 (1.131)
FOUND	0.046** (2.137)	0.095** (2.061)	0.041 (1.555)	0.014 (0.744)	0.040 (1.564)	0.049** (2.188)
Constant	0.046 (0.862)	0.038 (0.332)	0.096 (1.211)	-0.049 (-0.849)	0.088 (1.139)	0.042 (0.706)
Firm-year effect	Yes	Yes	Yes	Yes	Yes	Yes
N	432	432	432	432	432	432
Adj R^2	0.660	0.485	0.548	0.236	0.566	0.616
F-Stat	17.75***	9.08***	11.42***	3.65***	12.23***	14.84***
t statistics in parentheses; *p<0.10, **p<0.05, ***p<0.01						

Table 6 - Regression Results - CSR Extent

	Model 7 CSRE	Model 8 ENVE	Model 9 HRE	Model 10 PRODE	Model 11 COMME	Model 12 CSRESC
REG	0.075*** (4.370)	0.124*** (3.728)	0.111*** (3.814)	0.016 (0.702)	0.052** (2.308)	0.076*** (4.220)
CROSS	-0.086*** (-3.342)	-0.058 (-0.866)	-0.041 (-0.594)	-0.075 (-0.874)	-0.125** (-2.384)	-0.075* (-1.729)
BUSQUAL	0.133*** (5.714)	0.174** (1.971)	0.137 (1.425)	0.072 (0.802)	0.133*** (2.691)	0.129** (1.991)
EMPVOL	0.035* (1.801)	-0.007 (-0.318)	0.110*** (6.822)	-0.012 (-0.526)	0.038*** (2.767)	0.032*** (2.938)
BDIND	0.109*** (8.675)	0.213*** (2.679)	0.096 (1.123)	0.113 (1.637)	0.078** (2.001)	0.125*** (2.634)
GOVOWN	-0.006** (-2.440)	-0.009 (-1.570)	-0.010*** (-3.296)	-0.009* (-1.854)	-0.003 (-1.253)	-0.008*** (-2.744)
BSIZE	-0.012* (-1.947)	-0.016 (-1.037)	-0.022** (-2.121)	-0.005 (-0.555)	-0.010 (-1.325)	-0.013** (-2.156)
PROF	0.003 (1.522)	0.004 (0.739)	-0.007*** (-2.595)	-0.003 (-0.880)	0.008*** (3.805)	0.000 (0.101)
SIZE	0.017*** (4.782)	0.026*** (5.517)	0.025*** (5.496)	0.030*** (5.261)	0.010*** (2.774)	0.023*** (6.994)
CSRCOM	0.035* (1.902)	0.077* (1.694)	0.022 (0.396)	0.062 (0.985)	0.025 (0.699)	0.046 (1.351)
FOUND	0.097*** (3.644)	0.149*** (2.689)	0.084* (1.913)	0.005 (0.147)	0.109*** (3.516)	0.087*** (3.285)
Constant	0.093 (0.913)	-0.008 (-0.040)	0.192 (1.374)	-0.135 (-0.950)	0.135 (1.518)	0.046 (0.461)
Firm-year effect	Yes	Yes	Yes	Yes	Yes	Yes
Industry effect	Yes	Yes	Yes	Yes	Yes	Yes
N	432	432	432	432	432	432
Adj R^2	0.744	0.609	0.620	0.406	0.670	0.715
F-Stat	26.02***	14.43***	15.09***	6.89***	18.52***	22.59***
t statistics in parentheses; *p<0.10, **p<0.05, ***p<0.01						

Table 7 - Summary of hypotheses and results

No.	Hypothesis	Finding
H1	There is a concurrent rise in the extent and quality of CSR disclosure post-regulation.	Not supported. Quality significant lags behind extent of disclosure
H2	The adoption of the CSR levy is positively associated to the quality of CSR disclosure.	Supported
H3a	There is a positive association between firms whose boards have a higher proportion of directors with business qualification and the extent of CSR disclosure.	Supported
H3b	There is a positive association between firms whose boards have a higher proportion of directors with business qualification and the quality of CSR disclosure.	Supported in the case of the scaled index (Model 6) but not for the unweighted index (Model 1)
H4a	The proportion of cross-directorships in the board is associated to the extent of CSR disclosure.	Supported, negative association.
H4b	The proportion of cross-directorships in the board is associated to the quality of CSR disclosure.	Supported in the case of the scaled index (Model 6) but not the for unweighted index (Model 1)
H5a	There is a positive association between a firm's use of an employee volunteering scheme and the extent of CSR disclosure.	Supported
H5b	There is a positive association between a firm's use of an employee volunteering scheme and the quality of CSR disclosure.	Supported

