Determinants of CSR disclosure quality : An Empirical study on Moroccan banking sector.

Les déterminants de la qualité de la communication RSE : Etude empirique sur le secteur bancaire marocain.

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Abstract

This paper endeavor to investigate the potential impact of CG mechanism on CSR disclosure quality in an emerging country, Morocco. This study examines 36 CSR reports of 9 Moroccan listed banks from 2020 to 2023 using content and multiple regression analysis, based on GRI index to measure CSR disclosure quality. Evidence shows that board characteristics (board size and board independence) typically linked to the protection of stockholder' profits, are positively correlated with the quality of CSR reports. This suggests that, in the context of CSR reporting, larger and more independent boards effectively promote both stockholder and stakeholder interests. Gender diversity, particularly a higher proportion of female directors, also positively influences the quality of CSR disclosure. This may be due to women's greater sensitivity to societal needs, leading to more socially conscious boards, which in turn develop more effective CSR strategies. Surprisingly, the presence of a female CEO or chairperson does not appear to affect CSR disclosure quality. However, the existence of a CSR council has a positive impact on CSR reporting, with such committees being associated to a greater propensity to disclose ESG information.

Keywords : banking sector; Corporate social responsibility disclosure; corporate governance; empirical analysis; Morocco.

Résumé

Cet article analyse l'impact des mécanismes de gouvernance sur la qualité de la communication RSE au Maroc, un pays en développement. L'étude repose sur l'examen de 36 rapports RSE publiés entre 2020 et 2023 par 9 banques marocaines cotées en bourse, à l'aide d'une analyse de contenu et de régressions multiples, en se basant sur l'indice GRI pour évaluer la qualité des communications RSE. Les résultats révèlent une corrélation positive entre les caractéristiques du conseil d'administration, notamment sa taille et son indépendance, et la qualité des rapports RSE. Cela suggère que des conseils d'administration plus grands et davantage indépendants favorisent une meilleure prise en compte des intérêts des actionnaires et des parties prenantes. De plus, la diversité des genres au sein du conseil d'administration exerce une influence favorable sur la qualité du reporting RSE, ce qui pourrait s'expliquer par une sensibilité accrue des femmes aux problématiques sociétales, menant à des stratégies RSE plus efficaces. Fait notable, la présence d'une femme à la tête ou à la présidence d'une entreprise ne semble pas affecter la qualité de la divulgation RSE. En revanche, l'existence d'un comité dédié à la RSE est positivement associée à la qualité des rapports ESG, ces structures favorisant une divulgation accrue des informations pertinentes.

Mots clés : Secteur bancaire ; Communication sur la Responsabilité Sociale des Entreprises ; gouvernance d’entreprise ; analyse empirique ; Maroc.

Introduction

Global financial crisis of 2008 has placed financial institutions, particularly banks, under growing pressure to adopt a long-term perspective on their investors « business profits » and to recognize and fulfill their responsibilities toward stakeholders (Clark, and al., 2022). Perception of firms' corporate social responsibility strategies is foremost, because of adverse externalities that poorly managed and regulated banks can inflict on society, it becomes crucial not only for assessing risks faced by investors and customers but also for maintaining regulatory goodwill and preserving public confidence in the financial system (Alvaredo, and al., 2017).

CSR has grown into a primitive of CG as companies in the world face growing expectations to adjust ESG risks (Stiglitz, 2016). CSR reporting quality is a sensitive subject because it reflects a firm's engagement toward transparency, ethical conduct, and accountability to various stakeholders, including shareholders, customers, employees, and society at large. CSR disclosures provide insights into how businesses manage their social and environmental impact, aligning their operations with global sustainability goals (Miloud, 2022). As the global business environment becomes increasingly complex and interconnected, stakeholders are demanding more detailed and reliable information about how companies contribute to sustainable development (Martínez-Ferrero & García-Sánchez, 2017).

Preponderance of CSR disclosure is particularly pronounced in emerging markets, where regulatory frameworks and stakeholder expectations are rapidly evolving. Morocco, a developing economy with a growing financial sector, offers an ideal context to examine the determinants of CSR disclosure quality based on CG mechanism. Banks in Morocco perform as financial intermediaries and fulfill the shaping of the socio-economic landscape through their investment decisions and business practices. As financial institutions face increasing pressure to contribute to sustainable development, measuring their CSR reports quality has become a proof of their commitment to ethical and responsible business practices (Jo & Harjoto, 2012; Rao & Tilt, 2016).

