



Revista de Contabilidade e Organizações

ISSN: 1982-6486

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Universidade de São Paulo

Brasil

Grecco, Marta Cristina P.; Milani Filho, Marco Antonio F.; Segura, Liliame C.; Sanchez, Isabel-Maria G.; Dominguez, Luis R.

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Revista de Contabilidade e Organizações, vol. 7, núm. 17, 2013, pp. 45-55

Universidade de São Paulo

São Paulo, Brasil

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# The voluntary disclosure of sustainable information: a comparative analysis of spanish and brazilian companies

Marta Cristina P. Grecco<sup>a</sup>; Marco Antonio F. Milani Filho<sup>a</sup>; Liliane C. Segura<sup>a</sup>; Isabel-Maria G. Sanchez<sup>b</sup>; Luis R. Dominguez<sup>b</sup>

<sup>a</sup> Universidade Presbiteriana Mackenzie

<sup>b</sup> Facultad de Economía y Empresa, Campus Miguel de Unamuno

## Article Info

Article history:

Received: 21 November 2012

Accepted: 1 January 2013

Key words:

CSR

Institutional Theory

Brazil

Spain

GRI.

## Abstract

The current importance of sustainability in the corporate field has made CSR practices a key aspect to achieve social legitimacy and fulfil social expectations. In this context, disclosure is considered as a tool to inform stakeholders about the activities undertaken and thereby attaining social conformity. Nevertheless, the different economic and social contexts may lead to differences both in the practices and in the disclosure, according to the Institutional Theory. This study focuses on the potential differences that may arise among companies from Brazil and Spain, concerning the disclosure of information about CSR. Moreover, we analyze the influence of some factors on the disclosure, such as corporate size, profitability and growth opportunities. Our evidence is in line with the Institutional Theory, obtaining significant differences among Brazilian and Spanish companies, as for the disclosure of CSR practices. Also, our findings emphasize the role played by public visibility in the development of higher-quality information.

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## 1. INTRODUCTION

Nowadays, the impact of corporate activities on the environment and the society has increased the relevance of sustainable practices and the corporate social responsibility (CSR). The increasing pressures from different agents have made companies implement CSR activities and, consequently, disclose their practices as for their behaviour and achievements.

However, there may be differences in corporate activities and disclosure among countries, stemming from different social expectations and realities. Along this line, the Institutional Theory examines the role played by social influences and pressures to achieve social conformity and holds that companies adopt specific conduct to get the access to critical resources and the support from relevant stakeholders.

In the ranking of world economies by the World

Bank in 2008, Brazil and Spain appear very close, 8th place with a GDP of US\$ 1.612 billion and 10th place with a GDP of US\$ 1.604, respectively. However, their economic, social and geographical are very different. Brazil is a country marked by intense social differences as a function of its history of colonization and slavery.

The Brazilian geographical area is approximately 17 times greater than Spain and the population is over 4 times higher.

While Spain, located in the old continent, a part of the economic bloc of the European Union and has a mature socioeconomic stability, Brazil is part of the so-called BRICS group of developing countries and that can become the great potential in the future world.

Despite the economic and social differences between Brazil and Spain, the relationship between both countries has constantly increased since 1980 decade. There is a political approximation since the first visit of the Spanish monarch in Brasil in 1983. In the economic context, nowadays Spain is one of the most external right investments (IDE) in Brazil (Ferreira, 2011).

Given the Spain interest in Brazil and that social and economic contexts and expectations are different in Spain and Brazil, this work aims at undertaking a comparison of the main disclosure practices about social

Corresponding author: Tel + 55 21 11 21148273

E-mail addresses: [martapelucio@mackenzie.br](mailto:martapelucio@mackenzie.br) (M. C. P. Grecco), [marcomilani@mackenzie.br](mailto:marcomilani@mackenzie.br) (M.A. F. M. Filho), [liliane.segura@mackenzie.br](mailto:liliane.segura@mackenzie.br) (L. C. Segura), [lajefa@usal.es](mailto:lajefa@usal.es) (I.

