



**An-Najah National University
Faculty of Graduate Studies**

**THE IMPACT OF CORPORATE SOCIAL
RESPONSIBILITY DISCLOSURE ON THE
RELEVANCE OF ACCOUNTING
INFORMATION FOR COMPANIES LISTED
ON THE PALESTINE EXCHANGE**

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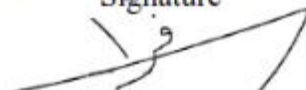
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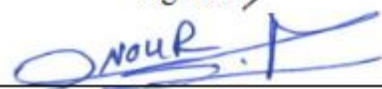
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Dedication

To my parents, who have great respect for me

To my husband, who encouraged me to continue my scientific career.

To my doctors who helped me complete this thesis

To my brothers, sisters, and family

To my friend Reem shamasni

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I thank God Almighty for giving me the determination and strength to finish this thesis, and I give special thanks to Dr. Muiz Abu Alia and Dr. Ghassan Daas for providing me with assistance and support.

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Deema Khalil Shamali

Declaration

I, the undersigned, declare that I submitted the thesis entitled:

THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE ON THE RELEVANCE OF ACCOUNTING INFORMATION FOR COMPANIES LISTED ON THE PALESTINE EXCHANGE

I declare that the work provided in this thesis, unless otherwise referenced, is the researcher's own work and has not been submitted elsewhere for any other degree or qualification.

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THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE ON THE RELEVANCE OF ACCOUNTING INFORMATION FOR COMPANIES LISTED ON THE PALESTINE EXCHANGE

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Abstract

The aim of the study is to identify the association between the corporate social responsibility disclosures (CSR) of the companies listed on the Palestine Exchange (PEX) and the relevance of accounting information. Moreover, it seeks to clarify if this relationship is moderated by corporate governance (CG) practices. The study uses data from the financial reports and disclosures of 44 companies listed at the PEX for the 2010–2019 period. A multiple linear regression is used to test the study hypotheses. Information relevance is measured by the Ohlson model as a correlation coefficient by using three variables including earnings per share (EPS), book value per share (BV), and operating cash flow per share (OCF). CSR, on the other hand, is measured using a disclosure index consisting of 28-items, while CG is measured using four board-related characteristics as CG practices, including CEO duality, board independence, board qualification, and board size. The study revealed that 44% of companies disclose social responsibility in their annual reports, with 57% focusing on product development and customer service. 48% of them are interested in community involvement, participating in charitable activities and supporting educational institutions. 40% of them disclose human resources, as employees are considered essential to the production process and bring benefits and profit. 32% of companies call for environmental protection, with some believing it is the state's duty, the regression analysis reveals mixed results on the impact of CSR on accounting information relevance. Three measurements, EPS, BV, and OCF, are significantly impacted by CSR. There is a significant and positive impact of corporate governance on the relationship between CSR and the relevance of accounting information represented by three measurement EPS, BV, and OCF. The interaction terms (CSR*DUL) have a significant relationship with BV and OCF but are insignificant with EPS. The interaction terms (CSR*BIND) have an insignificant relationship with both EPS and BV but a significant relationship with OCF. The interaction terms

(CSRD*BQUL) have a significant relationship with EPS and OCF but an insignificant relationship with BV. The regression also shows an insignificant and positive link between CSRD*BSIZE and EPS, BV, and OCF. In light of these results, the study presented several recommendations most notably: the requirement for companies to commit to disclosing all of their efforts to promote social responsibility in their annual reports, particularly those related to the environment.

Keywords: Relevance of Accounting Information, Corporate Social Responsibility Disclosure, Corporate Governance, Palestine Exchange

Chapter One

General Framework

1.1 Introduction

The financial statements prepared by companies are supposed to provide high-quality information useful for decision-making. The quality of the financial statements is represented by the qualitative characteristics, fundamental and enhancing, included in the framework of the International Accounting Standard Board (IASB). The fundamentals include reliability (faithful presentation) and relevance, while the enhancing characteristics comprise comparability, verifiability, timeliness, and understandability. Information from the financial statements is relevant when it has confirmatory and predictive value, subject to the concept of materiality (*IFRS - International Accounting Standards Board*, 2010) According to (Barth et al., 2023), there appears to be a decline in the value relevance of EPS, although other information including BVPS are becoming more relevant. At the same time, a number of data points indicate that public awareness of ESG concerns, as defined by the triple bottom line, is rising. Indonesia has addressed this issue as well, which is strengthened by a number of data.

Disclosure of CSR activities is the voluntary disclosure of non-financial information. While information disclosures related to non-financial aspects have been neglected by firms for a long time, they have recently witnessed an increase in interest, given their importance for decision-making. Among the most important issues of non-financial disclosure is corporate social responsibility disclosure (CSR), since it affects capital efficiency and corporate performance evaluation (Cheng et al., 2014).

The internal operations of a business may use information disclosures to communicate details about the ownership and development of the company's human resources, the system it uses, its management classification and qualification, and other relevant information. Information on intellectual property, governance practices, and the activities of social responsibility disclosure can all be used by the company's external face. Taking into consideration the assumption that social responsibility expenses will lower corporate profitability in financial reporting, CSR involvement is viewed as an external component of an organization. However, conflicting findings were obtained from several

studies regarding the impact of CSR disclosed by a company on the relevance of accounting information prepared by this company (Firmansyah & Yusuf, 2020). According to (Schadewitz & Niskala, 2010) and (de Klerk & de Villiers, 2012), CSRD positively impacts the relevance of accounting outputs.

Social responsibility disclosure is part of corporate governance mechanisms (CG), especially when a conflict exists between social responsibility-related objectives and the company's financial objectives ((Homayoun et al., 2015). Attention was paid to governance after financial collapses and crises occurred in the world that led to the collapse of major companies, and these collapses occurred due to financial and administrative corruption within companies. CG affects the level and quality of disclosures on the company's activities related to its social responsibility, as disclosure is a good indicator of the quality of CG (Harun, 2016).

It is crucial for Palestine and other developing nations to look into how CSRD affects how relevant financial information is. Due to the small size and weaknesses of the Palestinian market (Barakat et al., 2015), a comprehensive review of the studies carried out in Palestine reveals that they primarily focus on the decision-makers' perceptions of CSR, the amount and types of CSR disclosures, and the influence of particular firm and board characteristics on CSR disclosure (Barakat et al., 2015).

The effect of the disclosures on corporate practices related to social responsibility on the relevance of accounting information is identified, as will how CG efficiency affects the (CSRD - accounting information relevance) relationship for the companies listed at the Palestine Exchange (PEX).

1.2 Statement of the study Problem and the Study Questions

In the last few decades, interest in social responsibility among firms has notably increased and has become one of the most important indicators of the firm's performance. Disclosing social activities, along with other firms' activities, is essential to inform stakeholders about its contribution to achieving society's objectives. The Palestinian Capital Market Authority seeks to implement appropriate governance mechanisms and transparency rules to improve the quality of financial reports (*PCMA – PCMA Official Website*, 2004).

Palestinian society suffers from many social problems, whether due to immature economic circumstances or the Israeli occupation (Abdeljawad & Alia, 2022). Therefore, corporate social responsibility is relatively more important and appreciated in Palestinian society. Palestinian individuals and firms are required to address these problems by considering their social responsibility. According to the Code of Corporate Governance in Palestine, a listed firm is required to disclose particular information, including the responsibility of CSR, in its annual report. It is stated that the firm's social responsibility policies and the safety standards it follows should be disclosed. These plans must be well-publicized, achievable over time, and consistent with Palestinian laws and regulations. The company's social responsibility initiatives should help it improve its reputation and relationships with linked parties, and they should be founded on mutual respect and interest for outside parties. The company must also provide the researchers with access to all necessary information (PCBS, 2020). Accordingly, the research problem lies in identifying the extent to which the CSR disclosed by the Palestinian companies affects the relevance of the accounting numbers prepared by those companies. There are a few studies that examine the role of the characteristics of the members of the board of directors in the relationship between disclosures of social responsibility and the relevance of accounting information, and therefore this study will fill this gap in previous studies. Accordingly, two main questions are highlighted:

Q1: Does corporate social responsibility disclosure (CSR) affect the value relevance of the accounting numbers prepared by the companies listed at the PEX?

The above main question can be divided into three sub-questions:

- Does the CSR level affect the accounting information relevance (measured by the relationship between the earnings per share (EPS) and the share market price) of companies listed at the PEX?
- Does the CSR level affect the accounting information relevance (measured by the relationship between the book value per share (BV) and the share market price) of the companies listed at the PEX?
- Does the level of CSR affect the accounting information relevance (measured by the relationship between the operating cash flow per share (OCF) and the share market price) of the companies listed on the PEX?

Q2: Do the characteristics of members of the board moderate the relationship between the CSR and the relevance of the accounting information prepared by the companies listed on the PEX?

Q3: Do Palestinian companies disclose social responsibility at reasonable levels?

1.3 Research Objectives

The core objective of this study is to identify the impact of corporate social responsibility disclosure on the relevance of accounting information prepared by the companies listed at the PEX during the 2010–2019 period. As well, the study tries to estimate if the relationship between CSR and information relevance is moderated by the characteristics of the board of directors practiced by the Palestinian companies. Specifically, this research aims to:

OB1: Explore the role of corporate social responsibility disclosure (CSR) in determining the relevance level of the accounting information of the companies listed on the PEX.

The above main objective can be divided into three sub-objectives:

- Estimate the association between the CSR level and the relevance of the earnings per share (EPS) of the companies listed at the PEX.
- Estimate the association between CSR level and the relevance of the book value (BV) of the companies listed at the PEX.
- Estimate the association between the CSR level and the relevance of the cash flow from operations (OCF) of the companies listed at the PEX.

OB2: Investigate the moderating effect of the characteristics of the board members on the relationship between CSR and the relevance of accounting numbers prepared by the companies listed at the PEX.

OB3: Investigate the level of CSR of the companies listed at the PEX.

1.4 Research Importance

Addressing the nexus between CSRD and accounting information relevance has special importance. It provides an opportunity to further understand the concepts of CSRD and the relevance of financial reporting information, on the one hand, and the relationship between them, on the other. Palestine is an underdeveloped and politically unstable country, given the Israeli occupation (Alia & Barham, 2020). Reviewing the existing literature shows a lack of studies on such relationships. Achieving the objectives of this study provides new evidence from a unique setting, such as Palestine. Moreover, it may contribute to enhancing the decision-making mechanisms performed by Palestinian investors, especially since the study considers CG practices, especially board characteristics. The study is also beneficial for regulators and related institutions in a manner that improves the usefulness of the information included in the financial statements. The expected results are useful not only in Palestine but also in all countries that have similar contexts.

Although many studies have addressed the relevance of accounting information, most of them have been applied in developed markets, while little attention has been given to less developed countries like Palestine (Belal & Cooper, 2011). On the other hand, most of the previous studies that considered the relevance of accounting numbers focused on other issues.