Effective CG determinants (board composition; gender diversity; board independence) is usually associated to an improved transparency and accountability in corporate reporting. Recent research suggests that governance structures directly influence CSR disclosures by promoting better oversight, reducing information asymmetry, and ensuring that firms meet both shareholder and stakeholder expectations (Miniaoui, 2022 ; Ben Fatma, 2021 ; Ananzeh, 2022). Gender variety in boards is linked to a comprehensive CSR reporting, as women directors consider social and ethical issues, thereby fostering greater sensitivity to societal needs (Ratmono, 2021 ; Sharabati, 2020).

This paper endeavor to investigate the potential impact of CG mechanism on CSR disclosure quality in 9 Moroccan banks. Specifically, on the role of board characteristics such as gender diversity, board independence, board size, the presence of female leadership, and the establishment of CSR committees in improving CSR disclosure in the Moroccan banking sector. This study employs a mixte research approach. CSR reports for the sampled banks are obtained from their official websites. Additional information, such as details on charitable activities, is gathered from the banks' newsletters and websites. The quality of CSRD is assessed using an unweighted content analysis method to code and measure disclosures in the CSR reports, ensuring the validity and reliability of the analysis. And to analyze empirically the impact of CG on CSRD a comprehensive regression model was developed consisting of six board-related variables.

The main research question of this research paper is : *« How do corporate governance mechanisms, particularly board characteristics such as gender diversity, board independence, board size, female leadership, and CSR committees, influence the quality of CSR disclosure in Moroccan banks ? »*

This research is outlined as follows: First section provides a review of relevant studies and identifies gaps in the literature. Second section outlines the study's hypotheses. Third section details the methods and materials used in the research. Fourth section presents and discusses results. Finally, the concluding section offers insights into the conclusions, implications, limitations, and suggestions for future research.

1. Literature review:

to ensure good managerial behavior toward stakeholders, corporate governance setup mechanisms (Miniaoui and Al., 2019), these methods and control techniques improve CSR disclosure quality. Historically, CSR communication was dedicated only to environment issues, then noticed a growing stakeholders' interest on societal and governance issues (García Martín and Herrero, 2020; Michelon and Parbonetti, 2012). According to KPMG research (2005), firms trustworthiness started depending on disclosing all three aspects of CSR namely social, environmental and governance. Thus, regulatory framework development encouraged companies to communicate their commitment toward stakeholders, such as

Sarbanes-Oxcley Act in U.S., operational financial review requirements in U.K. and European union directives in U.E (Coates, 2007).

Main theories deployed in this field are Stakeholders' theory; Agency theory; and legitimacy theory, this paper focuses on the first two theories. According to agency theory, a structured governance mechanism involves efficient management audit, reduce information asymmetry and protect firms' reputation (Ibrahim and Hanefah, 2016). Stakeholders' theory assumes that to meet stakeholder's requirement, directors are obliged to communicate about ESG issues (Jo and Harjoto, 2012). Agency theory highlights conflict when managers prioritize their interests over shareholders (Zaid and al., 2019), while stakeholder theory focuses on balancing the interests of all parties (Freeman and al., 2004; Ullmann, 1985). Both theories argue that firms disclose CSR to address stakeholder demands and reduce conflicts (Jo and Harjoto, 2012; Nor and al., 2017).

Influence of governance mechanism on CSR disclosure quality were analyzed only from agency theory perspective (Al-Bassam and al., 2018; Al Lawati and al., 2021). In this paper, we present some of the relevant research. Miniaoui and al. (2019) investigates national, legal and governance system influence on CSR commitment in U.S. U.K. and E.U. area. Adhikari and Al. (2023) analyzed impact of CG mechanisms on quantity of voluntary communication of companies in the United Arab Emirates. Peters and Romi (2012) inspected impact of environmental committee and sustainable managers on board on CSR reporting in U.S. context.