M. Garcia-Sanchez), [lrodomin@usal.es](mailto:lrodomin@usal.es) (L. Rodriguez-Dominguez)

Mackenzie - R. da Consolação, 930 - Consolação, 01302-907

Sao Paulo, SP - Brasil

and environmental information between the main listed companies from both countries, detecting the existence of potential differences and analyzing the influence of some corporate factors, based on the Institutional Theory.

We specially focus on the quality of the information disclosed about CSR activities, by analyzing the fit to GRI guidelines, as an indicator of its quality and comparability. In this sense, we classify CSR reports according to whether the information they provide is in line with the format and contents of the most widespread international model, the Global Reporting Initiative.

In addition, as control variables, we study the influence of corporate size, profitability and growth opportunities, by analyzing if these factors may lead to differences both in the disclosure practices and between the companies from Brazil and Spain. In this regard, some tests of mean differences and a dependency model are performed.

It is expected that the results will contribute to the discussion about the development of CSR disclosure practices in the international sphere at the same time that it emphasizes the relevance of the social context to implement them, according to the Institutional Theory.

This paper is structured as follows. In the second section, the current relevance of CSR reports is described and analyzed. The third section focuses on the disclosure of CSR information from the perspective of the Institutional Theory. The forth section describes the sample, variables used and analysis techniques employed. The fifth section shows the findings obtained and, finally, the main conclusions are displayed in the sixth section.

## 2. CORPORATE SOCIAL RESPONSIBILITY REPORTS

Corporate social responsibility (CSR), or sustainability reports, can be conceptualised as documents intended to inform all stakeholders about the economic, social and environmental impact of corporate performance with respect to a given period of time. These disclosures represent management's communication with its stakeholder groups on issues that go beyond that of company profits (Gray et al., 1995), providing additional information bearing on how profits are being generated, in addition to traditional financial statements (Williams et al., 1999). In this respect, the term sustainability reports refers to a broad and diverse array of disclosures including labour practices and relations, supplier and customer interactions, community activities, charitable contributions and the effect of the company's products on consumer health and safety (Williams, 1999).

In recent decades, the volume and depth of CSR disclosures have increased significantly (Gray et al., 1995), accompanied by a rise in the amount of accounting

research in this field (van der Laan Smith et al., 2005), aimed at examining the extension, content and relevance of these reports, as well as the factors impacting on their parameters in different countries (Spicer, 1978; Trotman and Bradley, 1981; Cowen et al., 1987; Belkaoui and Karpik, 1989; Guthrie and Parker, 1989; Patten, 1991; Roberts 1992; Gray et al., 1995; Niskala and Pretes, 1995; Hackston and Milne 1996; Haniffa and Cooke 2005; Clarkson et al. 2008).

In previous studies, variables such as company size, profitability, industry type, growth opportunities and country of origin are commonly employed to account for the content and extent of disclosure.

Trotman and Bradley (1981), Belkaoui and Karpik (1989), Patten (1991), Deegan and Gordon (1996), Hackston and Milne (1996) and Gray et al. (2001), among others, have reported a direct positive relationship between company size and the disclosure of information on social responsibility.

It is generally assumed that more profitable companies can allocate greater resources to socially responsible practices and that they will wish this to be known by the public. Thus, a positive relationship can be expected between profitability and the information contents of the CSR report. Nevertheless, the results obtained to date have not been conclusive in this respect (Belkaoui and Karpik, 1989; Cowen et al., 1987; Hackston and Milne, 1996).

The type of industry has been identified as a factor accounting for the amount of social responsibility information disclosed (Cowen et al., 1987; Freedman and Jaggi, 1988; Roberts, 1992; Adams et al., 1995; Hackston and Milne, 1996; Deegan and Gordon, 1996). Moreover, the industry in which the company operates can influence its political visibility and motivate disclosure, in order to minimise pressure and criticism from society (Patten, 1991), while growth opportunities are believed to be positively related with the disclosure of information, in order to reduce problems of information asymmetry (Prado-Lorenzo and García-Sánchez, 2010).