Chapter Two

Theoretical framework, literature, and hypothesis development

2.1 Introduction

Chapter two highlights the study's theoretical and conceptual framework, reviews related previous studies, and develops the study's hypotheses regarding the relationship between CSR and relevant accounting information, including agency theory, stakeholder theory, and signalling effect theory. The chapter then discusses how these theories interpret and explain the relationships examined by this study. A deep discussion of previous literature related to the study topic is then included. The development of the study's hypotheses concludes this chapter.

2.2 Concepts of the study variables

2.2.1 Corporate Social Responsibility Disclosure

According to (R. Gray et al., 1996), CSR represents the process of informing special interest groups within society and the general public about the social and environmental impacts of an organization's economic actions. In turn, (Jenkins & Yakovleva, 2006) saw corporate social responsibility disclosures as voluntary or mandatory reporting to stakeholders of information on social, moral, and environmental activities.

The majority of the data offered by CSR is non-financial and focuses on the governance, social, and environmental characteristics of an organization. CSR disclosures have actually been performed using stand-alone reports, by adding non-financial CSR information to the conventional financial data presented in the annual reports, or finally by preparing the integrated reports, which recently appeared to consider the social responsibility of firms (Bowerman & Sharma, 2016).

Numerous techniques were used to assess the practical disclosure level of the companies' activities related to their social responsibility disclosure in financial Statements and the accompanied notes. One of these techniques is the KLD Index, developed by Kinder, Lydenberg, and Domini. The KLD technique is still applicable today and is known as MSCI ESG research. ESG refers to Environmental, Social, and Governance Scores, while MSCI stands for Morgan Stanley Capital International. This approach assesses the social responsibility of corporations (McWilliams & Siegel, 2000). Despite being a common

and widely used method, scholars feel that it is not adequately exhaustive and globally utilized. According to (Peng & Yang, 2014), it is only utilized for American-listed corporations.

The National Association of Accountants (NAA) has four main areas of social responsibility and its activities, including society, human resources, and the environment and natural resources, and product development. In this search, CSRD includes four areas of information covering environmental, human resources, community involvement, and product aspects (*National Association of Accountants - Explained - The Business Professor, LLC*, 1945).

Moneva & Cuellar (2009) investigation investigated the value and relevance of information related to environmental activities. However, the study showed that non-financially disclosed information on environmental activities is neither valuable nor relevant. Notwithstanding, (Schadewitz & Niskala, 2010) reported that CSR information disclosed using the GRI reporting framework has incremental value for investors.

The concept of CSRD is ambiguous in Palestine and has begun to develop despite the lack of a precise methodology oriented to the issues of CSRD. Absent this methodology, in addition to the problems experienced in Palestine, especially the economic and political difficulties given the Israeli occupation (*PECDAR - Palestinian Economic Council for Development & Reconstruction*, 2010), the importance of addressing this issue in Palestine is magnified.

In the last decades, an increasing interest has been oriented toward the concept and aspects of the social responsibility (CSR) of companies and the importance of communicating their related activities to the public. However, there is a hot debate on the definition of CSR; some argue that it is an effective tool to market the firm and should therefore be led by marketers (Lantos, 2001). Social responsibility includes activities related to the environment, employees, people, and participation in society to achieve prosperity, growth, and development for societies (Girerd-Potin et al., 2014).

The combination of the three aspects of CSRD, including social, environmental, and financial acts, and integrating them into a "triple bottom line" report is carefully defined in some definitions. Other definitions, which attempt to combine the concepts of

sustainability and corporate social responsibility, emphasize that sustainable businesses are those that take into account social and environmental needs in addition to financial needs (Griffin, 2008).

Although the idea of the social responsibility of firms is a relatively new phenomenon, its growth and popularity have been slowed by globalization, according to many observers. CSR is significant, particularly in terms of gender equality, racial, religious, and regional equality, the prohibition of child labor, human rights, the pollution of the environment, social marketing, and charitable endeavors (Rouf, 2011).

According to (Kotler & Lee, 2008) there are six main initiatives that the majority of CSR-related actions that have a beneficial effect on the company fall under. Firstly, businesses provide money, goods, or other resources in order to improve public awareness of social issues, charitable giving, involvement, or volunteer recruitment. Second, businesses promise to donate a certain amount of money, based on product sales, to a particular charity. Thirdly, businesses support the creation and/or implementation of a behavior modification program that aims to enhance community well-being, safety, the environment, and/or health. Fourth, businesses provide direct support to charities or causes by providing services in kind or financially. Fifthly, businesses encourage their franchisees and retail partners to donate their time to charitable causes and local community groups. Finally, businesses adopt and engage in optional business practices that promote social causes to enhance community well-being and safeguard the environment.

The level of disclosure of social responsibility for each company and each year was measured by giving each item included in the checklist a value of (1) if it was disclosed in the company's annual report and a value of (0) if not (Barako et al., 2006; De Klerk et al., 2015).

2.2.2 Relevance of accounting information

The relevance of the financial statement information is defined as the ability of the particular numbers included in the financial statement to explain changes in equity values (Burgstahler & Dichev, 1997). Accounting numbers become relevant when they assist users in making economic decisions after evaluating past, present, and future related

events. These accounting numbers have an important contribution to the quality of the decisions made by the users of the financial statements (Francis & Schipper, 1999). The relevance of accounting information is achieved if the accounting numbers have an effect on the value of the company. The absence of an association between the accounting numbers and the company's value indicates that these numbers are not relevant. Accordingly, the financial statements lack a fundamental qualitative characteristic. (Barth et al., 2001) claimed that research on the relevance of accounting information is normally conducted by examining the association between accounting numbers prepared by a company and its market value.

Narullia & Subroto (2018) established that the response coefficient of earnings indicates a positive impact on the firm's market value associated with the disclosures on its social and environmental responsibilities. This demonstrates that a company's influence on the market and its ability to influence investors' decisions are inversely correlated with how well and fully disclosed it is, as well as how suitable its disclosures are. In light of this, it can be said that investors should take corporate responsibility disclosure into account before investing.

According to Holthausen & Watts (2001) value relevance studies should draw conclusions using either the theory of "inputs-to-equity valuation" or the theory of "direct valuation," two separate theories of accounting standard setting. According to the direct valuation theory, stock market value and accounting earnings are related. According to the direct valuation theory, accounting earnings are either meant to measure or be integrated with changes or levels in stock market value.

There are four ways to interpret value relevance:

1. Information in the financial statements affects share value by capturing the intrinsic value that its prices tend to converge on.
2. Financial data that includes variables that represent components of a valuation model or are useful in predicting those variables qualifies as value-relevant data.
3. The capacity of financial statement data to change the overall composition of available information.

4. The capacity of the data to record or condense data (Francis & Schipper, 1999). Financial information has predictive value if it can be used as an input to processes used by users for predicting future results, according to the IASB's concept of predictability (*IFRS - International Accounting Standards Board*, 2010)

The value relevance of accounting information is better measured by significantly considering the institutional influences on the actual reporting incentives of the financial statement preparers rather than concentrating on country classification and assessing the relevance of accounting numbers based on the financial reporting frameworks, including adopted standards (Ball et al., 2003).

According to Dunham & Grandstaff (2022), previous value relevance studies perceived relevance using three perspectives: first, the relevance of book value and earnings per share; second, the relevance of other further accounting information; and finally, the economic factors' impact on the relevance of accounting information.

2.2.3 Corporate governance

CG is not specifically defined. This could be a result of the concept's overlap with several corporate, institutional, social, and economic circumstances. Governance is the process used by shareholders, employees, the government, creditors, and other stakeholders to control management actions and defend their interests (R. B. Adams & Mehran, 2003). According to (Rouf, 2011), CG is a collection of practices, norms, laws, and policies that impact how an organization is managed and directed. CG is defined by the (*Governance - Organisation for Economic Co-Operation and Development*, 2015) as a systematic practice that connects the management team, the members of the board of directors, the shareholders, and other stakeholders. According to (*International Financial Corporation*, 2018) corporate governance (CG) is the system used to manage and oversee an organization's operations.

GC is considered by stakeholders as indicative of a powerful corporate presence, which is what CG seeks to maintain (Fung, 2014). The agency problem was the reason for the creation of governance, which seeks to maintain a fair working environment and reduce unreasonable behaviour. CG mechanisms are crucial for disclosing additional, transparent company information (Jensen & Meckling, 2019).

A publicly listed company has to disclose information about corporate social responsibility in its annual report, as required or preferred by the Code of Corporate Governance in Palestine. The disclosures must include the company's social responsibility policies and safety systems. Palestine seeks to attract investments and enhance the business sector. Governance is the system that companies use in the process of supervising and controlling their operations. It ensures that rights and responsibilities are distributed to all related parties, including the board of directors, stockholders, managers, and stakeholders. Furthermore, governance determines the procedures and rules for decision-making (*Governance - Organisation for Economic Co-Operation and Development, 2015*).

This study estimates the effect of board characteristics (chief executive officer duality (CEO duality), board independence, board qualification, and board size) on the CSR disclosures of companies in Palestine.

- **CEO duality**

CEO duality is the term used to describe the circumstance in which the chief executive officer (management) also serves as the chairman of the board of directors (control), which enhances the managerial power (Rechner & Dalton, 1991).

Previous studies that investigated the impact of CEO duality on the level of the companies' CSR came up with contradictory results. According to agency theory, managers' interests are likely to have an impact on how committed they are when practicing and disclosing CSR. Although the management team may believe that CSR activities are not worthwhile, they consider them a result of the CEO's duality. In this regard, CEO duality may reduce the efficacy of directors' oversight functions, restrict transparency to shareholders and other stakeholders, and restrict the performance of specific governance functions, such as CSR disclosure (Giannarakis, 2014). Because insiders do not want to challenge the CEO Chairman, the CEO Chairman could persuade inside directors to support decisions that are against the interests of shareholders. (Chau & Gray, 2010) highlight the negative impact of CEO duality on CSR reporting, as chair-CEO roles reduce voluntary disclosures, impacting transparency and shareholder interests.

According to (Finkelstein & D'aveni, 1994), the firm's reputation, tenure, and legitimacy can be enhanced by the duality of the CEO. Chairs of boards may encourage CSR reporting by signaling the firm's engagement with CSR issues.(Jiraporn & Chintrakarn, 2013) state that CEOs use CSR disclosure as a strategic tool to improve their reputation and to minimize stakeholder pressure and oversight by board members, capital markets, other regulators, or legislation authorities ,CEO duality and CSR reporting are positively correlated, indicating it isn't always harmful (Jizi et al., 2014). According to studies (Jiraporn & Chintrakarn, 2013), According to (Tamimi & Sebastianelli, 2017), having a CEO on a board increases information disclosure about environmental, social, and corporate governance, which increases firm transparency. According to (Pathan, 2009),CEOs who serve as board chairs may have a positive impact on CSR disclosure. Using financial and CSR strategies helps manage risk and protect human capital from short-term investors.