Overall conclusions of most studies are similar. There is a significant and positive impact of CG mechanisms on CSR communication. During implementation process of CSR strategies, CG quality must be taking into consideration (Faisal and al., 2019). CSR disclosure can lead to financial performance by reducing information asymmetry (Al Lawati and al. 2021).

2. Hypothesis development:

2.1.Gender diversity:

Presence of women in board of directors is efficient to improve a company's decision-making (García Sánchez and al., 2013). Maintaining good relationship with co-workers, proposing innovative ideas, allegiance to high-principled ethics is some of the specific interpersonal qualities of women in work (Miloud, 2022). To develop an efficient CSR strategy (Konrad and Al., 2006), women should be included in the management of the entity (Galbreath, 2016).

According to Faisal and Al. (2019), diversity of board directors allows companies to understand stakeholders' requirements and to contribute to organization's illicitness.

Research on societal communication and board diversity has revealed an increase in disclosures on ESG issues when three or more women sit on the board (Bear and Al., 2010). Moreover, women have a strong ability to identify situations requiring ethical commitment (Miloud, 2022). In addition, awareness of board diversity has increased thanks to the benefits of good governance practices, strong stakeholder orientation and efficient disclosure of CSR commitment (Hafsi and Turgut, 2013).

Thus, the underlying assumption is:

Hypothesis 1: Presence of women on board directors influence positively the quality of CSR reports.

2.2.Female leadership:

Previous investigations on the link between female leadership and the quality of societal communication has shown that female leaders perform better than the opposite sex when it comes to integrating the interests of several stakeholders at once (Brammer and al., 2007). The significantly positive impact of women in leadership positions on the company's management, financial and societal performance has been confirmed (Ellwood and Garcia-Lacalle, 2015; Malik and al., 2020).

In contrast, some studies (Kang and al., 2010) demonstrate a chairwoman is more likely to be respected and accepted than a woman CEO. Which means that stakeholders react positively to the appointment of women to independent functions such as chairing the board of directors, as opposed to an executive position. Furlotti and al. (2019) confirm a better conflict-of-interest management when the CEO or/and the chairperson is a woman, and other studies support the positive impact of women on board on CSR strategies and risks management (Jiang and Akbar, 2018). Thus, the underlying assumptions are:

Hypothesis 2: Female chairperson influence positively the quality of CSR reports.

Hypothesis 3: Presence of a female CEO influence positively the quality of CSR reports.

2.3.Board independence:

The description of Board of directors' independence is the presence of non-executive committee members, the entity's' ethics is their preeminent commitment (Faisal and Al., 2019). The board's effectiveness in handling extra-financial reporting is often assessed in terms of its degree of independence (García-Sánchez & Martínez-Ferrero, 2017). In this field, the results are controversial, some researchers (Ducassy and Montandrau, 2015; Cucari and al., 2017) approve the positive effect of board independence on CSR reporting quality by promoting transparency and stakeholders' interests, while the others (Baalouch and al., 2019; Martínez-Ferrero and García-Sánchez, 2017) decline this statement. As a result, hypothesis is articulated as follows:

Hypothesis 4: Board independence influence positively the quality of CSR reports.

2.4.Board size:

It's the number of directors leading the committee. Board performance depends mainly on number of board directors (Faisal and Al., 2019), researchers are always looking for the optimal size of board directors. In fact, a broader board grants skills and expertise diversity. But a limited board guarantees a better management control and a relevant decision-making process.

In terms of CSR disclosure, some research assume that CSR disclosure is more efficient when boards are larger (Akhter and Kabir, 2018), ensuring effective decision-making and various expertise and tending to disclose a significant quantity of information (Elmagrhi and al., 2016). However, other research confirms that there is no correlation between CSR reporting quality and board size (Alshbili and al., 2019; Sufian and Zahan, 2013) and a large board can also lead to communication conflicts related to the planning and execution of meeting. Thus, the hypothesis concerning board size is articulated as follows:

Hypothesis 5: Board size influence negatively the quality of CSR reports.

2.5.CSR committee and meetings:

CSR department presence in the entity, and a CSR representant in the board of directors indicates an effective management of ESG risks. According to Petrovic-Lazarevic (2010), a strengthened governance structure, includes a CSR committee or department that align the company's objective and stakeholders' requirements. Furthermore, CSR department existence show that the organization an active societal approach, considering stakeholder expectations, which helps to strengthen its legitimacy by addressing legitimacy issues through improved disclosure (Faisal and al., 2019).

