Impact of Corporate Governance Attributes on Corporate Social Responsibility Disclosure: A Study of South Africa and Sri Lanka

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Abstract
This study examines the impact of Corporate Governance (CG) on Corporate Social Responsibility Disclosure of listed bank and finance firms in South Africa and Sri Lanka over the period 2013-2017. A sample of 28 firms out of 43 and 45 out of 59 firms listed on Johannesburg and Colombo Stock Exchange respectively was studied. The study made use of secondary data generated from Annual Reports of the sampled firms. The data was analysed by means of descriptive statistics, correlation and regression analysis using Stata (version 12) package. The analysed CG attributes include Board size; Board independence; audit committee independence and CEO duality and control variables which are firm size and profitability (ROA). The important findings of this study is that smaller Boards of Sri Lankan firms have a significance strong influence on corporate social responsibility disclosure than the larger Boards of South Africa. While CEO duality shows a significant negative effect on corporate social responsibility disclosure. However, Audit committee independence indicates an insignificant association with corporate social responsibility disclosure. Based on the findings, the study recommends among others, that firms in the bank and finance sector should have a competent size of five to 13 of board members, so as to encourage corporate social responsibility disclosure.
Keywords: Corporate Governance, Corporate Social Responsibility, Bank and Finance

1.1.1 Introduction

Nowadays, the main objective of business activity has evolved from a classical, largely unconfined pursuance of profit maximizing, to one of seeking profit in a socially responsible way (Dias, Rodrigues & Craig, 2017). Hence, Corporate Social Responsibility (CSR) has become a significant topic in academic writing and the business field (Aminu Isa & Muhammad, 2015). CSR is a broad term used to describe a firms' efforts to improve society in some way. The responsibility includes compliance with business ethics, protecting the legitimate rights and interests of workers, and conserving resources. In the study of CSR, Kotler and Lee (2005, p.3) defined CSR as " a commitment to improve community well-being through discretionary business practices and contributions for corporate resources" and "corporate social initiatives are major activities undertaken by a corporation to support social causes and to fulfil commitments to corporate social responsibility". Caramela (2018) points out that undertaking socially accountable scheme can be advantageous since not only will the firms attract to socially conscious consumers and employees, but will also make a sincere difference in the world. Sandhu and Kapoor (2010) highlight that business might gain benefits from undertaking CSR activities such as improved performance, reduced cost, increased sales and enhanced reputation. Tsoutsoura (2004) indicates that firms operating costs can be reduced by engaging in CSR projects. Furthermore, Bayoud and Kavanagh (2012) suggest that CSR information can attract foreign investors, enhances firm reputation, increases financial performance and improves employee commitment.

According to stakeholder theory, increased CSR makes business establishments more attractive to stakeholders, and as such enterprises should engage in CSR ventures (Nikolova & Arsic`, 2017). Wijesinghe (2012) mention that not only undertaking the CSR activities but also disclosing is part of ethical responsibility. Disclosure of social responsibility by a firm helps consumers' focus to extend from only caring about product quality to multiple aspects, such as environment, occupational health, and labour protection**.** Beelitz and Merkl-Davies (2012); Hooghiesmtra (2000) stresses that as the economy becomes more integrated, firms face increasing pressure to report and disclose their CSR activities. Moreover, as CSR disclosure contributes to the reduction of information asymmetry between managers and investors as well as other stakeholders, comprehensive CSR disclosure aids the supervision and control of managers. Consequently, effective boards characteristics are expected to promote CSR disclosure (Jamali, Saffieddine, & Rabbath, 2008). Since CG drives managers and executives to set goals and objectives relating to CSR (Jamali et al. 2008) they therefore improve management quality and disclosure. To add, High levels of CG could safeguard stakeholders' rights and ensure social responsibility (Liu & Zhang, 2016). CG ensures that businesses have appropriate decision-making processes and controls in place so that the interests of all stakeholders (shareholders, employees, suppliers, customers and the community) are balanced. It is, therefore, apparent that, the nature of board characteristics determines the effectiveness of the performance of the Board of directors, especially in discharging the CSR activities. Therefore, understanding the link between CG and CSR is important, particularly for banks, because of their potential significant negative external effects on society (Jizzi, Salama, Dixon and Stratling, 2013). Nonetheless, knowledge of how CG attributes of boards influence CSR disclosure is under-developed (Khan et al, 2013). An important research gap on both CG and CSR disclosure is the paucity of such research in the context of emerging market economy. There's relatively less attention has been paid in setting up a link between these two. This study aims to examine the impact of CG attributes on CSR disclosure of banks and finance firms, especially in South Africa and Sri Lanka. Though South Africa is a developed country, it is still categorized under the emerging market economy but in different categories with Sri Lanka so as a result of the inconsistent results of the few existing studies comparing developed economies and emerging economies, the study is trying to figure out the outcomes of both South African and Sri Lankan context.