- **Board Independence**

According to Weir & Laing (2001), the board of directors is in charge of making and overseeing plans and strategies for the company's management. Since they typically believe they communicate for the stakeholders, some independent board members may have an impact on the social reports' content (Haniffa & Cooke, 2005). Independent directors typically have extensive experience while also maintaining their managerial independence (Patelli & Prencipe, 2007). They are crucial in establishing or achieving balance as well as improving board performance (Haniffa & Cooke, 2002). According to (Jo & Harjoto, 2011), CSR and board independence are related.

- **Qualification board**

Farook et al., 2011; Haniffa & Cooke (2002) emphasize the significance of educational background in disclosure practice. According to (Hambrick & Mason, 1984), directors with more education are more prepared to adapt to unpredictability and take on new challenges. Education is a significant institutional factor that influences financial reporting standards and practices (S. J. Gray, 1988).Additionally, it alone can be employed to evaluate one's professional level (Grace et al., 1995). Islamic banks disclose more CSR information as their Shariah supervisory board (SSB) members' educational levels rise (Farook et al., 2011).

- **Board size**

The board size of a listed company in Palestine must be between 5 and 11 members (*Corporate Governance Code*, 2009). The strategies and CSR policies of a company are established by the directors' board members. The number of experienced members who can structure and divide various responsibilities (control, monitoring, advising, and strategy development), including the tracking of CSR, may increase with a larger board (Xie et al., 2003). If a company has a large board, CSR factors can receive more attention (Halme & Huse, 1997). The size of the board and the quality and quantity of reports' issuance are found to be strongly correlated (Buniamin et al., 2008). Board size and corporate disclosure, especially CSRD, have positive relationships (Buniamin et al., 2008; Halme & Huse, 1997). CSRD is of greater interest to firms with a larger number of directors on the board. When the board grows in terms of size, it can perform a variety of tasks because its members can divide up their responsibilities, some of which can focus on CSRD (Barakat et al., 2015).

There are many theories of corporate governance, including:

- **Agency Theory**

This theory expresses the agent-principal relationship, raised as a result of the separation between equity and management, in which the shareholders are the principal while the board of directors is the agent. The shareholders seek to maximize profits by minimizing costs; the agency problem occurs when the agent acts in their interests (Busari & Bagudo, 2021). Agency theory suggests that companies disclose their social responsibility to reduce the agency problem by reducing agency costs and demonstrating to shareholders that they are responsible for using corporate resources in the right way (Sun et al., 2010). The company's commitment to social responsibility mitigates the impact of the agency problem on directors' vesting decisions (Beaudoin, 2008). Earnings and book value are significant for value, but the agency issue brought on by cash flow reduces their significance (Fuad Rahman & Mohd-Saleh, 2008).

An agency relationship has been defined by (Jensen & Meckling, 2019) as a contract whereby the principal authorizes the agent to perform the service on their behalf. Three types of agency costs have been identified. First, the agent is motivated to work for the principal interests by receiving certain incentives, which is how costs are monitored.

Secondly, bond costs are the additional resources the agent uses to ensure that his actions will not conflict with the principle of interests. Third, the residual loss reduces the manager's welfare.

The choice to disclose social responsibility has been explained by agency theory in many previous studies. Agency theory has also been used in previous studies to explain the decision to disclose CSR information, such as social and environmental information (Ness & Mirza, 1991). Companies have an incentive to disclose CSR information because doing so may reduce agency costs by showing stakeholders that they are acting in their best interests and taking CSR concerns seriously (Harun, 2016).

Shareholders introduce governance mechanisms to align directors' actions with their interests. Many studies have addressed the effect of firm characteristics and governance mechanisms on the level of disclosure about corporate social responsibility, drawing on agency theory suppositions (Ghazali & Weetman, 2006; Haniffa & Cooke, 2002). Based on this theory, various hypotheses have emerged, for instance, the impact of the Sharia Supervisory Board (SSB) in promoting CSR disclosure practices for banks as their agent. The influence of CSRD on the appropriateness of accounting information can be understood through agency theory (Harun, 2016).

According to agency theory, CSRD occurs as a result of reduced information asymmetry, which enables investors to accurately evaluate market behavior. If the disclosures on the firms' activities and social and environmental responsibilities serve this purpose, they will be relevant and add value to the users of the financial statements as they incorporate these disclosures into the overall set of information included in the financial statements and the other disclosures appearing in the accompanied notes to determine the firm's value (Power, 1991).

Agency theory provides context and justification for the companies' choice to implement CSRD, as well as the investors' need for this information. Investors' uncertainties about the firm's operations, future cash flows and earnings, and associated risks can be decreased by the additional information available. These uncertainties result from informational asymmetries between managers of firms and shareholders caused by the ownership-control separation that characterizes publicly listed companies. As a result of widening the information content available to outsiders by increasing disclosure levels,

information asymmetries are reduced, and thus shareholders' investment decisions become more informed. Consequently, their valuations of the company and its share value are more accurate because they are not obliged to assume the worst-case alternative, known as the problem of adverse selection (Healy & Palepu, 2001).

Agency theory suggests corporate governance as a method of resolving principal-agent conflict in order to minimize potential conflicts of interest that might develop as a result of the division of ownership and control (Jensen & Meckling, 2019).

- **Stakeholder Theory**

According to Clarkson (1995), stakeholders are classified into two layers: the primary stakeholders and the secondary stakeholders. Shareholders, workers, the government, suppliers, and consumers are the main stakeholders who direct the business, are required by the business, and are the basis of its survival. Secondary stakeholders are those who are affected by the company's operations. Disclosure of social responsibility builds a good relationship with stakeholders and improves the company's image and reputation, which works to attract investors and raise the value of the company (Trisnawati & Setiawati, 2016).

Additionally, it was said that managing firms' interactions with stakeholders is the most effective way to understand CSR (Clarkson, 1995).

Companies must include information about their CSRD initiatives in their annual reports so that stakeholders can assess the company's performance. The significance of CSRD in corporate annual reports is also explained by the stakeholder theory (Debby et al., 2014). Analysis of the effects of managers' decisions on stakeholders and investors is the primary focus of CSR information disclosure by businesses (Fontaine et al., 2006).

Stakeholder theory assumes that the behavior of different several stakeholders' categories stimulates managers to relate the needs of the firm to its social environment (Harun, 2016). Stakeholder theory also reflects the integration of social responsibility into the planning framework of the firm by establishing and developing a relevant strategy that brings the firm's key stakeholders into alignment and the relationship between social responsibility disclosure and corporate responsiveness that may explain stakeholder needs, the strategic

alignment of the firm with its social responsibilities, and the economic and social enterprise goals" (Parker, 2005).

The stakeholder theory has been criticized because it supports corporate disclosure and responds to powerful stakeholders (R. Gray et al., 1996; S. J. Gray et al., 1995). However, stakeholder theory has been recognized as useful because it identifies the groups affected for us and identifies the accountability that the organization is willing to recognize and take out"(R. Gray et al., 1996). Based on stakeholder theory, CG characteristics can influence CSR reporting. For example, board size will influence the disclosure practices related to the CSR activities conducted by Islamic banks. Since these banks are willing to communicate more CSR information to meet stakeholder requirements (Harun, 2016).

The concept that both CG and CSR should attempt to improve stakeholder engagement and organizational legitimacy is a key component of stakeholder theory (Michelon & Parbonetti, 2012). According to (S. J. Gray et al., 1995), CSR is a strategic response to societal expectations. Managing stakeholder relationships strategically involves developing a company's reputation through performance and disclosure.

An important theory that provides justifications for the disclosure of corporate social responsibility is the stakeholder theory (Platonova, 2014). Stakeholder theory provides a positive lens through which managers can view CSR. It also confirms that managers of corporations have to focus on addressing the needs of all stakeholders, including customers, employees, suppliers, local communities, and others who may have the power to influence or be influenced by corporate actions (Freeman, 2010).

As stated in (Shleifer & Vishny, 1997), the accepted view is that CG should focus on "the methods through which lenders to businesses ensure they will receive a return on their investment".

- **Signaling Effect Theory**

This signaling theory was first proposed by Spence, who published a study titled Job Market Signaling in 1973. According to (Spence, 1978), the labor market experiences asymmetries in information. Spence therefore developed a signal criterion to give judgment more weight. According to the signal theory, a good company will send a strong signal to the public and the market because they expect the market to distinguish between

good and bad businesses (Suhadak et al., 2018). The company's performance as reported in the annual report may have an impact on the investment signal it receives. For businesses listed on the stock exchange, this is undoubtedly important because it has a significant impact on the amount of investment that will be made. The signal theory also emphasizes the significance of the information offered and published by the company because it will have an effect on a number of factors that will affect it, such as the amount of investment made in it (Agustina & Baroroh, 2016). According to (Purwanto & Agustin, 2017) if the information is accurate, the market and community responses will also be accurate. Social responsibility disclosure can send a signal to existing markets or to third parties, and this signal can either produce a positive response or vice versa.

Spence (1978) presented this theory and expressed it as a secret method to inform the public of the company's ability to finance and that it is concerned with the welfare of society, and this theory engages in social responsibility activities and its financing. This financial strength enables investors to buy the company, improve its financial performance, and positively affect its market value. (Turban & Greening, 1997) show that the financing of social activities indicates the social attractiveness of a socially responsible company and improves its market value. Investors in less efficient markets rely on company signals to predict a company's value. Investors in more efficient markets make fundamental analyses beyond relying on static signals, as the analysis can reveal the true value of a company rather than the implied value arising from CSR signals. According to (Turban & Greening, 1997), the signals transmitted through the financing of social activities enhance firms' competitive advantage over firms that do not engage in social responsibility activities. Assume that managers provide more disclosures to indicate positive results.

The activities carried out by the company affect stakeholders, and investors are interested in these activities. The company is obligated to submit a report on the company's information to investors and provide a signal about the company's interest in the environment. If the market receives the signals positively, it will affect the performance of the institution's market and be reflected in the market value of the firm's shares, which confirms the theory. Indicating that the company can increase its value through its report (Drever et al., 2007).

According to the signaling theory, a good company will carefully signal the market, and as a result, the market should be able to tell good companies from bad. A market-capable and perceptible signal is one that is effective. A company's quality is shown through GCG, which in turn sends out a signal by delivering its financial statements and any corporate governance information it has attained over a specific period of time. A good company's signal is regarded as good news, while a bad company's signal is regarded as bad news (Suhadak et al., 2018).

There are principles of governance, including:

CG principles were created by the OECD; these principles are now used as a guide by decision-makers, legislators, investors, and businesses in the financial markets. The OECD reports that in 2004, the following six CG principles were put into practice (Abu-Tapanjeh, 2009):

1. Establishment of an efficient framework for corporate governance: An efficient framework for CG needs to be created by market rules to make the roles and responsibilities of the various executive, regulatory, and supervisory bodies clear and to promote efficiency and transparency in the market.
2. Protection of shareholder interests: The CG framework must ensure that shareholders' interests are protected, and doing so is simple.
3. Equal treatment for all shareholders: The governance system must guarantee equal treatment for all shareholders, particularly minorities and foreign shareholders.
4. The CG framework should support effective collaboration between businesses and stakeholders to create wealth while also respecting their legal rights.
5. Disclosure and Transparency: All significant corporate issues must be accurately and promptly disclosed under the CG framework.
6. Responsibilities of the Board of Directors: The members of the Board are responsible for the strategic direction of the company, efficient management oversight, and shareholder and company accountability. The framework must additionally guarantee efficient management oversight over the members of the board.