However, other studies (Alshbili and al., 2019; Baalouch and al., 2019) confirm the negative correlation between CSR committee and quality of CSR reports. The presence of such committees is perceived as an indicator of the implementation and improvement of the environmental communication policy, as well as a tool of legitimacy.

Hypothesis 6: Existence of CSR committee influence positively the quality of CSR reports.

3. Materiels and methods:

3.1.Sample and data:

The current study uses secondary data relating to CSRD, its determinants and its consequences. The data is collected from CSR reports and banks websites. The study adopts a purposive sampling technique for data collection.

The sample banks are selected based on a criterion of banks incorporated under Moroccan law (9 banks), which represent the main actors in the national banking sector. These banks were selected for their significant economic impact, their compliance with Moroccan regulatory frameworks and the availability of the data required for the analysis. This choice guarantees methodological consistency and enables an in-depth exploration of CSR communication practices within this category of institutions.

Therefore, the data set covers four years (2020-2023) with 9 banks (36 observations) providing sufficient information about disclosure practices across banks operationg in Morocco. We also work with two software packages for data processing, the first qualitative QSR Nvivo to extract data from CSR reports and the second quantitative STATA for calculating the OLS model.

3.2.Regression model:

Based on previous studies (Amorelli and García-Sánchez, 2020; De Villiers and Marques, 2016; Rao and Tilt, 2016), this study employs this Ordinary Least square (OLS) regression model to analyze the link between CSR disclosure quality and board characteristics:

$$\begin{aligned}\mathbf{CSRDQ}_{it} = \beta_0 + \beta_1 Gendrdiv_{it} + \beta_2 Independ_{it} + \beta_3 FemChair_{it} + \beta_4 femCEO_{it} \\ + \beta_5 Bsize_{it} + \beta_6 CSRC_{it} + \beta_7 ROA_{it} + \beta_8 BLev_{it} + \beta_9 BLiq_{it} \\ + \beta_{10} BkSize_{it} + \varepsilon\end{aligned}$$

Where:

CSRDQ: CSR disclosure quality, dependent variable.

$\beta_1 - \beta_6$: Corporate governance mechanism, independent variables.

$\beta_7 - \beta_{10}$: Control variables.

i: the bank i, as the sample includes 9 banks.

t: time, as the sample years 2021, 2022 et 2023.

ε: Error term

3.3.Dependent variable: CSR disclosure quality.

To evaluate CSR repots' quality, content analysis method was applied. This method is usually used in research field (Alam and Tariq, 2022; Faisal, 2021) to estimate CSR disclosure quality. After conducting a pilot survey, selecting GRI guidelines and banks specific indicators, we categorized the data into 3 main items: Social category, Environment category and Governance category. We selected thirty-one reporting indicators in total divided into nineteen from GRI and twelve from our sample.

From previous research CSR disclosure is analyzed from two different perspectives (Michelon and al., 2015). The first is measurement of CSR level in a binary form, we affect 1 for the presence of an item on the report and 0 otherwise (Alam and Tariq, 2022). And the second is the measurement of CSR quality, if the company is disclosing monetary or quantitatively about an item, it reflects a good quality report (Faisal, 2021).

This paper is adopting the second approach, which means CSR reporting quality is estimated based on a four-points scale from zero to three. When the item is communicated monetary, the assigned score is 3. When the item is communicated with a narrative style, the assigned score is 2. When the item is disclosed generally, the score is 1 and finally when there is no disclosure for an item the score is 0 (Alam and Tariq, 2022).

CSR disclosure score is calculated as follows:

$$CSR\ disclosure\ score = \frac{\sum_{ijt}^{n} X_{ijt}}{N_j}$$

Where:

X_{ijt} : Score calculation for bank i for item j at time t.

N_j : Score maximum (number of items x score maximum assigned to the item)

3.4.Independent variables: Board of directors' characteristics.

The influence of corporate governance on CSR disclosure quality is a worldwide research topic (Frias-Aceituno and al., 2013; Post and al., 2015). The main governance mechanism used are structure of board of directors and its composition. Following the previous research, this paper will analyze the influence of board characteristics on CSR reports quality of 9 Moroccan banks.