1.2 Literature Review and Hypotheses Development

CG attributes are some factors which have been argued by researchers to be having a role in determining disclosure level of CSR information related to firms' activities. The CG attributes that are considered in this study are the board size, board independence, audit committee independence as well as CEO duality. Accordingly, the agency theory and stewardship theory relevant to this study focuses on how CG attributes and CSR disclosure affect firm value. The agency theory models the relationship between the principal and the agent. In addition, in the context of the firm, the agent (manager) acts on behalf of the principal (shareholder) (Fox, 1984). On the other hand, Donaldson and Davis(1994) states that stewardship theory assumes that managers are not opportunistic agents, but good stewards of firms who diligently work towards owners' interests by securing high level of firm profits and shareholders' returns. Hence, stewardship theory differs from agency theory with respect to the motive of managers.

Empirically, on the few studies that have investigated the impact of CG attributes, there is some research to back up the view that smaller boards perform better than large ones in the main (Dey, 2008; Natesan & Plessis, 2018; Pratheepkanth, Hettihewa and Wright, 2016). Smaller boards are often expected to be more effective at monitoring and controlling management than larger boards. However, other studies revealed that small boards have some drawbacks (Akhtaruddin, Hossain, Hossain, and Yao, 2009; Buniamin, Alrazi, Johariand and Rahman, 2008; Guest, 2009; Jizzi et al., 2013). Resource dependence theory suggests that larger Boards may have a better ability to form environmental links and secure critical resources (Goodstein, Gautam, & Boeker, 1994). Consistent with stakeholder theory, a board's decisions relating to disclosure practices should balance the interests of all stakeholders (Kakabadse & Kakabadse, 2007). Thus, a larger board is likely to represent a wider range of stakeholders and promote the needs of additional groups of stakeholders because stakeholders usually request greater transparency, their wider representation is likely to have a positive effect on firms' disclosure policies (Dias et. al., 2017).

Moreover, in the board, the presence of independent directors is considered as a major CG attribute (Khan et al., 2012 and Pratheepkanth et al., 2013). From an agency theoretical perspective, firms' boards with a higher proportion of independent NEDs' are expected to voluntarily disclose information to reduce agency costs and assure shareholders that they are acting in their interests. It is mentioned that it will help to alleviate the agency problem by monitoring and controlling the opportunistic behavior of management (Shammari & Al Sultan, 2010). As a results, the South African King IV Report (2016) comprised the firms to have NEDs and most of whom should be independent yet the Sri Lankan Code of Best Practice (2017) requires that where the constitution of the BOS includes only 3 NEDs', all the 3 NEDs' should be independent and in other instances, 3 or 2 third of NEDs' appointed to the BOS whichever is higher should be independent. Further, numerous studies found that there is a positive relationship between board independence and CSR disclosure (Frank, Mayer & Renneboog, 2001; Harjoto & Jo, 2011; Jizzi et al., 2013; Khan, et al., 2013; kolk & Pinkse, 2010 and Petra, 2005).