Moreover, several studies (Williams, 1999; Freedman and Stagliano, 1992; Meek et al., 1995; Fekrat et al., 1996; Gamble et al., 1996; Williams and Wern Pei, 1999; Buhr and Friedman, 2001; Xiao et al., 2005; van der Laan Smith et al., 2005; Baughn et al., 2007) have attempted to observe the country effect by analysing CSR reports in a cross-national context. These reports have shown that the country of origin is an important determinant of sustainability disclosure practices.

In Brazil, most information about the activities of the socioenvironmental companies is disclosed on a voluntary basis and often without the effective presentation of their impacts in different benefited public. The lack of standards for the dissemination of socioenvironmental information makes the comparability of policies and practices adopted by companies to be jeopardized.

Aiming to reduce the information asymmetry between the organization and its stakeholders, some instruments disclosure and certification can be used as: NBR 16001 (Brazilian Association of Technical Standards), GRI Sustainability Report (Global Reporting Initiative), SA8000 (Social Accountability Institute), 1000 AA (Institute of Social and Ethical Accountability), Indicators of Social Responsibility (Ethos), and the Social Balance Sheet.

The Brazilian academic researches on corporate social responsibility practices are relatively recent. The paper highlights the research of Nossa (2002), Oliveira (2005), Costa & Marion (2007), Calixto (2007), Braga & Salotti (2008), Milani Filho (2008), Rover et al. (2009), Murcia (2009), Leite Filho et al (2009), Mussoi & Van Bellen (2010), among others.

When analyzing the determinants of social and environmental disclosure, Murcia (2009) found that voluntary disclosure is positively associated with firm size, confirming the results of Cunha & Ribeiro (2008), who found that disclosure of such information relates to the level of corporate governance, the financial performance and the size of the organization.

Milani Filho (2008) investigated whether the company generating negative externalities present differences in degree of social investments in comparison with companies recognized as socially responsible. The author found that the tobacco company invests more resources in social programs than other companies, probably as part of a policy of improving the corporate image.

Leite Filho et al (2009) analyzed the level of disclosure of Brazilian companies rated A + by GRI in 2007 and concluded that none of the companies reached the level yet and still outstanding differences between the level of disclosure of the sample companies.

Rover et al. (2009), investigating the characteristics of the environmental information disclosed by polluting companies, found that 73% of such information were disclosed in some form of sustainability report, both qualitatively and not quantitatively. In the same survey, the authors found that the information disclosed may be classified as "neutral" or "positive", suggesting that the environmental liabilities were not disclosed.

Mussoi & Van Bellen (2010) made a comparative analysis of environmental information to Brazilian companies and found that the socio-environmental report (RSA) is the most complete and contains more relevant information regarding the annual report and Form 20 F. In addition, noted that the annual report is the channel most used by enterprises and concerning the information regarding risk and environmental litigation highlighted the Form 20 F.

Another study was done by França et al (2011) aimed to measure the degree of Internet use by Brazilian companies in the disclosure of social responsibility.

They divided the analysis in: adequate information, information is not satisfactory and businesses without information. This study suggested that, despite checking the existence of information about corporate social responsibility in most sites of the companies surveyed (which identifies the importance of CSR for them) these companies have not explored many possibilities and strategies of communication between companies and their interested public.

The research of Leite (2011) also identified in Brazilian companies the relationship between corporate social responsibility and strategy. This research showed that when CSR is part of a formal strategy in business, there is not only gain corporate image, but also tangible results, such as business performance.

The role of accounting in the context of CSR has also been discussed by Souza & Costa (2012). The authors considered that, despite the existence of the Social and the Added Value Statement (AVD), mandatory for public companies, these instruments are not efficient in the dissemination of Corporate Social Responsibility in Brazilian firms.

### 3. CSR DISCLOSURE AND INSTITUTIONAL THEORY

Corporate disclosure can be explained and justified from different theories, such as Legitimacy Theory (Dowling and Pfeffer, 1975), Stakeholder Theory (Gray et al., 1995; Gray, 1998), Positive Accounting Theory (Watts and Zimmerman, 1978) or the Institutional Theory, among others.

To analyze the differences in the disclosure among companies from different countries, the Institutional Theory, which sets a frame based on the norms and social expectation, may be especially appropriate.