2.2.3.2 Palestine Securities Exchange

PEX, a private company founded in 1995 to enhance investment flows in Palestine, It began its operations in February 1997. In 2010, the PEX went through a transformation that made it the second publicly traded stock exchange in the Arab world that is entirely privately owned.

The exchange gives investors an entirely automated, transparent, and fair trading environment. The PEX emphasis is on attracting a wide range of investors, including local, regional, and international investors, especially those from the Palestinian Diaspora. Comparing with other MENA exchanges, the PEX's performance during the financial crisis provided evidence that it is financially stable and strong in a volatile environment.

The Palestine Exchange has used advanced technology since it was founded to ensure the highest level of transparency, integrity, and investor protection. Using NASDAQ OMX systems, PEX trading surveillance and CSD were always conducted. The next-generation "X-Stream" platform from NASDAQ will be used for trading in 2019.

Five sectors make up PEX-listed companies: banking sector, financial services sector, insurance sector, investment sector, industry sector, and services sector. Shares are traded in both US dollars and Jordanian dinars. PEX member securities companies' (brokerage firms') operations cover the West Bank and the Gaza Strip, and approved custodians are available to represent foreign investors.

The PEX has an international presence as it is a member of several related organizations, such as the World Federation of Exchanges (WFE), the Federation of Arab Stock Exchanges, the Federation of Euro-Asian Stock Exchanges (FEAS), and the Association of National Stock Exchanges (ANSE). PEX is classified as a "frontier market" by FTSE Russell.

The Palestinian Capital Market Authority oversees PEX, which is registered with the Ministry of National Economy's Companies Controller with the number (562601187). (*Palestine Exchanage*, 2022).

2.3 CSRD and Relevance of Accounting Information

There is a debate among researchers, standard-setters, and organizations about social responsibility because of its important role in ensuring the appropriate balance between the commercial viability of the company and the interests of stakeholders. There are criteria for classifying a company as socially responsible, and voluntary actions are taken by companies that improve the conditions of society, the environment, employees, and customers (Alia & Mardawi, 2021).

Corporate social responsibility includes economic, ethical, legal, and discretionary expectations (Carroll, 1979). Information related to social responsibility has to be disclosed to stakeholders and society as a whole (Holder-Webb et al., 2009), as these disclosures imply information for stakeholders showing whether the company is active or not (Shihadeh, 2020). Companies' activities related to social responsibility reflect the extent to which companies meet the rules, standards, and expectations of employees, consumers, shareholders, and various other stakeholders (Carroll, 2015).

Interest in social and environmental responsibilities and their related disclosure has emerged clearly during the latest few decades, and thus several theories consider them, such as signal theory, legitimacy, stakeholders, and agency (Garriga & Melé, 2004).

CSR is viewed by shareholders as a commitment to manage resources in a way that maintains a sustainable relationship with stakeholders and is considered a signal to stakeholders about the company's capability and quality (Barnett, 2007). CSRD shows that the company is better than its competitors, so a lot of investment will be made and the company's reputation will be strengthened (Mahoney & Roberts, 2007).

Legitimation theory suggests that CSRD helps legitimize firm behavior by revealing information that is expected to influence society and stakeholder perceptions (Hooghiemstra, 2000).

Stakeholder theory affords theoretical motivation for CSR disclosure. (Shihadeh, 2020) Companies must participate in CSR initiatives to survive and win the support of stakeholders since they are seen as having duties to society (Garriga & Melé, 2004). Companies need to disclose their CSR activities to stakeholders to evaluate their performance (Nour et al., 2022).

According to agency theory, companies provide a CSRD to minimize the agency problem, as it mitigates the cost of the agency by demonstrating to stakeholders that they are responsible for using their resources appropriately (Sun et al., 2010). In (Narullia & Subroto, 2018) it is found that accounting information (earnings information) is relevant information to measure the value of the company in both Indonesia and Singapore. Information that has to do with the book value of shares and operating cash flow is relevant to Singaporean companies, but in Indonesia, this information is not considered relevant information to measure the company's value. Corporate social responsibility (CSR) information is irrelevant in both countries. In a study by (Narullia & Subroto, 2018), it was found that earnings per share affect the share price of the firm, and this shows that earnings per share are relevant information for measuring the firm's value. The findings of the study support previous studies findings (Francis & Schipper, 1999), which showed that earnings numbers are still relevant information to assess a company. (Alia & Barham, 2020) tested the association between CSRD and company value and how it is affected by earning management and CG in the Palestinian context. Content analysis method to extract the required data contained in the annual reports of firms. Multiple regression analysis by the generalized least squares method was also used. The study reported a positive impact of CSRD on the company's value. The findings showed neither earnings management nor CG practices had an impact on this relationship. In addition, while corporate governance affects both the level of disclosure of social activities and the value of the company separately, there is no impact of earnings management on either of them. De Klerk et al. (2015) examined the nexus between stock prices and the level of CSRD. The study relied on the modified Ohlson model to measure the association between disclosure of CSR and stock prices. The study relied on GRI G3 to measure corporate social responsibility. A positive relationship was identified between the CSRD level and share prices. Furthermore, the disclosure of the environmental dimension was more sensitive to the rise in share prices for industrial companies. The study concluded that the CSRD improves information on the suitability of value for investors beyond financial information. In the United States of America, (Clout & Willett, 2016) reported that the decline in the adequacy of profits results from published losses, implying that the relevance of the loss information to measure the value was less than that related to profits. (de Klerk & de Villiers, 2012; Schadewitz & Niskala, 2010) measured CSR disclosure by using GRI guidelines and found that disclosures on social

responsibility activities were positively correlated with stock price. In the same context, (C. A. Adams & Harte, 1998) relied on stakeholder theory to understand managers' tendency to make the annual reports contain disclosures on the company's social and environmental responsibilities.

H1: There is a positive relationship between CSRD and the relevance of the accounting information of the companies listed on the PEX.

2.4 Corporate Governance and Corporate Social Responsibility Disclosure and Relevance of Accounting Information

2.4.1 Corporate governance and CSRD

Though the areas of corporate governance and reporting on corporate social responsibility (CSR) have both been well-researched, there hasn't been much thought paid to establishing a link between the two. Since the actions, motivations, and values of people involved in making and taking decisions in firms have an impact on CSR disclosure, consideration of corporate governance processes, particularly ownership structure and board composition, could represent a key factor (Haniffa & Cooke, 2005).

According to (Jo & Harjoto, 2011), corporate governance practices, either internal or external, such as independence of board members, board leadership, and institutional ownership, are positively connected with CSR choice and performance. Additionally, current empirical data indicates a positive association between corporate governance practices, social-environmental responsibilities, and a company's market value.

According to institutional theory, corporate governance practices are employed on occasion to improve legitimacy. Additionally, according to studies on CSR (Chen & Bouvain, 2009), the desire to allay concerns about challenges to organizational legitimacy has primarily served as a powerful driving force for such disclosures. As a result, a close connection between CSR and corporate governance processes is possible.

According to (Jamali et al., 2008), governance motivates managers to develop CSR-related goals and objectives. Board composition and structure are important considerations when setting and promoting CSR goals (Rao & Tilt, 2016).

The idea that both CG and CSRD should seek to improve the engagement of stakeholders and the company's legitimacy is a key component of stakeholder theory (Michelon & Parbonetti, 2012). According to (S. J. Gray et al., 1995), CSRD is a tactical reaction to societal expectations. Managing stakeholder relationships strategically includes building a company's reputation through performance and disclosure.

According to Stuebs & Sun (2015), efficient governance practices and high levels of CSR disclosures have a strong positive relationship with corporate image. CSRD and external reputation are more important to larger companies than to smaller companies (Al Farooque et al., 2020). CSRD level was positively correlated with firm size and total sales; CSRD and the composition of the board were negatively associated. Moreover, there were no relationships between the age of the company, the number of meetings of the board of directors, and the size of the board, on the one hand, and CSRD, on the other hand (Al-Zamel, 2015). The company's size, age, and ownership structure (family ownership and government ownership) have an important positive relationship with CSRD, whereas leverage is negatively related to CSRD. However, according to (Habbash, 2016), no relationship exists between CSRD and the industry's type, institutional ownership, CEO duality, independence of the board members, or the company's profitability. The proportion of women and foreigners as members of the board of directors had a negative relationship with CSRD, whereas concentrated ownership, institutional ownership, size of the company, and size of the board all had a significant positive impact on CSRD level (Majeed et al., 2015). The institutional ownership, the audit committee size, and the audit quality did not have an impact on the CSRD (Purba, 2016). A significant relationship existed between GCG, industry type, and CSRD, but not between corporate size and CSRD.

A study conducted by Asmar et al. (2018) used panel data from companies listed on PEX for the period 2005–2016. It examines the role of CG and the disclosure quality of Palestinian companies. Panel data was used for the period between 2010 and 2019 to estimate the association between CSRD and the performance of banks listed on the PEX and the Amman Exchange (ASE). The result showed a significant and positive association between CSR disclosures and Tobin's Q but an insignificant link with ROA and ROE (Nour et al., 2022).

2.4.2 Corporate governance and relevance of accounting information

CG is a collection of practices, norms, laws, and policies that impact how an organization is managed and directed (Rouf, 2011). Corporate disclosures and governance interactions have an impact on the relevance of accounting numbers. More information voluntarily disclosed will help in reducing the information gap between management and external shareholders, which will accordingly reduce managers' ability to manage earnings. In support of this hypothesis, (Lobo & Zhou, 2001) found evidence using a simultaneous equation framework. Firms with CEO duality, where the CEO also serves as the board chairman, produce fewer voluntary disclosures than those with separate CEO and board positions. However, for companies with more knowledgeable outside directors on the board, this relationship is weaker (Gul & Leung, 2004).

The goal of Almujaied & Alfraih (2020) study is to examine the extent to which the characteristics of the members of the board of directors affect earnings and value data that is accessible to the participants in the market. Covering 178 businesses listed on the Kuwait Stock Exchange, the study addressed the impacts of board size, board independence, and CEO duality, as indicators of efficient corporate governance practices, on the relevance of accounting information. The results showed that board size was significantly correlated with the company's value. Moreover, the study revealed that Kuwaiti companies with large boards had increased earnings and more relevant accounting information. The role duality effect was positive, but not significantly so. A weak negative correlation between market value and the number of non-executive board members was found.