Prior researchers have proven that ACI plays an effective role in enhancing the CG standards through reporting that ACI is significantly and positively related to CSR disclosure (Bliss & Balachandran, 2003; Ho & Wong, 2001; McMullen & Raghunandan, 1996; Wright, 1996 and Yuen, Liu, Zhang & Lu, 2009). Similarly, Supriyono, Almasyhari, Suhardjanto and Rahmawati (2015) assert that the fact of ACI with a high proportion of independent members can alleviate agency costs and improve internal control that will lead to better disclosure re quality. The agency theory suggests that auditing is one of those important mechanisms put in place to align the interest of agents with their principals .As the King IV Report (2016) requires all AC members to be independent and as well as Sri Lankan Code of Best Practice of CG (2017) requires the board to establish an AC with at least two independent directors, it is expected that there will be a reduction of the agency cost and improvement in the internal control in firms that will lead to greater quality of disclosures. Likewise, the Malaysian Code of CG suggests that there should be an effective and independent Audit Committee. By having the chairman of audit committee independent of the management, the committee can effectively monitor the performance of the management and result in improved corporate performance and disclosure.

Empirical research on the relationship between CEO duality and voluntary disclosure report mixed results. Prior studies by Barako, et al. (2006); Forker (1992); Khan et al. (2012) reported a negative relationship. According to agency theory, the combined functions can significantly weaken the board's monitoring, disciplining and compensating of senior managers (Barako et al. 2006; Al-Shammari& Al Sultan, 2010). It further enables the CEO to engage in opportunistic behavior, because of his / her dominance over the board (Barako et al. 2006). So, it is clear that the combination of CEO and chairman positions reflects the leadership and governance issues (Khan et al., 2012). However, Cheng and Courtenay (2006); Ho and Wong (2001) Khan et al.,(2012) and Said et.al. (2009) reported no significant relationship. Nonetheless, a study by Sanchez, Dominguez and Alvarez (2011); Jizzi, et al. (2013); Gul and Leung (2004); Lincoln et al. (2013); found that corporate disclosure was high where the chairperson of the board is the same person as the CEO implying a positive relationship between CEO duality and social and environmental disclosure. In a competing view, findings regarding the association between CEO duality and CSR disclosure are inconclusive (Dias et al. 2017). This current study since CEO duality is not recommended in both the countries studied, is expected that they will be significant results.

Based on the literature reviewed it can be concluded that most of the studies were conducted in different countries had different environmental context and disclosure requirements, in view of these, the findings of the various studies may not be appropriately relevant or having direct bearing with South African and Sri Lankan setting. The current study examines the impact of CG attributes on CSR disclosure South African and Sri Lankan Banking and Finance firms. Drawing on the literature outlined above, the following alternative-hypotheses are proposed.

H_1: *there is a significant and positive impact of CG attributes on CSR disclosure*
H_2: *there is a significant and positive relationship between CG attributes and CSR disclosure*

1.3 Research Methodology

There are two methods of data collection, primary and secondary data (Tesch, 1990). Original data, which is the same as the primary data, is collected at the source (Carless, 2003), for example, survey data, questionnaires, observations and experimental data whereas, secondary data refers to data that have already been collected for some other purpose (Tesch, 1990). For the purpose of this study, data for CG attributes and CSR disclosure were derived from the secondary sources only, which were the firms' annual reports as well as their websites for the period of 2013-2017. The main objective of the study was to examine the impact of CG attributes on CSR disclosure of listed firms in JSE and CSE. The study is based on banks and finance firms only. The 43 bank and finance firms listed in JSE are taken as the population, as well as the 57 bank and finance firms listed in CSE for the period of five years from 2013-2017. The selection of the sample was limited to those firms which published the annual reports covering the full period from 2013-2017. It consists of 28 banks and finance firms listed in JSE and 45 banks and finance firms listed in CSE.

This study uses quantitative techniques to assess the CG and CSR disclosure of South African and Sri Lankan firms. The quantitative data were analysed using Stata (version 12) to produce descriptive statistics, correlation statistics and regression analysis.