The Institutional Theory examines the role of social influences and pressures with the purpose of attaining social conformity on behalf of companies. This theory argues that firms will adopt specific behaviours to obtain the access to resources and the support from key stakeholders (DiMaggio and Powell, 1983; Scott, 1987).

From the institutional perspective, organizations operate in a social frame of norms, values and believes about what is considered as an acceptable or appropriate economic behaviour. This view suggests that the reasons of the human conduct are beyond the economic optimization and tend to the social justification and social obligation (Zukin and DiMaggio, 1990). Hence, the conformity with social expectations contributes to the organizational success and survival.

In this sense, the main argument of the Institutional Theory is that the tendency of organizations towards conformity with predominant norms, traditions and social

influences leads to some homogeneity among companies in their structures and activities; successful companies are those that achieve support and legitimacy when adapting to social pressures (Oliver, 1997, p. 700). Legitimate companies fulfil and adapt to society's expectations and, as a result, they are accepted and valued (Meyer and Scott, 1983)

As a relevant corporate activity and as key action to communicate operations and attitudes of the organization outside, the corporate disclosure is profoundly influenced by firms' circumstances, such as rules or norms that oblige to the implementation of socially acceptable economic behaviours (Galaskiewicz, 1991; Oliver, 1997).

This theory allows to interpret the increasing adoption of disclosure practices by using the classical mechanisms of institutionalization developed in previous literature (DiMaggio and Powell, 1983; Larrinaga-González, 2007). According to this theory, the context would force to the use of voluntary revelation on behalf of companies, through three mechanisms: normative pressures, mimetic processes and coercive isomorphism.

The normative pressure would stem from the professionalization, defined as the collective action of members of an occupation to define and improve their working conditions (DiMaggio and Powell, 1983, p. 152).

The mimetic process comes from the uncertainty in the environment. In uncertain circumstances, organizations tend to adopt the models from other companies, perceived as more successful.

Finally, the coercive isomorphism describes a situation in which organizations are influenced by some societal expectations to adapt accordingly (Meyer and Rowan, 1977). In this mechanism, the pressure to change can come from two ways: (1) formal regulations, so that the change is a consequence of an order coming from a hierarchically superior entity; and (2) an un-formalized persuasion toward compliance (Mussari and Monfardini, 2010).

The Institutional Theory has been applied in studies from different countries, such as Italy (Marcuccio and Steccolini, 2005; Mussari and Monfardini, 2010), where coercive isomorphism seems to be the most effective mechanism for the adoption of new disclosure practices. The existing stream of regulation attempts to guide the conduct of companies towards a common and shared frame. Also, stakeholders carry out non formalized pressures in order companies to inform voluntarily, being perceived as an essential requirement to maintain legitimacy.

Based on these arguments, given that social and economic contexts, as well as the expectations, differ from countries, particularly between Spain and Brazil, it is foreseeable that they lead to differences in the disclosure of corporate information in multiple fields, such as the divulgation about sustainability. Consequently, we

proceed to test the following hypothesis:

H: There exist differences in the disclosure practices about sustainability among Spanish and Brazilian companies

## 4. DATA AND METHOD

### 4.1. Population universe and sample

The population that formed the object of study, Table 1, was comprised of 306 Brazilian firms quoted on the Brazilian stock exchange in 2010 and 106 Spanish firms quoted on the Spanish stock exchange in 2010. It was selected taking into account the criteria of size and quotation on the stock market used in previous studies (e.g. Guthrie and Parker, 1989; Hackston and Milne, 1996). Subsequently, we obtained the companies' reports on corporate social responsibility through firms' web pages.

**Table 1.** Sample

Companies	Frequency	
	Absolute	Relative (%)
Brazilian	306	74.3
Spanish	106	25.7
Total	412	100.0

### 4.2. Variables

#### **Dependent variable: Practices in Corporate Social Responsibility**

In practically all of the previous studies on the topic the dependent variable is usually built using the content analysis of corporate social responsibility reports. This method consists of defining various items related with general lines defined in the preceding bibliography.