Figure 1 - Extent vs. Quality of CSR Disclosures

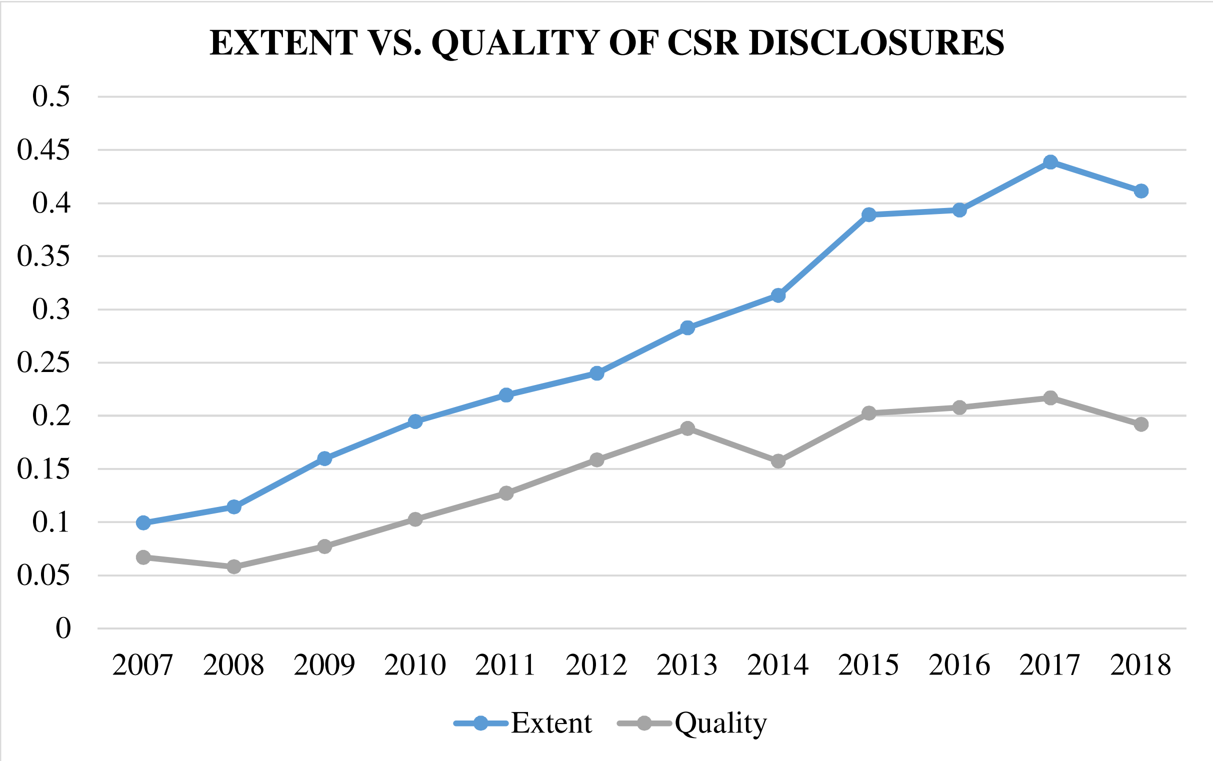

Figure 2 - Extent of CSR Disclosure per Theme

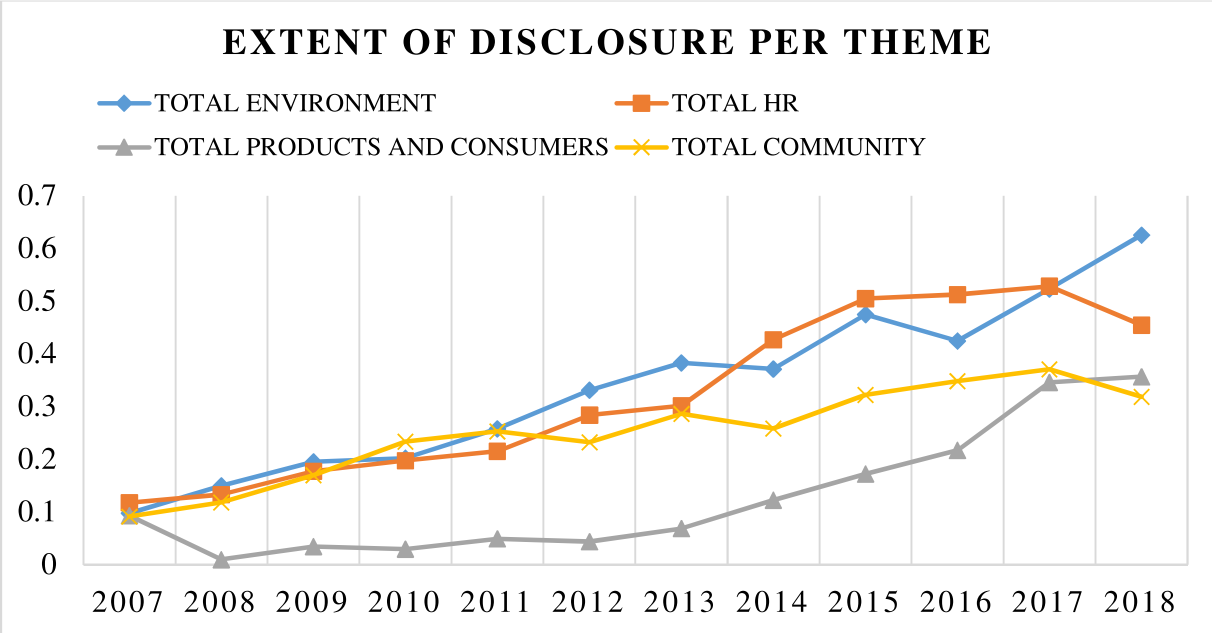

Figure 3 - Quality of CSR Disclosure per Theme