Table 1: Variables used to study the Corporate Governance and CSR disclosure

Corporate Governance		
variables	Measures	Symbols
Board Size	Number of Directors	BOS
Board Independence	% of independent directors/total directors	BIND
Audit Committee Independence	% of indep.audit com.directors/total audit com.	ACI
CEO Duality	Value of '1'if CEO is also Chair, '0' otherwise	CEOD
Corporate Social Responsibility		
Community Involvement	Contributions and donations to charities and community activities	CSR Index
Employees	Banks environment policies and concern Participation in social government campaigns	
Environment	Employee compensation Training and education provided to employees.	
Social Products and Services	Loyalty programmes and gifts to customers. Discussion of types of social products.	
Control Variables		
Firm Size	Total Assets	FS
Profitability	Net Income after Tax/Total Assets	ROA

Model 1 considers only the independent variables. Model 2 introduces the two control variables. The algebraic expression of the regression model takes the following form:

Model 1:

$$\text{ICSRD} = \alpha_0 + \alpha_1\text{BOS} + \alpha_2\text{BIND} + \alpha_3\text{CEOD} + \alpha_4\text{ACI} + \mathcal{E}_{t\ldots\ldots(1)}$$

Model 2:

$$ICSRD = \alpha_0 + \alpha_1 BOS + \alpha_2 BIND + \alpha_3 CEOD + \alpha_4 ACI + \alpha_5 FSIZE + \alpha_6 ROA + \mathcal{E}_{t}\ldots\ldots(2)$$

Where;
ICSRD= The Dependent Variable (Index of CSR Disclosure)
α_0= A Constant
$\mathcal{E}_t$ = Error Term
BOS = Board Size
BIND= Board Independence
CEOD= CEO Duality
ACI= Audit Committee Independence
FSIZE= Firm Size
ROA=Return on Asset

1.4 FINDINGS AND DISCUSSIONS

1.4.1 Descriptive Statistics Analysis

Descriptive statistics refers to the method of transforming raw data into a form that will make them easy to understand and interpret.

Table 2: Descriptive statistics analysis

South Africa					
Variable	Obs	Mean	SD	Min	Max
BS	140	10.236	3.830	5	21
BI	140	80.315	20.091	40	100
ACI	140	95.734	11.568	40	100
CEOD	140	0.05	0.219	0	1
FS	140	241.835	463.788	1.27	2027.928
ROA	140	4.012	7.789	-21	63.05
CSRI	140	0.723	0.335	0	1

Sri Lanka					
Variable	Obs	Mean	Std. Dev.	Min	Max
BOS	225	8.182	2.277	5	13
BIND	225	58.667	23.074	0	100
ACI	225	75.84	23.344	0	100
CEOD	225	1	0	1	1
FS	225	64.321	147.884	0.093	954.878
ROA	225	1.240	6.803	-33.18	57.7
CSRDI	225	0.603	0.313	0	1

Board Size

According to the BOS there is no specific number set for a well-functioning board. The mean of the BOS for the selected firms in SA for the period of 2013-17 is 10.236 and ranged from five to 21. Similar findings of average BOS in SA 10.28 were reported by Tshipa and Mokoaleli-Mokoteli (2015). Jizzi et al. (2013) on their sample suggests that the BS actually varies among five and 21 members for US banks. Table 4.2 also reports that in SL the BOS average is 8.182 and ranged from five to 13. This results are accordant with those from previous research. Pratheepkanth et.al. (2016) reported that average BOS in SL was 8.050 and further note that BOS in SL ranged from three to 13. It is also in line with research by Said et al., (2009) who find that boards in Malaysia had average of 8.00 and ranged from four to 15. However, smaller boards are often expected to be more effective at monitoring and controlling management than larger boards. Dey (2008) affirm that small boards are expected to benefit from more efficient communication and coordination, as well as higher levels of commitment and accountability of individual board member due to their limited size. Nonetheless, resource dependence theory suggests that larger Boards may have a better ability to form environmental links and secure critical resources (Goodstein, et al., 1994). Similarly, it is assumed that large board will be able to maintain independence from the board and thereby encourage management to disclose more voluntary information. Dalton et al. (1999) declare that larger boards possibly bring more experience and knowledge and render better advice as they are more likely to include experts on specific issues such as corporate performance.