The total membership implies the board size. A higher number of members indicates that the board is large, and vice versa. The researchers distinguish between how well large and small boards overcome earnings management techniques and reduce agency costs. In the opinion of some researchers, larger boards are more effective because they can better safeguard the interests of shareholders. This occurs because larger organizations have more resources, expertise, and experience to improve the alignment of governance boards. The Board's extensive authority aids in enhancing the connections between the firm and its surroundings, provides guidance and recommendations on the choice of firm strategies, and is essential for the development of corporate identity (Abdul Rahman & Haneem Mohamed Ali, 2006). Though many researchers disagree with this assertion and

believe that a smaller board would be more effective than a larger one (Alkdai & Hanefah, 2012), They believe that large boards make it difficult to coordinate, communicate, and make decisions. According to (Forbes & Milliken, 1999), board size affects effectiveness because (1) large boards tend to have more knowledge and skills that are underutilized, and (2) large boards often struggle to coordinate the contributions of each member, making it difficult for the company to make effective use of the board members' knowledge and skills. Additionally, a sizable board makes it more difficult to maintain norms, cohesiveness, and trusting relationships. The relevance of accounting information is negatively impacted by board size, according to some prior studies. According to (Abdellatif, 2009), who examined the connection between board size and composition, the size of the board has a negative impact on the performance of the company but a positive impact on the value of the company.

According to Alfraih et al. (2015), businesses with small boards have higher earnings and book value relevance. Some studies result in inconsistent findings. According to (Linda, 2016), the size of the board has a favorable influence on value-relevant earnings but a detrimental impact on value-relevant book value. However, some studies show the opposite. Board size is found to be positively correlated with the relevance level of the accounting numbers by (Holtz & Sarlo Neto, 2014). They also state that board independence positively impacts the relevance of accounting information, whereas (Nugroho & Hatane, 2017) find the opposite. Furthermore, (Alfraih et al., 2015; Habib & Azim, 2008) find that the relevance of accounting information is positively impacted by CG. However, some studies produce different findings.

CEO duality reflects the individual acting as a CEO and a chair of the board of directors, which minimizes the ability of the board to monitor and also increases the CEO's authority (Fama & Jensen, 1983; Wang et al., 2019).The joint position of chair of the board of directors and chief executive officer signals that separation between decision-making and decision-control is absent. The CEO/chair duality has frequently been cited in the literature on corporate governance as an indicator of higher agency costs brought on by high information asymmetries between managers and stakeholders.(Beisland et al., 2015)

Therefore, the following hypothesis is formulated as follows:

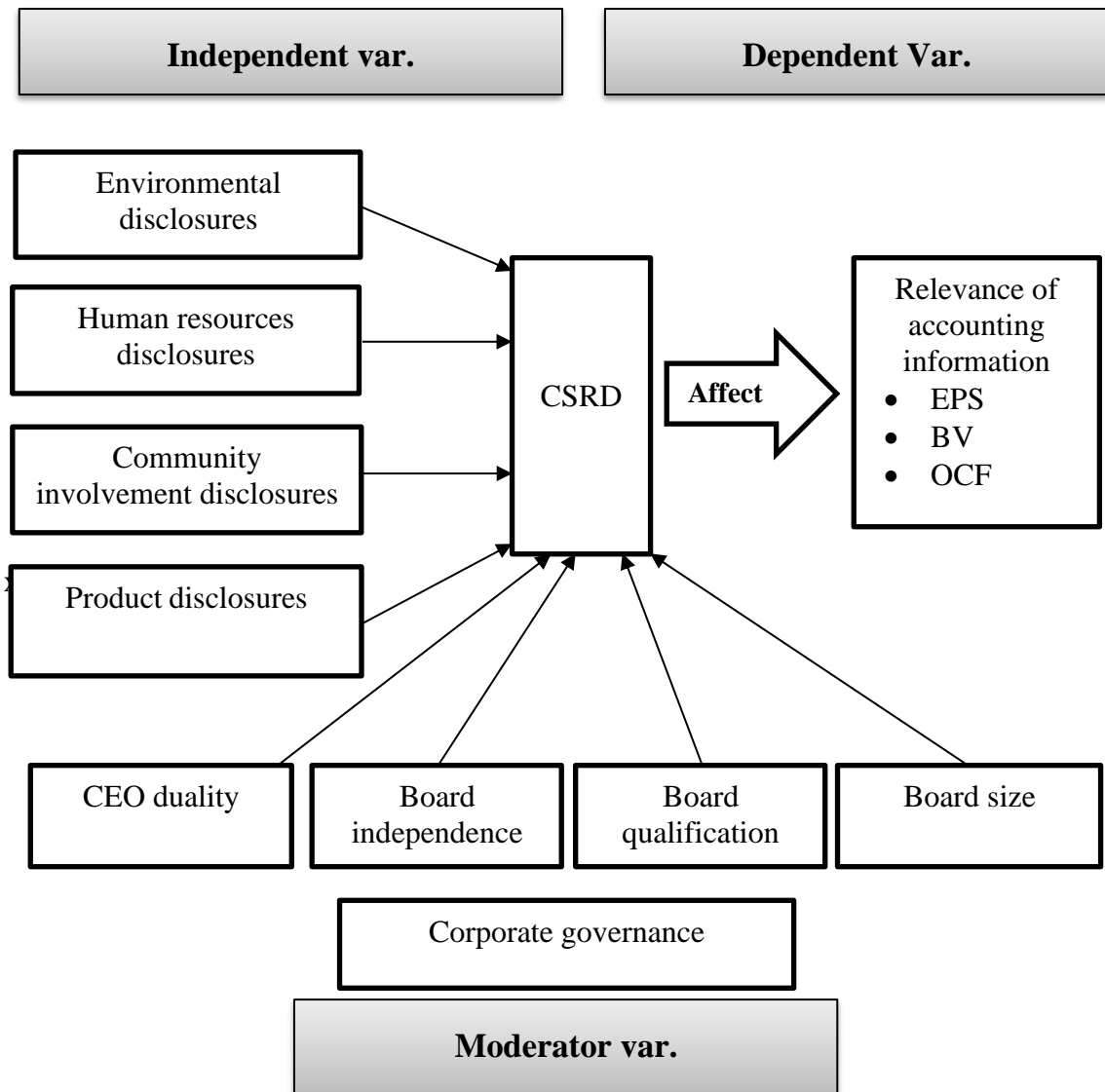
H2: CG moderates the relationships between CSRD and the relevance of accounting information.

2.5 Conceptual model of the study

Based on theoretical perspectives and previous studies attached to the relevance of accounting information, this framework was developed by the researcher to describe the impact of CSRD on the relevance of accounting information and the moderating role of CG in the association between CSRD and the relevance of accounting information.

Figure (1)

The conceptual model of the study



Chapter Three

Research Methodology

3.1 Introduction

The research examines the impact of the CSRD level on the relevance of accounting information prepared by the companies listed at the PEX from 2010 to 2019. This chapter shows the study population and sample, the required data and their sources, and the variables of the study and their measurements.

3.2 The study population and sample

This study considers a population comprised of the companies listed at PEX during the period 2010–2019, which numbered 48 companies classified into five sectors (services, insurance, banks, industry, and investment). All PEX companies were considered if the data required to measure the study variables was available for the study period. As a result, 44 companies, representing 91.6% of the total listed companies on the PEX, were included in this study; four companies were excluded from the study population due to lack of sufficient data. A company from the insurance sector, which is the Palestinian Tamkeen Insurance Company, was excluded because it was listed in 2021 and there are no annual reports about it, and a company from the industrial sector, which is Beit Jala Company, because it was listed in 2015, as No information was available for 6 years, so they were excluded from the sample. As well as two companies from the investment sector: Sanad Company, because it was listed on the stock exchange in 2017, and also Arkan Company, which was listed in 2022, so there were no annual reports about it. Table 1 shows the total number of companies listed at the PEX and the covered companies by the study, classified by sector.

Table (1)

Study population and sample

Sector	Population	Sample of study	Percentage
Services	9	9	20.45%
Insurance	8	7	15.9%
Banks	7	7	15.9%
Industry	13	12	27.27%
Investment	11	9	20.45%
Total	48	44	100%

Source: The PEX, 2022.

3.3 Source of data

Achieving the study objectives requires obtaining relevant secondary data gathered from the annual reports of the companies considered in this study for the period between 2010 and 2019. These reports are available on the websites of the PEX, the Palestinian Capital Market Authority, and the included companies.

3.4 Measurement of variables

3.4.1 The independent variable: CSR

The level of CSR is measured using a checklist that was developed based on the (*Global Reporting Initiative*, 2012) Guidelines Index and previous studies. (Alshannag et al., 2016; Barakat et al., 2015) GRI They include standards and guiding principles that make reporting easier, along with indicators that let companies monitor and report on the economic, social, and environmental impacts of their operations. Because of this, using these tools improves the quality and usefulness of the data included in CSR reports, and as a result, they can be a valuable criterion for assessing the maturity of CSR reporting systems in individual businesses, as well as in nations and regions throughout the world (Michalczuk & Konarzewska, 2020).

The CSR index consists of four sections:

1. Environmental information consisting of 6 items.
2. Human resources information consisting of 8 items.
3. Community involvement information consisting of 8 items.
4. Product information consisting of 6 items, totaling 28 items.

The required information is gathered from the annual reports available on the included companies and the PEX websites. The list includes non-financial items. We used content analysis and the dummy procedure to calculate the CSR disclosure classification score for each report. The level of disclosure of social responsibility for each company and each year was measured by giving each item in the checklist a value of (1) if it was disclosed in the company's annual report and a value of (0) if not (Barakat et al., 2015; De Klerk et al., 2015).

The CSRD will be calculated using the formula below:

$$\text{CSRDS} = \sum \text{Score (Environment, Human Resources, Community, and Product)} / 28$$

Table (2)

Items of information and their extent of disclosure

A Environmental information	
1	Environmental management system
2	Anti-pollution
3	Make financial contributions for environmental protection.
4	Compliance with environmental regulations and requirements.
5	Recycling plants for waste products
6	Contribute to environmental protection programs
B Human resources information	
7	Number of employees
8	Information about employee benefits
9	Employee satisfaction
10	Workplace safety
11	Holidays and vacations
12	Education facilities
13	Employee salaries
14	Information on the workers' jobs stability and the future of the company
C Community involvement information	
15	Charitable donations and activities
16	Supporting for public health
17	Supporting education
18	Public health support
19	Parks and gardens
20	Social welfare
21	Medical institutions
22	Conferences
D Products information	
23	Ensure product safety
24	Product quality
25	Product development
26	Consumer complaints and satisfaction
27	Providing services to clients
28	Information about research projects

Sources: Alia and Barham, 2022; Rouf, 2011; Barakat et al., 2015.

3.4.2 Dependent variable: Relevance of accounting information

Relevant information is the accounting information prepared by the companies that affects the users' investment decisions by enabling them to evaluate the past, present, and future events related to these decisions (Francis & Schipper, 1999). Measurement of the relevance of accounting numbers prepared by the Palestinian companies requires obtaining data on BV, EPS, and OCF, which was gathered from the annual financial statements and accompanied disclosure and covers the period 2010–2019. The market value of the share is used to measure the company's value (Busari & Bagudo, 2021) and is obtained from the PEX reports.