The disclosure of information on each item is usually expressed numerically, measured by means of different units of analysis, such as the number of pages, the number of sentences (Hackston and Milne, 1996), or the number of words (Neu et al., 1998). Recently, indices have been created that assign a score of 1 if the firm reports on a specific item, and zero otherwise. On occasion this measurement can be improved by using a score of 1 to 3 to refer to the characteristics of the information, i.e. whether it is qualitative, quantitative or monetary.

The process of synthesizing the efforts of firm disclosure is characterized by highly objective metrics; nevertheless, the rating of the items entails the subjectivity



of the person who has drawn up the information. That is, if those in charge of the firm decided not to disclose bad news regarding business behavior, or to use more favorable expressions<sup>1</sup> even though they are not the most accurate ones, it would not be penalized.

In order to overcome these limitations, in the present study we decided to classify CSR reports according to whether the information they provide is in line with the format and contents of the most widespread international model, the Global Reporting Initiative (GRI). GRI has already defined these classifications and we used exactly the same one.

Empirically, this broader definition has been used by Clarkson et al. (2008), Prado-Lorenzo et al. (2009) and Nikolaeva and Bicho (2011), among others. Accordingly, in the present paper, CSR information was measured using an ordinal variable, that of the GRI guidelines, with four values ranging from 0 to 3. The classification of 0, 1, 2 or 3 was used by the authors just to be adopted as a scale in this research. Companies that issue non-standard sustainable information take the value 0, while values of 1, 2 and 3 are assigned to companies that produce CSR in compliance with GRI guidelines, at application levels C, B and A, respectively, without considering the audit classification of GRI. We used the same reference adopted by GRI guidelines in relation to the disclosure information. These levels indicate that the company, in issues of transparency in sustainability issues, is at an initial, intermediate or advanced stage, respectively.

### Independent variables

The control variables (Size, Profitability and Market-book ratio) was used and we have analyzed whether some variables may influence the extent of disclosure according to GRI guidelines. In this regard, we study the impact of corporate size and performance.

In order to analyze the disclosure practices of Brazilian and Spanish countries, first of all, both countries have been analyzed independently. For it, we have used the more traditionally business criteria of classifications: size, profitability and growth opportunities. Moreover, all of these factors play a relevant role in the disclosure practices (Trotman and Bradley, 1981; Belkaoui and Karpik, 1989; Patten, 1991; Deegan and Gordon, 1996; Hackston and Milne, 1996; Gray et al., 2001; Archel and Lizarraga, 2001; Archel, 2003 and Ochoa and Aranguren, 2005).

Size was selected because previous studies (Trotman and Bradley, 1981; Belkaoui and Karpik, 1989; Patten, 1991; Deegan and Gordon, 1996; Hackston and Milne, 1996; Gray et al., 2001; Archel and Lizarraga, 2001; García-Sánchez et al., 2011) have detected a direct positive relationship with firm size. The largest companies

are more visible and receive growing attention by the public; therefore, they have more incentives to disclose information about their activities in order to achieve legitimacy.

Business performance has been repeatedly considered in analyses, even though the results obtained have been divergent and inconclusive (i.e. Cowen et al., 1987; Belkaoui and Karpik, 1989; Hackston and Milne, 1996). The main disclosure theories suggest a positive relationship with disclosure: the managers of profitable companies may use information to obtain personal advantages (Agency Theory); profitability may be considered as an indicator of the quality of the investment (Signalling Theory); and disclosure may justify the returns obtained (Political Costs Theory). However, a potential negative relationship may arise, given that higher profitability could spur rival companies to enter into the company's market. We take two variables to measure business performance: Return on Assets and Market-to-Book ratio.