3.4.1. Gender diversity:

Following in the footsteps of previous studies (Rao and Al., 2016) in this research we analyze the presence of female directors on the board as a variable for measuring gender diversity on the board of directors.

3.4.2. Board independence:

In line with previous papers, we calculate board independence based on the proportion of independent non-executive directors on the total number of directors on the board (Akhtaruddin et al. 2009; Rouf, 2011).

3.4.3. Female leadership: Chairman and Chief Executive Officer.

Corresponding to previous research, two dummy variables are used (Female PDG and Female CEO) to measure the integration of female in leadership (Darus and Al., 2014; Khan & Vieito, 2013).

3.4.4. Board size:

Board size is calculated based on the total number of the committee members (Jizi, 2017; Jizi and al., 2014)

3.4.5. Presence of a CSR committee:

In line with previous research, the presence of a CSR committee on board is calculated based on a dummy variable (Faisal & Achmad, 2014; Cucari & al., 2017).

3.5.Control variables:

To investigate the impact of board characteristics on CSR reporting quality, previous research shows the impact of external factors on the results. To control those factors, we included them in the regression model as control variables ((Faisal, 2021; Cucari and al., 2017; Jizi et al., 2014).

3.5.1. Return on assets (ROA):

According to Alipour and Al. (2019), reporting quality depends mainly on profit that company is making, because it engenders costs. Only profitable corporates look after ESG issues, using it as a strategic tool, to ameliorate their image and sales (Haniffa and Cooke, 2005). They use qualitative CSR reporting as a strategy to circumvent the regulation (Cho and Patten, 2007). Following previous research, this study measures the banks' profitability by Return on asset formula (Jizi and al., 2014; Rao and Tilt 2016)

3.5.2. Bank leverage: Financial leverage.

According to Zafar and Sulaiman (2019), financial leverage is positively linked to CSR reporting quality. Greater the ratio is, the better CSR communication will be (Bae and al., 2021). Following previous studies, this research measures financial leverage by leverage ratio formula (Alotaibi and Hussainey, 2016; Zafar and Sulaiman, 2019).

3.5.3. Bank liquidity: Current ratio.

According to Hapsoro and Sulistyarini (2019), a high proportion of liquidity conduct to a better response to stakeholders in organizations. Directors and managers provide qualitative information about ESG issues when the organizations' current ration of liquidity is high (Soliman. 2013). Controversially, some research finds out that firms' try to hide low ratio of liquidity by disclosing various ESG information (Alotaibi and Hussainey, 2016; Ali and Al., 2017; Elzahar and Hussainey, 2012). Following previous research, this study measures bank liquidity through current ratio formula (Hapsoro and Sulistyarini, 2019; Waromi and Al., 2019).

3.5.4. Bank size:

Big firms are always seen and triggered by stakeholders, they must communicate about their social and environmental responsibilities to appease stakeholders. (Cormier and Gordon 2001; Michelon and al., 2015). Small firms are concerned about excessive reporting of their ESG responsibilities (Ho and Taylor 2013). Following previous studies, this paper measures bank size through bank's total asset for the year (Adel and al., 2019; Alotaibi and Hussainey, 2016; Dias and al., 2017; Katmon and al., 2019; Liao and al., 2018; Zafar and Sulaiman, 2019)

Table 1 below summarizes the measurements of independent and control variables:

Table N°1 : Measurement of model variables.

Symbol	Definition	Measurement
Independent variables		
Genderdiv	Gender diversity	Number of female directors / Total directors in the board
Independ	Board independence	Number of non-executive directors/ Total directors in the board.
Femchair	Female chairperson	1 chairwoman for the board 0 chairman for the board
FemCEO	Female CEO	1 Woman Chief Executive Officer 0 Man Chief Executive Officer
CSRC	CSR committee	1 Presence of CSR representment on

		the board 0 Absence of CSR representment on the board
Bsize	Board size	Number of board members.
Control variables		
ROA	Return on Assets	$\text{Net income}/\text{Total assets}$
Blev	Bank leverage	$\text{Total debt}/EBITDA$
Bliq	Bank liquidity	$\text{Actual assets}/\text{Actual liabilities}$
Bksize	Bank size	Banks' Total assets for the year
ε	Error term	ε

Source: Authors of this paper

4. Results and discussion:

4.1.Descriptive Analysis:

To analyze the influence of board characteristics on CSR reporting quality of Moroccan banks, we designed a table presenting the independent and control variables descriptive statistics.