Swartz & Negash (2006) has used the Ohlson (1995) model to measure the relevance of accounting information by regressing the accounting numbers to the company's value. In this model, the relationships between the book value, earnings per share, and operating cash flow with the share price are estimated, as the greater the correlation, the greater the relevance of financial information (Ball, 2016)

- **Earnings per share (EPS)**

EPS is measured by dividing the net company's profit in a specific year by the number of outstanding shares. Several previous studies have indicated that earnings provide shareholders with important information, enabling them to estimate the value of the company (Busari & Bagudo, 2021).

$EPS = \text{net profit of company } j, t / \text{the number of shares outstanding}$

- **Book Value Per Share (BVs)**

The book value per share is measured by dividing the book value of the company's equity j in year t by the number of outstanding shares. The book value of equity is the accounting number that represents the net asset value of a company (Busari & Bagudo, 2021; Narullia & Subroto, 2018).

$BVS = \text{total equity}/\text{number of shares outstanding.}$

- **Cash flow from operations (OCF)**

Cash flow from operating activities is calculated by dividing the net cash flow by the number of outstanding shares (Busari & Bagudo, 2021; Narullia & Subroto, 2018):

$OCF = \text{Cash Flow from Operating Activities} / \text{Number of Shares Outstanding}$

3.4.3 Moderator Variable: Corporate Governance

CG is measured in this study by several characteristics, including:

- **CEO duality**

The duality of the chief executive officer is measured as a dummy variable, taking a value of 1 if the CEO is one of the board of directors members and 0 if otherwise (Assenga et al., 2018).

- **Board Independence**

This governance practice is measured by the percentage of independent members of the board of directors (Al Farooque et al., 2020).

- **Board Qualification**

This practice is measured by the percentage of members holding a Ph.D. or a master's degree on the board of directors (Assenga et al., 2018).

- **Board size**

Represented by the number of board members (Puni & Anlesinya, 2020).

Table (3)*Measurement of the variables that were used in the study*

Variables type	Variable	Measurement	Reference
Independent Variable	CSR	1 if the company discloses the item; zero otherwise.	(Barakat et al., 2015; De Klerk et al., 2015)
Dependent Variables	Relevance of accounting information	Measured by the Ohlson model as a correlation coefficient by using three variables EPS = net profit of company j,t, / the number of shares outstanding BV = total equity/number of shares outstanding. OCF = Cash Flow from Operating Activities / Number of Shares Outstanding.	(Busari & Bagudo, 2021; Narullia & Subroto, 2018)
Moderator Variables	CEO duality	A value of 1 if the CEO is a member of the board of directors, and a value of 0 if otherwise.	(Assenga et al., 2018)
Corporate Governance	Board independence	Percentage of independent members of the board of directors	(Al Farooque et al., 2020)
	Board Qualification	Percentage of members holding a Ph.D. on the board of directors	(Assenga et al., 2018)
	Board size	Number of Board Members	(Puni & Anlesinya, 2020)

3.5 Regression Models

The main objective of the study is to examine the relationship between CSR and the relevance of accounting information, and if CG has an impact on this relationship for companies that are listed on the PEX between 2010 and 2019. To investigate the hypotheses, a regression model was created.

$$Y = \beta_0 + \beta_1(\text{CSR}) + \beta_2(\text{CSR} * \text{CEODUA}) + \beta_3(\text{CSR} * \text{BIND}) + \beta_4(\text{CSR} * \text{BQUAL}) + \beta_5(\text{CSR} * \text{BSIZE}) + \epsilon_{it}$$

Where:

Y= EPS, BV, and OCF

β_i : regression coefficients

CSR = corporate social responsibility disclosure

CEODUA = Chief Executive Officer Duality

BINDEP = board Independence

BQUAL = Board Qualification

BSIZE = Board size

ϵ = Error

Chapter Four

Results and Discussion

4.1 Introduction

The findings of the data analysis are presented in this chapter. This study's goal is to examine the relationship between CSR and the relevance of accounting information, in addition to the moderating influence of CG on that relationship for the firm listed on PEX from 2010 to 2019. The descriptive statistics for the variables in the second part are reported in this chapter. The CSR index data analysis is presented in the third part. Correlation analysis is covered in the fourth portion, and testing hypotheses and regression findings are covered in the last section.

4.2 Descriptive Statistics

This section displays the descriptive results for the study variables. It shows the mean, median, minimum, maximum, and observations for each variable.

Table (4)

Descriptive results of the variables of the study

Variable	Observations	Mean	Median	Std.deveation	Min	Max
CSR	440	0.44	0.47	0.27	0	1
EPS	440	0.14	0.08	0.26	-0.4	1.71
BV	440	1.74	1.39	1.20	-0.14	9.60
OCF	440	0.14	0.07	0.45	-1.6	5.31
CEODUL	440	0.28	0	0.45	0	1
BIND	440	0.22	0.14	0.24	0	0.8
BQUAL	440	0.11	0.08	0.14	0	0.6
BSIZE	440	8.94	9	2.11	4	15

Table 4 illustrates the descriptive statistics of the study sample over 10 years, from 2010 to 2019. The total number of observations for the total sample is 440.

About the mean CSR, it reached 0.44, and this means that Palestinian companies disclose 44% of CSR. The minimum and maximum values were 0 and 1, respectively,

which indicates that the value of 0 means that some CSRD items have not been disclosed by some companies. Contrary to 1, the company disclosed its CAR activities.

The mean of EPS was 0.14, which is the result of dividing the net income of a company after calculating taxes by the ordinary share number. EPS refers to the amount of money that the company collects for each share of its share and thus gives the investor an indication of the ordinary share of the distributable earnings. Even when the values of maximum and minimum are, respectively, -0.4 and 1.7, -0.4 indicates that the index of some companies has losses for their common shares, and this reflects negatively on the value of the company, while 1.7 indicates that the company has profits in the value of the share.

The mean of BV was 1.7, as this value represents the net difference between the assets and the liabilities of the company and is defined as the total amount of the company's assets that the shareholders will receive when the company becomes liquidated. The values of maximum and minimum are, respectively, -0.14 and 9.6, and the minimum value was -0.14. It means that the value of liabilities is greater than that of assets; the maximum value was 9.6, which means assets are greater than liabilities.

The mean of the OCF was 0.14, where the OCF reflects the health of the financial position of the companies. The increase in cash means preserving operating capacity and the possibility of expansion. It is a good indicator of the sincerity of the companies' profitability. The values of maximum and minimum are -1.6 and 5.3, respectively; the minimum value was -1.6, which means that there are operating losses or defaults in repaying loans or operational indicators such as the loss of operating markets. The maximum value was 3.5, and this means that there are profits from OCF with a value of 3.5.

About the CEO duality and the Chairman of the Board of Directors, it amounted to a mean of 0.28 for the companies. There is no separation between the two jobs. The values of minimum and maximum were 0 and 1, respectively, where 0 means that there is a separation between the two jobs and 1 means that there is no separation between the two jobs.

The mean percentage of independence of the Board of Directors members is 0.22, which is a low percentage for the representation of independent members in the Board of Directors. The values of minimum and maximum were 0 and 0.8, respectively, and the minimum value was 0. This means that some companies do not have independent members on their board of directors. While the maximum value is 0.8, that is, 8% of the members are independent in the companies,

About the qualifications of the board, the mean number of members holding a PhD was 0.11, and this indicates 11% of the members of the Board of Directors holding a PhD. The minimum value is 0, while the maximum value is 0.6. The minimum value of 0 indicates that some companies do not have members with a PhD, while the maximum value of 0.6 means 6% have members with a Ph.D.

The mean size of the board of directors is 9, with a minimum value of 4 and a maximum value of 15. The minimum value indicates that some companies did not comply with the rules of the Corporate Governance Code about the Board of Directors number, as the Governance Code states that the Board of Directors should include 5–11 members.

4.3 CSRD Index Data Analysis

An indicator was developed to measure the CSRD level. The study index consists of 28 items and was applied to 44 companies listed at the PEX during the 2010–2019 period.

Table 5 illustrates the level of disclosure of each included item of the CSR disclosures index by the sample companies, as well as the total average of each aspect.

Table (5)*The level of disclosure of social responsibility*

#	Items of Corporate Social Responsibility Disclosure	Disclosure rate
Environmental information		32%
1	Environmental management system	32%
2	Anti-pollution	45%
3	Make financial contributions in the field of environmental protection	20%
4	Compliance with environmental regulations and requirements.	42%
5	Recycling plants for waste products	26%
6	Contribute to environmental protection programs	28%
Human resources information		40%
7	Number of employees	84%
8	Information about employee benefits	28%
9	Employee satisfaction	28%
10	Workplace safety	39%
11	Holidays and vacations	11%
12	Education facilities	50%
13	Employee salaries	40%
14	Information on the workers' jobs stability and the future of the company	37%
Community involvement information		48%
15	Charitable donations and activities	84%
16	Support for public health	61%
17	Education support	65%
18	Supporting arts and culture	43%
19	Parks and gardens	17%
20	Social welfare	40%
21	Medical institutions	31%
22	Conferences	47%
Products information		57%
23	Ensure product safety	72%
24	Product quality	69%
25	Product development	63%
26	Consumer complaints and satisfaction	40%
27	Providing services to clients	47%
28	Information about research projects	53%
The average level of CSR disclosure		44%

We note from Table 5 that the percentage of disclosure of social responsibility represents 44%, which is consistent with previous studies such as (Alia & Mardawi, 2021), where the average disclosure of companies reached 43.7. This is a total of 44%, which shows that it is acceptable to disclose social responsibility by the companies listed at the Palestine Exchange because companies believe that social responsibility is one of the responsibilities of the state and because of the absence of laws that compel companies to allocate part of their budget to social responsibility.

After analyzing the elements of social responsibility disclosure, it was found that companies pay great attention to developing their products, improving the products', and providing services to their customers to increase profit, representing 57%.

We note that community involvement information represents 48%, as companies are interested in sharing charitable activities and supporting educational institutions, public health, culture, and the arts. Social responsibility has become a way to show Palestinian national duty to confront the Israeli occupation (Barakat et al., 2015).

Human resources represent 40%, as the company cares about employees and considers that they are the main part of the production process because they bring benefit and profit to the company. The more attention paid to them, the more the company's profits increase.

Environmental information represents 32%. Although laws call for the protection of the environment, companies believe that protecting the environment is one of the functions of the state. In appendix A show Change in The level of disclosure of social responsibility. In 2010, the disclosure rate of environmental information was 39.5%, the majority of which was from the insurance sector. In 2011, the disclosure rate decreased to 1.4% due to a decrease in disclosure of environmental information in the investment and banking sector. In 2012, the disclosure rate increased to 168.28 due to the majority of sectors disclosed environmental activities, especially the services and investment sector. In 2013, the disclosure rate was 77%, the majority of which was in the investment sector. In 2014, it decreased to 1.7% due to the sectors not adequately disclosing environmental activities. In 2015, it decreased to 41.93 due to a decrease in Disclosure in the insurance and investment sector. In 2016, the disclosure rate was 80%, especially in the investment sector. In 2017, 39.01%. All sectors disclosed, but in small percentages. In 2018, the

disclosure rate was low, 9.65%. As for 2019, there is no change in it because there is no there is information for the year 2020.