### 4.3. Analysis technique

Firstly, we have performed some test of differences in means, with the purpose of detecting if the variables analyzed (size, profitability, M-to-B ratio) lead to differences in the extent of disclosure about social and environmental information. We differentiate between Spanish and Brazilian companies, so that a comparison can be made. Secondly, we have designed a dependency model in which the CSR reporting depends on corporate size, ROA and market-to-book ratio (Model 1)

$$CSR = f(\text{Size, Profitability, Market to Book ratio}) \quad [1]$$

Model [1] can be estimated empirically based on model [2]:

$$CSR_i = \beta_0 + \beta_1 SIZE_i + \beta_2 PROFITABILITY_i + \beta_3 MBratio_i + \varepsilon \quad [2]$$

Where:

**CSR<sub>i</sub>** is the disclosure index obtained after analyzing the web page of company i; it takes values between 0 and 3;

**SIZE** is the logarithm of the total assets of firm i, as the variable relating to size;

**PROFITABILITY** is the economic profitability of firm i, defined as the Return on Assets;

**MBratio<sub>i</sub>** is the ratio of market capitalization to book value for the company i.

<sup>1</sup> Adams (2002) points out how some business executives have doubts about whether or not it is a good idea to publish negative data that could damage the firm's reputation in their reports.

Model [2] was tested empirically using a tobit regression due the dependent variable is censored between the interval 0 and 4. As stated earlier, the dependent variable was obtained from the study of the sections on corporate social disclosure practices on the corresponding web pages. The independent variables were obtained from the THOMSONONE database. Likewise, we have developed the model for the whole sample and, subsequently, we divide it into two sub-samples (Spanish and Brazilian companies).

## 5. RESULTS

### 5.1. Descriptive statistics

The descriptive statistics of corporate social responsibility disclosure practices are presented in Table 2. Their analysis permit to observe that the 88.6% of the analyzed Brazilian companies do not used GRI recommendations in order to disclose sustainability information. On the other hand, 5.6 per cent presents a CSR report according to C-GRI level, 2.3 per cent according to B-GRI level and, finally, 3.6 per cent of the companies disclose social responsibility information according to the maximum exigencies of the GRI.

In the Spanish set, 76.4% of the analyzed Spanish companies do not used GRI recommendations in order to disclose sustainability information. 0.9% of the firms present a CSR report according to B-GRI level and finally, 22.6 per cent disclose social responsibility information according to the maximum exigencies of the GRI.

**Table 2.** Corporate Social Responsibility Transparency

	No-GRI	GRI LC	GRI LB	GRI LA
<b>Spanish</b>	81	0	1	24
	76.4%	0%	0.9%	22.6%
<b>Brazilian</b>	271	17	7	11
	88.6%	5.6%	2.3%	3.6%
<b>Total</b>	352	17	8	35
	85.4%	4.1%	1.9%	8.5%

### 5.2. Tests of mean differences

The previous analysis indicates that Spanish companies are more proactive to use GRI recommendations and in their higher levels of exigencies. In order to observe if these differences are significant, Table 3 shows the results of the Phi and the V of Cramer tests for both countries samples. Their results confirm the differences observed. In this sense, it is possible to accept hypothesis H1.

**Table 3.** Test of Differences for Qualitative Variables

	Coef.	p-value
Phi	0.318	0.000
Cramer's V	0.318	0.000

Also, we have performed some tests for the variables analyzed, by differentiating between Spanish and Brazilian companies (Table 4).

Table 4 indicates that, for a significance level of 0.001, just corporate size determines the evolution from the absence of disclosure about sustainable issues towards a higher commitment with CSR reporting, fitting it to GRI guidelines. This finding remains consistent when the sample is divided according to the country analyzed. Therefore, our results emphasize the role played by the public visibility. In this sense, larger companies are more visible in markets and in society as a whole, with greater coverage by analysts and greater sensitivity to public image. This fact leads to produce a greater demand for information and put pressure on the company to disclose it.

**Table 4.** Kruskal-Wallis's H: Differences in Means for k Independent Samples

<b>Whole Sample</b>			
	<b>SIZE</b>	<b>ROA</b>	<b>Mtb</b>
<b>Chi-square</b>	86.566	7.634	6.332
<b>Sig.</b>	0.000	0.054	0.097
<b>SPAIN</b>			
	<b>SIZE</b>	<b>ROA</b>	<b>Mtb</b>
<b>Chi-square</b>	45.619	2.318	2.103
<b>Sig.</b>	0.000	0.314	0.349
<b>BRAZIL</b>			
	<b>SIZE</b>	<b>ROA</b>	<b>Mtb</b>
<b>Chi-square</b>	39.546	7.750	7.697
<b>Sig.</b>	0.000	0.051	0.053

### 5.3. Dependency model

Table 5 summarizes the bivariate correlations among the different variables used. Corporate size shows the highest correlations both in the whole sample and in the differentiated sub-samples. This finding is consistent with the results from the tests in mean differences.