Table N° 2 : Descriptive statistics.

Variables	Mean	Median	Standard deviation	Min	Max
Dependent variable					
CSRDQ	2.8	3.04	0.67	0.56	4.7
Independent variables					
Genderdiv	0.26	0.3	0.09	0	0.43
Independ	0.7	0.87	0.06	0.6	0.81
Femchair	0.04	0	0.2	0	1
FemCEO	0.02	0	0.11	0	1
CSRC	0.01	0	0.2	0	1
Bsize	8.49	8.5	1.39	5	11
Control variables					
ROA	6.51	6.47	3.52	0.64	18.4
Blev	0.31	0.26	0.23	0	0.94
Bliq	1.42	1.115	0.94	0.22	5.07
Bksize	7.7	7.55	0.91	2.81	9.43

Source: Authors of this paper

CSR disclosure quality is calculated based on the CSR reporting quality index developed above. According to the results, the average score is 2.8/5 and the standard deviation of 0.67

for all nine banks. We assume that CSR reporting quality is higher than the average and variance between banks is relatively low.

Board diversity variable is calculated based on presence of female on board. According to the results, average rate is 22% of board members are women, and the highest rate is 43% which means that half of the board of directors is built of women.

Board independence variable shows an average rate of 70%. Which means, 70% of members are independent and non-executive. This is a high average due to Moroccan legislation. According to the Code of Good Governance for financial Institutions (2010, p. 8): « Management body is structured in such a way as to avoid, even in presence of dominant or controlling shareholders, any excessive concentration of decision-making power. In this perspective, management body includes an appropriate number of external (independent) directors. » Additionally, according to Bank Al-Maghrib directives, Article 5 directive D1/W/2014 claims independence of third of board of directors to strengthen impartiality and objectivity in decision-making. Moreover, according to Article 8 of Directive C-5-W-16, « Credit institutions are required to appoint a number of independent directors to their boards, which must be between a minimum of one director and a maximum of one-third of the directors... »

The third and fourth variables are woman chairperson and woman CEO. On average, 4% of board chairs are women, and only 2% of CEOs are women.

Presence of a CSR Committee is measured by the existence of CSR committee at the bank board. Result shows that, on average, there is only 1% of CSR specialist on board composition.

Board Size variable is measured by members' number. In our case, the board is composed of an average of 8 members.

In this research, the adopted control variables are: banks' profitability measured by ROA; the banks' leverage measured by the debt ratio; the banks' liquidity measured by the working capital ratio; and finally, the size of the bank, which is measured by total year-end assets (for each year of the study: 2020, 2021, 2022, 2023). All the banks in the sample are profitable, with an ROA of 6.5%. Their average debt ratio is 31%, and their size is significant (7.7).

4.2.Pearson Correlation Test:

Pearson correlation test analyze steering and weight that links the independent and control variables, and it diagnose multicollinearity issues. The table below shows Pearson correlation test results for our sample.

According to results, there is a positive and significant correlation between CSR disclosure quality, gender diversity and board size (0.425, 0.307). Thus, correlation between independent variables such as gender diversity and presence of female CEOs is greater than 0.4 and is significant at 0.01 rate. Also, the correlation between board size and board independence is greater than 0.30 and is significant at 0.05 rate.

Table N°3 : Pearson correlation test.

	CSRDQ	Genderdiv	Independ	Femchair	FemCEO	Bsize	CSRC
CSRDQ	1						
Genderdiv	**0.425**** (0.001)	1					
Independ	0.224 (0.094)	0.180 (0.181)	1				
Femchair	0.144 (0.286)	0.137 (0.311)	0.052 (0.689)	1			
FemCEO	0.079 (0.558)	**0.416**** (0.001)	0.055 (0.685)	0.197 (0.143)	1		
Bsize	**0.307*** (0.020)	0.079 (0.56)	**0.303*** (0.022)	-0.017 (0.901)	-0.089 (0.511)	1	
CSRC	0.202 (0.052)	-0.033 (0.749)	**-0.308**** (0.003)	-0.147 (0.158)	-0.118 (0.258)	-0.029 (0.778)	1

* and ** are respectively meaningful at 0.01 and 0.05.