Board Independence

In regards to the BIND, the CSE (2013) listing guidelines state that an independent board member should not be a key employee, independent from management, and have never worked at the firm or its subsidiaries, for its consultants or major stakeholders. The average BIND in SA is 80.31 percent which means almost 80 percent of the board members are independent. This statistics shows that the majority of the SA firms have fully complied with the King IV report guidelines that firms should comprise a majority of non-executive members, most of whom should be independent. The maximum percentage of BIND is 100 percent while the minimum is 40 percent which means that no firms have fully dependent board. Similarly, Al-Shammari and Al-Sultan, (2010) report an average of 82 percent, with a maximum of 100 per cent indicating firms with boards composed entirely of BIND's. The proportion of independent directors on the US boards of the banks by Jizzi et al. (2013) sample varies between 50 and 94 percent with a mean of 81 percent. This is comparable to that by Pathan and Skully (2010), which suggests that the proportion of independent directors on the boards of US bank holding firms ranged from 10 to 97 percent with a mean of 65 percent. This shows an improvement on the boards for dominating more of outside directors. The main reason for these differences is probably the increased regulatory pressure on listed firms to improve BIND. Moreover, in the board, the presence of independent directors is considered as a major CG attribute (Khan et al., 2012). The result also shows that in SL the average proportion of independent BIND's to total number of BIND's on the board was almost 59 percent with a maximum of zero and minimum 100 percent. This indicates that some firms have no independent directors from outside in a particular year and that some firms did not comply with the Code of Best Practice (2017) that recommends that independent directors should comprise the majority of the board. This result are almost consistent with Said, et al.(2009) average 63 percent. Such results are inline with other reports from emerging countries.

Audit Committee Independence

Table 4.2 indicates that ACI of the sampled firms in SA ranges from a minimum of 40 percent to a maximum of 100 percent with an average percent of 95.7. This indicates that all firms does have non- executives from outside and partially complied to the King III report that suggest all AC members to be independent. This results are compares with Tshipa and Mokoaleli-Mokoteli (2015) sample. In SL the minimum and maximum ACI of the sampled firms is zero and 100 percent respectively. The average firm in the sample has 75.8 percent of its ACI. This indicates that some firms didn't comply with the CSE (2013) which according to its listing guidelines firms should have at least 1/3 of the committee to have independent members.

CEO Duality

Table 4.2 shows that in SA in 5 percent of the examined firms the chairman also holds the position of the CEO of the board. This compares to 10 percent in Tshipa and Mokoaleli-Mokoteli (2015) sample, in US 43 percent of the examined banks, the CEO also holds the position of the chairman of the board. This comparison shows improvement that the firms complied with King III report which says the roles of CEO and chairman should be separated. In SL, as per the Code of Best Practice (2017) the decision to combine the posts of Chairman and CEO in one person should be justified and highlighted in the annual report. The average CEO duality on Table 4.2 for SL is 1 indicating that there are no firms in the sample that have duality, all firms have separate roles of chairman and the CEO. This finding is almost similar to a report by Ali and Atan (2013) in Malaysia with an average of 2 percent. It compares Gua and Kumara (2012) sample that had an average of 12 percent in SL. As boards tend to be put under pressure by shareholders to abandon CEO duality if firm performance is poor (Hermalin&Weisbach1998; Linck et al. 2008), the fall in CEO duality might be related to the poor bank performance during and after the US sub-prime mortgage crisis (Jizzi et al., 2013). According to agency theory, the combined functions can significantly weaken the board's monitoring, disciplining and compensating of senior managers (Al-Shammari& Al Sultan, 2010; Barako et al. 2006).

CSR Disclosure

CSR disclosure mean by the SA sampled firms is presented by Table 4.2 as 73 percent with a range of 0 to 100 percent, indicating large variations in CSR disclosure practices due to some of the firms that did not disclose any of the CSR related information yet others disclosed all. In SL the average CSR disclosure is 60 percent with a minimum of 0 percent and a maximum of 100 percent. Comparing this result with other studies shows that CSR disclosure by SA firms is higher than Jizzi et al. (2013) found in US banks (22 per cent minimum and maximum 80 percent), in SL is higher than Al-Shammari and Al-Sultan (2010) found in Kuwait (19 percent average and minimum 3 to maximum 63 percent) and Ali and Atan (2013) in Malaysia (33 per cent with minimum 28 to maximum 41 percent).