**Table 5.** Pearson Bivariate Correlations

<b>Whole sample</b>				
	<b>CSR</b>	<b>SIZE</b>	<b>ROA</b>	<b>Mtb</b>
<b>SIZE</b>	0.465**			
<b>ROA</b>	0.060	0.282**		
<b>Mtb</b>	-0.024	-0.046	0.126*	
	<b>CSR</b>	<b>SIZE</b>	<b>ROA</b>	<b>Mtb</b>
<b>SIZE</b>	0.702(**)			
<b>ROA</b>	0.119	0.225(*)		
<b>Mtb</b>	-0.068	-0.008	0.307(**)	
	<b>CSR</b>	<b>SIZE</b>	<b>ROA</b>	<b>Mtb</b>
<b>SIZE</b>	0.355(**)			
<b>ROA</b>	0.062	0.301(**)		
<b>Mtb</b>	-0.023	-0.047	0.128(*)	

Table 6 contains the results of the dependency model. The different panels display the coefficients obtained for the whole sample, Brazilian companies and Spanish firms, respectively.

The variable SIZE shows a direct relationship with the quality of CSR disclosure, in the models for the

whole sample and Brazil (significant at 0.01), whereas its impact is not statistically significant for the Spanish sub-sample. The other variables, ROA and MtB, do not seem to have any significant influence on the disclosure of CSR information.

The results stress the relevance of corporate size

as a driver that encourages the disclosure of social and environmental information, both in the whole sample and for Brazilian companies. On the contrary, neither profitability nor growth opportunities have a significant influence in the process of implementing a higher extent of CSR reporting.

**Table 6.** Tobit Regression, determinants of the RSC Disclosure

<b>Determinants of the RSC disclosure</b>				
<b>Panel A. Whole sample</b>				
	<b>Coef.</b>	<b>Std. Err.</b>	<b>t</b>	<b>P&gt; t </b>
<b>SIZE</b>	313.715	0.6612052	4.74	0.000
<b>ROA</b>	7.263.607	5.556.881	1.31	0.192
<b>Mtb</b>	-0.0098553	0.01397	-0.71	0.481
<b>intercept</b>	-3.012.904	6.322.168	-4.77	0.000
<b>/sigma</b>	6.208.146	1.202.559		
	<b>Pseudos R<sup>2</sup></b>	0.2525		
	<b>Log likelihood</b>	-16.400.028		
	<b>Chi-square</b>	110.79		
	<b>p-value</b>	0.0000		
<b>Panel B. BRASIL</b>				
<b>SIZE</b>	137.614	0.3336227	4.12	0.000
<b>ROA</b>	4.683.349	3.009.402	1.56	0.121
<b>Mtb</b>	-0.0059572	0.0069304	-0.86	0.391
<b>intercept</b>	-1.467.257	3.312.704	-4.43	0.000
<b>/sigma</b>	3.738.523	0.7199498		
	<b>Pseudos R<sup>2</sup></b>	0.1645		
	<b>Log likelihood</b>	-11.643.428		
	<b>Chi-square</b>	45.85		
	<b>p-value</b>	0.0000		
<b>SPAIN</b>				
<b>SIZE</b>	3.209.436	3.173.644	1.01	0.314
<b>ROA</b>	6.371.903	1.879.404	0.34	0.735
<b>Mtb</b>	-1.936.408	5.278.326	-0.37	0.715
<b>intercept</b>	-273.293	2.717.106	-1.01	0.317
<b>/sigma</b>	3.687.278	3.632.842		
	<b>Pseudos R<sup>2</sup></b>	0.5518		
	<b>Log likelihood</b>	-27.302.824		
	<b>Chi-square</b>	67.21		
	<b>p-value</b>	0.0000		



Our findings suggest the existence of differences in the disclosure practices between Spanish and Brazilian companies. These findings are in accordance with the Institutional Theory, which bases on the diversity of regulation and social expectations to justify the differences in corporate reporting.