Source: Authors of this paper

According to Hossain and Hammami (2009), multicollinearity issue starts when the rank is over 52%. And is considered a serious issue multicollinearity at 80% (Bryman and Cramer, 2004). In this study, person correlation test shows a 43% rate of multicollinearity, considered inoffensive for the results.

4.3.Regression Results:

OLS analysis is used to estimate the model, calculated by STATA quantitative data processing software. Multiple regression results are presented in table 4 below. According to the results, adjusted R^2 value is at 0.47, allowing us to explain variables' influence at a reasonable. In fact, R^2 value describes substantial variation if it exceeds 67% (Yin and Zhang, 2012). However, if the R^2 value is between 19% and 33%, it can explain moderate levels of variation (Yin and Zhang, 2012). Thus, the estimated R^2 value enables the econometric model to explain a significant proportion of CSR disclosure quality of Moroccan banks.

Table N°4 : Regression analysis results.

Symbol	**Coefficient**	**P value**
Independent variables		
Genderdiv	**2.880****	0.011
Independ	**2.532***	0.083
Femchair	0.079	0.672
FemCEO	-0.092	0.717
Bsize	-0.025	0.740
CSRC	**0.120*****	0.446
Control variables		
ROA	0.025	0.532
Blev	-0.504	0.217
Bliq	0.057	0.338
Bksize	**0.613*****	0.000
Years		
2020	**-0.719*****	0.006
2021	**0.600****	0.035
2022	0.137	0.585
2023	0.237	0.606
Constant	1.141	
R^2	0.47	

*, ** and *** are respectively meaningful at 0.01, 0.05 and 0.1.

Source : Authors of this paper

According to results, the link between gender diversity and CSR reporting quality is positive and significant at 0.05 rank. For board independence, the influence is positive and is significant at 0.1 rate. For other variables such as chairwoman on board, CEO woman, board size and CSR committees in boards are not significant for Moroccan banks in the sample. Jointly, control variables : Relationship between ROA and bank size and CSR disclosure quality is positive and significant. While debt and liquidity variables are non-significant for our sample.

Time variable i.e. reports' year of publication is a key factor because it includes unobserved characteristics specific to the study year (Jizi, 2017). In accordance with other studies

(Alotaibi and Hussainey, 2016 ; Dias and al., 2017 ; Jizi, 2017 ; Rao and Tilt 2016) time variable, is considered in regression analysis of this study.

The baseline year for the study is 2021. According to results, CSR communication quality in Moroccan banks is upgrading each year i.e. results for 2021 are better than 2020 and 2022 are better than 2021. Result for 2022 demonstrate a significant (0.05) and positive influence on CSR communication quality.

The results show a significant link between gender diversity and CSR reporting quality at 0.05 level, a board of director with female majority have a positive impact on CSR communication and develop efficient CSR strategies (Konrad and al., 2006) due to women's high sensitivity to social issues and stakeholders' requirements (Galbreath, 2016). In accordance with previous papers (Baalouch and Al., 2019; Katmon and al., 2019), hypothesis H1 is confirmed, presence of women on board directors influences positively the quality of CSR reports in banks.

Results confirm that influence of women Chief Executive Officer or chairperson is non-significant to CSR communication quality of banks. Studies have controversial results on this topic. Kang and Al. (2010) confirm presence of a positive impact of female chairperson, and a negative and non-significant impact of female leadership on CSR communication quality. On the same page, Furlotti and Al. (2019) affirmed women's concern about corporate social issues. However, Amorelli and García-Sánchez (2020) certify in their research that in making decisions toward CSR disclosure, female leaders adopt the same strategy as men leaders. Also, James (2012) proved that women leaders principally focus on economic issues rather than ESG issues. In fact, in this study hypothesis H2 and H3 are rejected.