1.4.2 Correlation Analysis

Correlation analysis is the method of statistical evaluation used to study the strength of a relationship between two, numerically measured, continuous variables. Correlation analysis is undertaken for the purpose of identifying variables that are correlated to each other. The correlation matrix as per Table 4.3 above shows the relationship between all pairs of variables used in the study. It specifically examined the relationship between CG attributes and CSR disclosure. In SA, the results suggests that BIND and ACI is positively significant with CSR disclosure. This results indicate that BIND have a positive relationship on CSR disclosure which signifies that increase on BIND and ACI also increases the level of CSR disclosure and vice-versa. The BIND positively correlated significantly with ACI but insignificantly not correlated with BOS, CEO duality, FS and ROA. Though CEO duality is significant, but it has a negative relationship on CSR disclosure which imply that if CEO duality exists, it can reduce the level of CSR disclosure. On the other hand, BOS is not significantly correlated nor showing relationship with CSR disclosure which indicate that the disclosure of CSR is not affected by the size of the board. Regarding the control variables which are the firms' characteristics, ROA is positively significant with CSR disclosure and this means that high profitability increases the CSR disclosure, whereas, the FS has no relationship with CSR disclosure. In SL, although ACI is not correlated with CSR disclosure but it reveals that the BOS and BIND correlation is positively significant with the CSR disclosure, this shows that as the BOS and BIND increases the CSR disclosure of the firms increases and vice-versa. Looking on the control variables FS and ROA, FS is positively significant with CSR disclosure and this result indicate that the bigger the firm, the higher the level of CSR disclosure and on the other hand, correlation analysis do not report any relationship between ROA and CSR disclosure.Overall both SA and SL, BOS for SA is not significant with the mean of 10.236 whereas for SL is significant with the mean of 8.182. Therefore, this results suggest that firms with small BOS can disclose more CSR than with large BOS. Perhaps, suggestion for SA firms to decrease their BOS can increase CSR disclosure. For BIND in SA is significant at 0.01 level and it has the highest average of BIND yet SL is significant at 0.10 with the smallest average of BIND and this results encourage firms to possess large BIND for more CSR to be disclosed. The ACI in SA firms shows to be significant at 0.10 level yet for SL firms is not significant. Since the SL firms has lower ACI than SA increasing the ACI is recommended in SL. For CEO duality in SA it is significant but in case of SL where the Code of Best Practice (2017) command that it should be justified and highlighted in the annual report if CEO duality exists, correlation report no CEO duality, the role of CEO is separate and done by separate individual and which is good since it shows transparency.

Table 3: Correlation analysis for both South Africa and Sri Lanka firms

South Africa							
	BOS	BIND	ACI	CEOD	FS	ROA	CSRDI
BOS	1.000						
BIND	-0.262 0.055**	1.000					
ACI	0.127 0.134*	0.225 0.007***	1.000				
CEOD	-0.211 0.012***	0.029 0.732	-0.054 0.216	1.000			
FS	0.051 0.549	-0.065 0.442	-0.054 0.519	-0.129 0.128*	1.000		
ROA	-0.087 0.306	0.009 0.914	0.038 0.649	-0.149 0.078*	0.132 0.117*	1.000	
CSRDI	0.042 0.615	0.391 0.000***	0.149 0.077*	-0.176 0.036**	0.099 0.242	0.114 0.178*	1.000

Sri Lanka							
	BOS	BIND	ACI	CEOD	FS	ROA	CSRDI
BOS	1.000						
BIND	0.004 0.944	1.000					
ACI	0.006 0.925	0.520 0.000***	1.000				
FSLOG	0.162 0.015***	0.156 0.018***	0.064 0.333		1.000		
ROA	-0.047 0.478	0.222 0.000***	0.219 0.009***		-0.084 0.186	1.000	
CSRDI	0.455 0.000***	0.127 0.052**	0.029 0.757		0.176 0.073***	0.065 0.330	1.000

Note: ***. Correlation is significant at the 0.01 level **. Correlation is significant at the 0.05 level *. Correlation is significant at the 0.10. Variables are defined as follows: board size(BOS), board independence(BIND), audit committee independence(ACI), CEO duality(CEOD), firm size log (FSLOG), return on assets (ROA), corporate social responsibility disclosure index (CSRDI).