Likewise, corporate size may be a relevant determinant for the release of corporate information about social and environmental issues. Larger companies have more conflicts of interest, are more visible in markets and can receive intense monitoring. These features make them disclose a higher volume of information, with higher quality. These results are in line with many previous studies, such as Deegan and Gordon (1996), Gray et al. (2001), etc.

Our findings also extend previous inconclusive literature about the impact of corporate performance and growth opportunities on disclosure (e.g. Cowen et al., 1987; Belkaoui and Karpik, 1989; Hackston and Milne, 1996).

## 6. CONCLUSIONS

The impact of corporate activities on environment and society has received growing attention recently, as a consequence of the effects on environmental damage and social issues. The pressure exerted by different stakeholders has obliged companies to implement CSR practices and report on them.

However, according to the Institutional Theory, both corporate activities and reporting practices are driven by social expectations and pressures. Derived from this, it is foreseeable that companies from different countries and contexts show differences in their corporate revelation.

Hence, the current study aims at analyzing whether there are differences in the disclosure practices about sustainability between Spanish and Brazilian companies. We have analyzed a sample made up of 306 Brazilian companies and 106 Spanish firms, listed on their respective stock markets. Also, we attempt to establish if there are differences as for some corporate variables, such as size, profitability and growth opportunities, as well as the impact of these variables on the disclosure.

Thus, CSR information was measured using an ordinal variable, that of the GRI guidelines, with four values ranging from 0 to 3. Companies that issue non-standard sustainable information take the value 0, while values of 1, 2 and 3 are assigned to companies that produce CSR in compliance with GRI guidelines, at application levels C, B and A, respectively. These levels indicate that the company, in issues of transparency in sustainability issues, is at an initial, intermediate or advanced stage, respectively.

After developing a content analysis of the CSR reports, we design a dependency model in which CSR reporting is a function of corporate size, ROA and Market-to-Book ratio.

Our findings confirm the arguments developed by the Institutional Theory. We obtain differences in the corporate disclosure between Spanish and Brazilian companies, emphasizing the differences in corporate disclosure in the international sphere. Also, in our tests of mean differences and in the dependency model, we

find that corporate size is a relevant determinant in order to reveal information about CSR activities, specially for Brazilian companies.

The Brazilian results are consistent with previous studies, such as Trotman and Bradley, 1981; Belkaoui and Karpik, 1989; Patten, 1991; Deegan and Gordon, 1996; Hackston and Milne, 1996; Gray et al., 2001; Murcia, 2009; Cunha and Ribeiro, 2008. The respective researches pointed out a direct and positive relationship between company size and CSR disclosure. In this study, the variable SIZE has a direct relationship with the quality of CSR disclosure, according to our analysis using the full sample and the Brazilian companies' sample. However, when we used the partial sample formed by the Spanish companies, the results were not statistically significant.

In the same way that the researches of Belkaoui and Karpik, 1989; Cowen et al., 1987; Hackston and Milne, 1996, that have not pointed out a positive relationship between profitability and CSR, we did not find any significant influence of the variable profitability on the disclosure of CSR information.

Even though Leite (2011) has suggested that companies have improved the institutional image getting economic benefits from the voluntary disclosure of CSR information, our results showed that the ratio of market capitalization to book value (MtB) does not seem to have any significant influence on the disclosure of CSR information.

Consistent with several studies (Williams, 1999; Freedman and Stagliano, 1992; Meek et al., 1995; Fekrat et al., 1996; Gamble et al., 1996; Williams and Wern Pei, 1999; Buhr and Friedman, 2001; Xiao et al., 2005; van der Laan Smith et al., 2005; Baughn et al., 2007), that have attempted to observe that the country of origin is an important determinant of sustainability disclosure practices, we found differences in the corporate disclosure between Spanish and Brazilian companies.

Therefore, these results provide evidence in favour of the Institutional Theory and the relevance of size as a factor that influences the corporate divulgation. As future lines of research, these findings may be extended through the study of other contexts / countries, by taking into consideration corporate governance features, among other aspects.

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