As for disclosure of human resources, the disclosure rate in 2010 was low at 0.67, then it increased in 2011 to reach 35.41% due to the increase in disclosure in the services sector. In 2012, the disclosure rate was 24.52%, and in 2013, the disclosure rate was 22.16%, then it decreased to 16% in 2014, then it increased again in the three years 2015, 2016, and 2017 by varying percentages of 44.39%, 24.71%, and 20.39%, respectively. Then it decreased in 2018 to 8% due to the lack of adequate disclosure of human resources and the year there was no change in 2019 due to the lack of information for 2020.

Regarding the disclosure of community involvement information, the disclosure rate was 1.95% in 2010, and the majority of disclosure was in the insurance sector. In 2011, the disclosure rate increased to 43.7% due to the increase in disclosure in the services sector. In 2012, the disclosure rate was 32.49%, the majority of which was in the insurance sector. In insurance, in 2013, the disclosure rate was 22.61%, most of it from the investment sector. In 2014, the disclosure rate was 22.70%, and the majority of disclosure was in the industrial sector. In 2015, it increased to 44.39%, and in 2016 and 2017, the disclosure rate, respectively, was 24.71%. And 20.39%, then the disclosure rate decreased in 2018 to 8.03%, and in 2019 there was no change due to the lack of information about the year 2020.

As for product disclosure, the disclosure percentage in 2010 was low at 1.31%, then it increased significantly in 2012 to 102.58% due to the increase in disclosure in the services sector. In 2012, the disclosure percentage was 8%, then it decreased in 2013 to 8.93%. In the years 2014-2018, respectively, 7.46%, 9.90%, 12.16%, 18.65%, 18.01. As for the year 2019, there is no change because there is no information about 2020.

4.4 Correlation Analysis

Table (6)

The correlation matrix

Variables	EPS	BV	OCF	CSRD	CEODUAL	BINDEP	BQUAL	BSIZE
EPS	1.000							
BV	0.021**	1.000						
OCF	0.012**	-0.324*	1.000					
CSRD	0.011**	0.043**	0.021**	1.000				
CEODUAL	0.121***	-0.211*	0.045***	0.001**	1.000			
BINDEP	-0.213***	0.121*	-0.265***	0.225**	0.071*	1.000		
BQUAL	-0.023***	-0.004**	0.014**	0.421**	-0.051*	0.002*	1.000	
BSIZE	0.232*	-0.442**	0.324**	-0.372**	0.150*	-0.111**	0.53*1	1.000

*** p<0.1 ** p<0.05, * p<0.1.

Table 6 indicates that a positive relationship exists between CSRD and the relevance of accounting numbers (EPS, BV, and OCF). Also, it shows all the correlations between the independent variables are less than 8%. This implies that multicollinearity is absent (Bowerman & Sharma, 2016).

4.5 Regression Results and Testing Hypotheses

In this part, the regression analysis is presented to identify the impact of disclosures on social and environmental activities and the relevance of the financial information prepared by the companies listed at the PEX.

The hypotheses were tested by looking at the coefficients, P-value, and R-square to identify the impact of social responsibility disclosures on the relevance of accounting information.

H1: There is a positive relationship between CSRD and the value relevance of the accounting numbers prepared by the companies listed on the PEX

Table (7)

Test the hypothesis regarding the impact of disclosure of social responsibility on three measurements of the relevance of accounting information (EPS, BV, and OCF)

VARIABLES	EPS	BV	OCF
CSR	-0.0317*** (0.685)	-0.00387** (0.152)	-0.0498*** (0.244)
Constant	-0.307*** (0.0999)	0.0472* (0.0245)	-0.303*** (0.0927)
Observations	440	440	440
R-squared	0.153	0.0083	0.029
Number of ID	44	44	44

*** p<0.01, ** p<0.05, * p<0.1.

Table 7 indicates that the regression analysis presented the significant and positive impact of CSR on the relevance of accounting information, represented by three measurements (EPS, BV, and OCF). There is a significant and positive association between CSR and EPS (B = 0.68, P = -0.031). Such a result is consistent with prior research done in Indonesia by (Prasojo & Listyorini, 2015). But, in the research (Madugba & Okafor, 2016) the impact was an insignificant and negative one.

The regression analysis presented the significant and positive impact of CSR on BV (B = 0.15, P = -0.003), and this study supports our hypothesis (Bowerman & Sharma, 2016; Habib & Azim, 2008). But in the study of (Busari & Bagudo, 2021), there is a significant and negative relationship. Finally, there is a significant and positive relationship between CSR and OCF (B = 0.24, P = -0.049). In the study (Busari & Bagudo, 2021), consistent with the result of this significant and positive relationship In the study (Narullia & Subroto, 2018) ,the nexus between CSR and OCF was positive and insignificant. Which mean H1 is accepted, the R-square (R²) is 0.15, which means that the disclosures on social responsibility influence 15% of the change in EPS.

H2: Characteristics of members of the board moderate the relationship between the CSR and the relevance of the accounting information prepared by the companies listed on the PEX.

Table (8)

Test the hypothesis regarding the impact of CG (a moderate variable) on the relationship between CSR and the relevance of accounting information for the companies listed on the PEX

VARIABLES	EPS	BV	OCF
CSR	0.00114*** (0.7570)	0.0286** (0.2030)	-0.0198*** (0.0249)
CSR*CEODUAL	0.00336* (0.0280)	0.0105** (0.1064)	0.0128** (-0.0833)
CSR*BINDEP	0.0387* (-0.0869)	0.0201* (-0.1758)	0.0397*** (-0.4215)
CSR*BQUAL	0.0342*** (-0.5618)	-0.0269* (-0.2169)	-0.0532*** (0.3531)
CSR*BSIZE	0.0138* (0.01339)	.0563* (0.0122)	0.0092* (0.0168)
Constant	-0.0781* (0.5573)	0.0217** (0.3840)	-0.0779** (0.0874)
Observations	440	440	440
R-squared	0.19	0.03	0.12
Number of ID	44	44	44

*** p<0.01, ** p<0.05, * p<0.1.

Table 8 shows the results of the regression analysis; it indicates that there is a significant and positive impact of CG on the relationship between CSR and three measurements (EPS, BV, and OCF). More specifically, the relationship between CSR and EPS is significantly positive (B = 0.75, P = 0.004); the relationship between CSR and BV is significant and positive (B = 0.23, P = 0.028); and finally, the relationship between CSR and OCF is also significant and positive (B = 0.024, P = -0.019). We noticed that the interaction terms (CSR*DUL) have a significant relationship when used with BV and OCF (P = 0.0105, 0.0128) but are insignificant with EPS (P = 0.003). In the study of (Yasser et al., 2014), no association was found between EPS and CEO duality, and there was a positive impact with EPS and BV (B = 0.028, 0.106), but a negative impact with OCF (B = -0.0833). In addition, CSR*BIND related an insignificant relationship with both EPS and BV (P = 0.038, 0.02) but a significant relationship with OCF (P = 0.039), and a negative relationship with the three measurements EPS, BV, and OCF (B = -0.08, -0.17, -0.42), respectively. It was not able to confirm the positive impact of board independence on the relevance of accounting information in the research (Alkdai &

Hanefah, 2012; Habib & Azim, 2008) because of the coefficients' statistical non-significance. Board independence and share prices have a positive and significant relationship, according to (Mei et al., 2014). On the other hand, CSRD*BQUL has a significant relationship with EPS and OCF (P = 0.034, -.053) but is insignificant with BV (P = -0.026). EPS and BV (B = -0.56, -0.21) have a negative relationship, but the study by (Yasser et al., 2014) shows that EPS has a positive association with CEO qualification. But there is a positive relationship with OCF (B = 0.35). Finally, the regression shows an insignificant link between (CSRD*BSIZE) and EPS, BV, and OCF (P = 0.013, 0.009) and a positive relation with EPS, BV, and OCF (B = 0.013, 0.012, 0.016). However, (Shittu et al., 2016) reported a positive relationship between the BSIZE and EPS. Ohlson's (1995) valuation model regressions show that the structure of the board can influence how significant and relevant accounting information represents the company. Particularly, there is a strong correlation between board size, role duality, and company value (Alfraih et al., 2015).

The change in the CSRD (independent variables) corresponds to the change in the relevance of accounting information (dependent variables) by 0.19, 0.03, and 0.12, respectively, according to the coefficient of determination (R-squared).

Table (9)*Summary of hypothesis*

	Hypothesis	Variable	Relationship
H1	There is a positive relationship between CSRD and the relevance of the accounting information of the companies listed on the PEX	CSRD with EPS,BV, and OCF before moderator	Significant Positive
H2	CG moderates the relationships between CSRD and the relevance of accounting information	CSRD with EPS,BV, and OCF after moderator	Significant Positive
H2a	CEO duality moderates the relationships between CSRD and the relevance of accounting information	EPS	Insignificant Positive
		BV	Significant Positive
		OCF	Significant Negative
H2b	Board independent moderates the relationships between CSRD and the relevance of accounting information	EPS	Insignificant Positive
		BV	Insignificant Negative
		OCF	Significant Negative
H2c	Board qualification moderates the relationships between CSRD and the relevance of accounting information	EPS	Significant Negative
		BV	Insignificant Negative
		OCF	Significant Negative
H2d	Board size moderates the relationships between CSRD and the relevance of accounting information	EPS	Insignificant Positive
		BV	Insignificant Positive
		OCF	Insignificant Positive

Chapter Five

Conclusions, Recommendations, and Limitation

5.1 Overview

In this study, the moderating effect of CG was examined as it relates to the impact of corporate social responsibility disclosure (CSR) on the relevance of accounting information. This was done because there was a void in the body of knowledge about the moderating role of CG in the relationship between CSR and the relevance of accounting information. The CSR is assumed to improve with respect to the CG criteria in this study. Therefore, it may improve profitability and the relevance of accounting information. 44 firms listed on PEX between 2010 and 2019 had their annual reports manually collected for this study, 440 firm-year observations in total. In accordance with other studies, a 28-item disclosure index was used to evaluate the CSR. Three measurements EPS, BV, and OCF are used to assess the relevance of accounting information. In contrast, the four board characteristics of CEO duality, board independence, board qualification, and board size were used to determine the CG.