1.4.3 Regression Analysis

Linear regression analysis is employed to examine the influence of CG attributes on CSR disclosure in annual reports of SA and SL listed firms in 2013-17. Table 4.4 below presents the regression parameters of the summary models. The model is multiple linear regression model run with dependent and independent variables. The dependent variable is the CSR disclosure and the independent variables are the CG attributes (BOS, BIND, ACI and CEO duality) and control variables (FS and ROA) which are firm characteristics.

Table 4: Model summary

	South Africa CSRDI		Sri Lanka CSRDI	
	Model 1	Model 2	Model 1	Model 2
R^2	0.1946	0.237	0.2259	0.251
R^2 Adjusted	0.1707	0.202	0.2154	0.234
F-Statistics	8.15	6.87	21.50	14.69
Significance level	0.000	0.000	0.000	0.000

In Model 1 SA results, examining explanatory variables only, the model R^2 is 0.1946, adjusted $R^2$is 0.1707, and F is 8.15 significant at 0.01. In Model 2 examining both explanatory variables and control variables $R^2$is 0.237, adjusted $R^2$is 0.202, and F is 6.87 significant at 0.01. This suggests that a high percentage of the variation in CSRD is explained by variations in the whole set of independent variables. The model R^2 indicate that when all the inter-correlations among the six independent variables were taken into account, 19-24 percent of the variance is explained on the CSR disclosure index. It denotes that 19-24 of total variation in CSR disclosure of SA banking and finance firms is caused by their BOS, BIND, ACI and CEO duality. F-statistics and significance level on Table 4.4 shows that CSRD model generate statistically significant outcomes in SA.

In SL, model 1 results examining explanatory variables only, the model R^2 is 0.225, adjusted $R^2$is 0.215, and F is 21.50 significant at 0.01. In Model 2 examining both explanatory variables and control variables $R^2$is 0.251, adjusted $R^2$is 0.234, and F is 14.69 significant at 0.01, R^2 shows 21-23 percent indicating that the variables considered in the model account for about 21-23 percent change in the dependent variable that is CSR disclosure, while remaining of the change is as a result of other variables not addressed by this model.

The results of the regressing independent variables on the CSR disclosure index are presented in Table 4.4. The findings have indicated that the CSR disclosure level of the SA is significantly influenced by three factors examined in this study, namely, BIND, CEO duality and FS and in SL is BOS, BIND and FS. In Model 1 for SA, BIND is positive and significant at the 0.01 level and this can be justified with a positive'*t*' of 4.94 and p>|t| 0.000. Also, the positive coefficient of 0.007 is evidencing that, with an increase in BIND by one person, while other variables remain constant there will be an increase in the firms CSR disclosure by 0.007. For SL BIND is significant at 0.05 level and this also can be justified with a positive'*t*' of 2.29 and p>|t| 0.023. With the introduction of control variables (in Model 2), BIND for SA and SL is still significant at the 0.01 level and 0.05 respectively.

Table 5: Coefficients of independent variables and *p*-values

Model	South Africa		Sri Lanka	
	Coefficients	**CSRD**	**Coefficients**	**CSRD**
Constant	0.048	0.21	0.030	0.33
		0.834		0.741
BOS	0.006	0.83	0.062	7.68
		0.406		0.000***
BIND	0.007	4.94	0.002	2.29
		0.000***		0.023**
ACI	0.000	0.41	-0.000	-0.93
		0.683		0.352
CEO Duality	-0.260	-2.15		
		0.033**		
Constant	0.084	0.37	0.110	1.14
		-0.369		0.225
BOS	-0.001	-0.13	0.053	5.92
		-0.016		0.000***
BIND	0.007	5.22	0.002	2.28
		0.000***		0.023***
ACI	0.000	0.22	-0.001	-1.33
		0.825		0.185
CEO Duality	-0.232	-1.92		
		0.057**		
FS	0.000	2.42	0.000	2.46
		0.017***		0.015***
ROA	0.005	1.45	0.110	1.11
		0.151		0.255

The results for Models 1 and 2 support the hypothesis. They suggest that the more BIND the more CSR information will be disclosed. Similar conclusions are reported by Jizzi et al. (2013), Ali and Atan (2013). But the results disagree with the findings of Dias et al. (2017).