Results confirm a positive and significant impact of board independence on CSR communication quality in banking sector at 0.1 rate. Independent leaders persuade organizations to disclose efficiently about their CSR strategies (Eng and Mak, 2003). Companies' profitability does not affect independent directors' wages, which allow them to support independently ESG performance (Ibrahim and Hanefah, 2016). Independent directors ensure that information asymmetry is reduced, which is perfectly aligned with qualitative objectives of CSR communication (Faisal, 2021). In accordance with previous studies (Faisal, 2021; Jizi, 2017; Muttakin and Al., 2015; Fatma and al., 2014), this research confirms hypothesis H4.

Board size variable has no association with quality of CSR reporting in banking sector. In previous research, results are controversial. Some of them confirm a positive but non-significant impact of board size on CSR disclosure quality (Amran and Al., 2014; Katmon and Al., 2019; Yekini and Al., 2023). Others affirm a positive and significant link (Esa and Ghazali, 2012; Rao and Al., 2012). In fact, efficient of board offset its size, in this study, hypothesis H5 is rejected.

Results confirm a positive and significant impact of CSR committee or representative on board and CSR disclosure in Moroccan banks. CSR committee allows greater propensity to disclose societal information, indicating an increased willingness on the part of the company to address societal issues in annual publications. In accordance with previous research (Lazarevic and Lazaveric, 2009; Cowen and al., 2015; Faisal and Achmad, 2014; Cucari and al., 2017), in this study hypothesis H6 is accepted.

Conclusion :

This paper investigates the potential impact of CG mechanism on CSR disclosure quality in the Moroccan banking sector. The results show a positive link between board autonomy and the quality of CSR reports. It emphasizes the responsibility of directors to ensure transparent and accountable reports and to align their objectives with stakeholders' interest and need. Also, there is a significant impact of board size on the quality of CSR reports, larger boards promote more comprehensive reports. These findings highlight that governance structures, traditionally focused on protecting shareholder interests, are increasingly integral to addressing wider social and environmental concerns through improved CSR communication.

Gender diversity is another notable determinant identified in the study, female presence in the board has a positive impact on CSR reporting quality. In fact, diverse boards particularly those with greater female representation, disclosure more about the social aspect of CSR, enhancing organizations' responsiveness to ESG risks. However, considering women leadership, this paper notices a non-significant impact on CSR disclosure quality, which means that leadership roles occupied by woman, as a Chief executive officer of chairperson, do not guaranty effective CSR strategies.

Presence of CSR committee on board is positively linked to CSR reporting quality. CSR committees work to integrate ESG issues into the company's strategic decision-making process. Their presence proves not only a commitment to transparency but also helps formalizing processes for reporting and managing CSR-related issues. The results, therefore, suggest that establishing such committees can be an effective governance tool for companies looking to improve their CSR communication.

Every study has its limits. This paper focuses solely on the Moroccan banking industry which limits the general belief of results to another sector and geographic context. Banking institutions, due to their regulatory environment and stakeholder scrutiny, may inherently prioritize transparency more than other sectors. Thus, further research is needed to explore whether these governance mechanisms have similar effects in other sectors or in different countries, particularly in less regulated industries. Additionally, the study examines only a few governance variables, and future research could consider other factors such as board tenure, experience, and ownership structures impacting CSR reporting quality.

The paper contributes efficiently on research field for policymaker and corporate managers. Regulators seeking to enhance CSR transparency can focus on encouraging firms to adopt stronger corporate governance frameworks, with an emphasis on increasing board autonomy, the number of board members and women inclusion in leadership positions. Also, Establishing CSR committees in companies could be a vital step to insure ESG challenges. Additionally, companies are encouraged to promote gender diversity within their boards, as this has been shown to enhance CSR outcomes. However, firms should also recognize that female representation alone, particularly in leadership positions, does not automatically translate to higher-quality CSR reporting, and they must ensure that governance processes support meaningful engagement with CSR initiatives.

In brief, this research contributes to the growing body of literature on influence of CG mechanism on CSR disclosure quality. It demonstrates that efficient governance mechanisms are crucial for enhancing CSR reporting quality. The findings are particularly relevant in the context of emerging markets, where the demand for greater corporate transparency and accountability is increasing. By adopting the recommended governance practices, firms can not only improve their CSR disclosure but also strengthen their reputational capital and foster greater trust with stakeholders, ultimately leading to long-term sustainability and success.

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