5.2 Conclusion

This study examined how CSR affected the relevance of accounting information and how CG acted as a moderator in this relationship for companies listed on the PEX. The regression's findings regarding the impact of CSR on the relevance of accounting information show mixed results. Three measurements are positively and significantly impacted by CSR: EPS, BV, and OCF. We noticed that the interaction terms (CSR*DUL) have a significant relationship when used with BV and OCF but are insignificant with EPS, and have a positive impact with EPS and BV but a negative impact with OCF. In addition, (CSR*BIND) has an insignificant relationship with both EPS and BV but a significant relationship with OCF, and it has a negative relationship with three measurements (EPS, BV, and OCF). On the other hand, (CSR*BQUL) has a significant relationship with EPS and OCF but an insignificant relationship with BV, while EPS and BV have a negative relationship. But a positive relationship with OCF. Finally, the regression shows an insignificant and positive link between (CSR*BSIZE) and EPS, BV, and OCF.

5.3 Recommendations

According to the study's findings, the relationship between CSRD and relevance is moderated by CG. Which implies that following good CG guidelines will increase CSRD's impact. Thus, when good CG practices are used, relevance is improved. Regarding the direct relationship between CSRD and relevance, there were inconsistent results.

1. The requirement for companies to commit to disclosing all of their efforts to promote social responsibility in their annual reports, particularly those related to the environment
2. The need for companies' policies to pay more attention to disclosing social responsibility because it positively affects the company
3. The PEX conducts seminars and workshops on the disclosure of social responsibility and issues a guide on how to disclose it.
4. Because CG standards have significant effects on the relevance of accounting information, the government must develop CG standards that take into account their business environment in order to strengthen CG.
5. CG codes are regularly reviewed, corporate learning from developed countries is incorporated, and laws and other restrictions allowing corporations to do so are used to direct them to pay attention to CG practices.
6. Holding workshops on CG and its relevance in front of management and decision-makers at the company, a good proxy index of corporate governance measurements that can be used to represent and measure all categories of publicly listed companies, is a helpful instrument for future research.

5.4 Limitations of the study

The findings of this study expanded on prior studies on CSRD and its effects on the relevance of accounting information. However, this study had numerous limitations that should be taken into account before drawing any conclusions. It only evaluated whether companies disclosed their CSR activities based on GRI index indicators; it was unable to evaluate the accuracy of each CSRD indicator. The following study examines the company's level of CSRD to show how this level of disclosure affects the value and

applicability of CSR data. Governance was measured based on three variables; researchers can use other variables to measure governance. The conclusions of this study may differ from those of other studies since the study is limited to listed firms on the PEX, the sample size is small (44 listed companies), and the PEX takes resulting stock exchanges into account.

Researchers can use other board characteristics to measure corporate governance. The sample size could be increased in future research.

List of Abbreviations

Abbreviations	Meaning
BINDEP	Board Independence
BQUAL	Board Qualification
BSIZE	Board size
BV	Book value
CEODUA	CEO duality
CG	Corporate Governance
CSRD	Corporate social responsibility disclosure
EPS	Earnings per share
GRI	Global Reporting Initiative
OCF	Operating cash flow
PEX	Palestine Exchange

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Appendices

Appendix (A)

Change in The level of disclosure of social responsibility

Level of disclosure	SECTORS	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Environment information	SERVICE	0.00%	40.56%	70.86%	16.89%	-7.30%	-7.41%	8.50%	7.83%	-7.26%	-
	INSURANCE	33.33%	0.00%	-8.50%	18.58%	7.83%	-21.79%	27.32%	6.87%	0.00%	-
	BANK	20.36%	-16.91%	28.32%	-9.40%	0.00%	10.37%	-9.59%	10.19%	6.60%	-
	INDUSTRY	0.00%	0.00%	22.79%	-6.60%	6.80%	12.14%	22.61%	8.45%	4.27%	-
	INVESTMENT	-14.19%	-25.05%	54.81%	57.60%	-9.04%	-35.24%	31.16%	5.67%	6.04%	-
	average of change		39.50%	-1.40%	168.28%	77.07%	-1.70%	-41.93%	80.00%	39.01%	9.65%
Human resources information	SERVICE	12.50%	55.56%	0.00%	7.14%	6.67%	-18.75%	15.38%	13.33%	0.00%	-
	INSURANCE	0.00%	-6.45%	13.79%	-3.03%	0.00%	-2.45%	6.41%	5.37%	2.86%	-
	BANK	-2.94%	-3.03%	6.25%	-5.88%	-3.13%	16.13%	5.56%	2.63%	0.00%	-
	INDUSTRY	-6.06%	-19.35%	12.00%	7.14%	0.00%	-3.33%	13.79%	3.03%	-5.88%	-
	INVESTMENT	-4.17%	8.70%	-7.52%	16.78%	-3.70%	30.77%	-5.88%	0.00%	0.00%	-
	average of change		-0.67%	35.41%	24.52%	22.16%	-0.16%	22.36%	35.26%	24.37%	-3.03%
Community involvement information	SERVICE	-26.32%	57.14%	4.55%	8.70%	-8.00%	8.70%	12.00%	-7.14%	0.00%	-
	INSURANCE	22.73%	0.00%	20.59%	4.42%	5.88%	8.33%	5.13%	7.32%	0.00%	-
	BANK	5.00%	-7.14%	7.69%	2.38%	-2.33%	9.52%	2.17%	2.13%	2.08%	-
	INDUSTRY	-3.03%	-6.25%	10.00%	-12.12%	20.69%	5.71%	5.41%	15.38%	-2.22%	-
	INVESTMENT	3.57%	0.00%	-10.34%	19.23%	6.45%	12.12%	0.00%	2.70%	-7.89%	-
	average of change		1.95%	43.75%	32.49%	22.61%	22.70%	44.39%	24.71%	20.39%	-8.03%
Product information	SERVICE	-6.67%	57.14%	0.00%	0.00%	4.55%	-8.61%	4.76%	0.00%	0.00%	-
	INSURANCE	22.23%	27.17%	-0.07%	-3.43%	7.39%	6.83%	3.30%	12.26%	0.05%	-
	BANK	-11.38%	9.68%	0.00%	-3.00%	-5.94%	3.09%	9.44%	-8.57%	6.19%	-
	INDUSTRY	2.56%	0.00%	0.00%	-2.50%	5.09%	4.98%	9.25%	2.21%	0.00%	-
	INVESTMENT	-8.06%	8.59%	8.07%	0.00%	-3.62%	3.61%	-14.59%	12.75%	11.77%	-
	average of change		-1.31%	102.58%	8.00%	-8.93%	7.46%	9.90%	12.16%	18.65%	18.01%



جامعة النجاح الوطنية
كلية الدراسات العليا

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المعلومات المحاسبية للشركات المدرجة في بورصة فلسطين

إعداد
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قدمت هذه الرسالة استكمالاً لمتطلبات الحصول على درجة الماجستير في المحاسبة بكلية الدراسات
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2023

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المخلص

هدفت هذه الدراسة إلى التعرف على العلاقة بين افصاحات المسؤولية الاجتماعية للشركات (CSR) (CSRD) المدرجة في بورصة فلسطين (PEX) وملاءمة المعلومات المحاسبية. علاوة على ذلك فإنه يسعى إلى توضيح ما إذا كانت هذه العلاقة خاضعة لممارسات حوكمة الشركات (CG). واستخدمت الدراسة بيانات من التقارير المالية والافصاحات ل 44 شركة مدرجة في البورصة للفترة 2010-2019، وتم استخدام الانحدار الخطي المتعدد لاختبار فرضيات الدراسة. تم قياس ملاءمة المعلومات من خلال نموذج Ohlson كمعامل ارتباط باستخدام ثلاثة متغيرات وهي: سعر السهم الواحد (EPS)، القيمة الدفترية (BV)، والتدفق النقدي من العمليات التشغيلية (OCF). من ناحية أخرى، يتم قياس الإفصاح عن المسؤولية الاجتماعية للشركات باستخدام مؤشر الإفصاح الذي يتكون من 28 عنصراً، في حين تم قياس حوكمة الشركات (CG) من خلال أربع خصائص مرتبطة بمجلس الإدارة بما في ذلك: ازدواجية الرئيس التنفيذي، استقلالية مجلس الإدارة، مؤهلات مجلس الإدارة، وحجم مجلس الإدارة. وكشفت الدراسة أن 44% من الشركات تفصح عن المسؤولية الاجتماعية في تقاريرها السنوية، مع تركيز 57% منها على تطوير المنتجات وخدمة العملاء. 48% يهتمون بالمشاركة المجتمعية والمشاركة في الأنشطة الخيرية ودعم المؤسسات التعليمية. 40% يهتمون بالموارد البشرية حيث يعتبر الموظفون أساسيين في عملية الإنتاج ويجلبون الفوائد والأرباح. 32% من الشركات تدعو إلى حماية البيئة، مع اعتقاد بعض الشركات أن ذلك من واجب الدولة، أظهرت نتائج الانحدار نتائج متباينة فيما يتعلق بتأثير الإفصاح عن المسؤولية الاجتماعية للشركات على ملاءمة

المعلومات المحاسبية، وقد أظهر تحليل الانحدار التأثير الكبير والإيجابي للإفصاح عن المسؤولية الاجتماعية للشركات على ثلاثة قياسات لقيمة ملاءمة المعلومات المحاسبية المتمثلة بسعر السهم الواحد، القيمة الدفترية، والتدفق النقدي من العمليات التشغيلية. وترتبط ازدواجية المدير التنفيذي والإفصاح عن المسؤولية الاجتماعية ($CSR * DUL$) بعلاقة مهمة مع القيمة الدفترية (BV)، والتدفق النقدي من العمليات التشغيلية (OCF) ولكنها غير مهمة مع سعر السهم الواحد (EPS) أما علاقة استقلالية مجلس الإدارة والإفصاح عن المسؤولية الاجتماعية ($CSR * BQUL$) لها علاقة غير مهمة مع كل من سعر السهم الواحد (EPS) والقيمة الدفترية (BV) ولكن هناك علاقة مهمة مع التدفق النقدي من العمليات التشغيلية (OCF) أما بالنسبة لعلاقة مؤهلات مجلس الإدارة والإفصاح عن المسؤولية الاجتماعية لها علاقة معنوية مع سعر السهم الواحد (EPS) والتدفق النقدي من العمليات التشغيلية (OCF) ولكن هناك علاقة غير معنوية مع القيمة الدفترية (BV) ويظهر الانحدار أيضا ارتباطا غير مهم وإيجابيا بين حجم أعضاء مجلس الإدارة والإفصاح عن المسؤولية الاجتماعية مع كل من سعر السهم الواحد (EPS)، القيمة الدفترية (BV)، والتدفق النقدي من العمليات التشغيلية (OCF) وفي ضوء هذه النتائج قدمت الدراسة عدة توصيات أبرزها: ضرورة التزام الشركات بالإفصاح عن كافة جهودها لتعزيز الإفصاح عن المسؤولية الاجتماعية في تقاريرها السنوية، وخاصة تلك المتعلقة بالبيئة.

الكلمات المفتاحية: ملاءمة المعلومات المحاسبية، الإفصاح عن المسؤولية الاجتماعية للشركات، حوكمة الشركات، بورصة فلسطين.