However, the influence of CEO duality in CSR disclosure in SA firms is negative and significant at the 0.05 level in Model 1 and at the 0.10 level in Model 2, and suggesting that it is confirmed by the negative‘*t’* value of -2.15 and $p>|t|$ of 0.033 and also a negative coefficient of -0.0260. This means that as the CEO duality is increasing while other variables remain constant decreases the level of CSR disclosure and vice versa. This result shows an inverse influence between CEO duality and CSR disclosure. This results were unexpected since they do not support the hypothesis. To the contrary, the results lend support to findings reported by Barako et al. (2006); Forker (1992); Khan et al. (2012) that CEO superior has a negative impact on the level of CSR disclosure. According to agency theory, the combined functions can significantly weaken the board’s monitoring, disciplining and compensating of senior managers (Al-Shammari& Al Sultan, 2010; Barako et al. 2006).

For BOS in SL the result shows that the impact of BOS in CSR disclosure is positive and significant at 0.01 on both model 1 and 2. This can be justified with a positive'*t'* of 7.68 and p>|*t*| 0.000. Also, the positive coefficient of 0.062 is proving that, with an increase in BOS by one person, while other variables remain constant there will be an increase in the firms CSR disclosure by 0.062. This implies that, BOS has a positive association with the level of CSR disclosure. This result is consistent with the findings of Jizzi et al. (2013); Ali and Atan (2013) and Haji (2014). But the results disagree with the findings of Dias et.al. (2017).The result accords with suggestions implicit in stakeholder theory that a larger board will represent a broader diversity of stakeholders and will promote more assertive stakeholder management, leading to greater transparency and increased CSRD (Aminu Isa & Muhammad, 2015)

1.5 Conclusion and Recommendations

This study has examined the impact of CG attributes on CSR disclosure and the relationship between CG attributes and CSR disclosure on the listed firms in JSE and CSE annual reports. The study found that Board size in Sri Lankan firms and board independent in South African firms has positive influence on the CSR disclosure. Its found that Sri Lankan small boards (a mean of 8 with range of 5-13) are positively related to CSR disclosure compared to South African large boards(a mean of range from 5-21). On the basis of the findings of the study, the findings conclude that BOS, BIND and CEO duality are important determinant of CSR disclosure, therefore, are essential for a better result. It is therefore concluded that smaller BOS of not less than 5 and more than 13 are more likely to be handy than larger ones hence smaller boards are often expected to be more effective at monitoring and controlling management than larger boards and such smaller BOS should be encouraged.

Limitations is that this study examined firms annual reports based on only five-year period from the JSE and CSE in 2013-2017. Due to a lack of data availability at the time of data collection it was not possible to include all the firms in the sample. There are 28 and 45 firms included in the sample and 44 and 57 firms listed in the bank and finance sector of SA and SL respectively. This study had also only focused on firms annual reports, which may show an incomplete picture of CSR practice of firms in SA and SL. Firms may report CSR activities in other media like CSR reports, sustainability reports, and newspapers, websites or firms brochures. This study is limited from annual reports of SA and SL firms and lastly, the study focused on one sector, Bank and finance sector excluding the insurance firms.

The limitations of this study, which are listed above presents several potential paths for future research and advancements. Future research could replicate the study on other listed sectors and also apply a longitudinal method by using more years' data and larger sample size. This would increase the reliability of results. Also, this study only focused on firms annual reports. Firms may report CSR activities in other media like CSR reports, sustainability reports, newspapers, and websites or firms brochures. The information from those reports may show a complete picture of CSR disclosure in SA and SL.

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