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## Abstract

The purpose of this paper is to examine the corporate social disclosures practices of Spanish firms. Annual reports of 41 Spanish firms for the year 2007 were analysed to determine the level of corporate social disclosures (CSD), industry differences in CSD and the effect of financial performance on the quality of disclosures. Results show that Spanish firms disclose most information on governance followed by products and services. Differences in disclosures made by various industry groups were observed suggesting that each industry group has certain preferences in disclosing information to their stakeholders. No significant relationship between financial performance and corporate social disclosures for Spanish companies was observed. This research suggests that CSR disclosures by Spanish firms are influenced by government regulations. The customers are other group of influential stakeholders. This research is limited by the fact that corporate social disclosures practices of Spanish firms were studied for a single year.

## Keywords

Determinants, social, environmental, disclosures, Spanish, Companies

## Disciplines

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## **Determinants of Social and Environmental Disclosures by Spanish Companies**

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### **Abstract:**

The purpose of this paper is to examine the corporate social disclosures practices of Spanish firms. Annual reports of 41 Spanish firms for the year 2007 were analysed to determine the level of corporate social disclosures (CSD), industry differences in CSD and the effect of financial performance on the quality of disclosures. Results show that Spanish firms disclose most information on governance followed by products and services. Differences in disclosures made by various industry groups were observed suggesting that each industry group has certain preferences in disclosing information to their stakeholders. No significant relationship between financial performance and corporate social disclosures for Spanish companies was observed. This research suggests that CSR disclosures by Spanish firms are influenced by government regulations. The customers are other group of influential stakeholders. This research is limited by the fact that corporate social disclosures practices of Spanish firms were studied for a single year.

**Keywords:** CSR, Spanish firms, companies, social responsibility, disclosures

### **1. Introduction**

There has been a tremendous growth in the awareness of social responsibility of corporations in recent years. Corporations have been urged to accept responsibility for effects that businesses might have on society. This responsibility has not been limited to shareholders and creditors but also to society in general and other stakeholders. Friedman's doctrine (1962) that a corporation's responsibility is only to maximise profit, is no longer an acceptable way of doing business. It has been argued by many authors (Holmes, 1976 and Ostlund, 1997) that business has responsibility towards society and profit is not the only motive for which business exists today. Academics and managers have referred to corporate social responsibility (CSR) from a variety of perspectives. A number of definitions of corporate social responsibility (CSR) can be found in the literature. For example, European Commission (2001, p. 5) defines CSR as "a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment.". Matten (2008, p. 405) argue that CSR reflects "the social imperatives and consequences of business success which consists in articulating policies and practices that align the needs and goals of corporations and society". The theoretical perspectives on CSR are based on agency theory, legitimacy theory and stakeholder's theory (Belkaoui and Karpik, 1989; Gray et al., 1987, 1995; Guthrie and Parker, 1990; Roberts, 1992 and Patten, 1992). There is however no acceptable theoretical framework on corporate social responsibility which can be used by all. One of the definitions of CSR used by Guthrie and Parker (1995) provides for disclosures on financial and non-financial information on various dimensions of a corporation's interaction with social environment. This information could be included in a corporation's annual report or a separate report on corporate social responsibility. For the purpose of this study, the definition

of CSR given by Williams (1997, p.62) will be used. Williams (1997) define CSR as “the information that is voluntarily communicated by the organisations about their activities, programs and applications of their resources which affect their relevant public image to meet social, political and economic demands”. The definition given by Williams (1997) articulates the willingness of the corporations to go beyond their legal obligations in pursuing their social and environmental responsibility. The emphasis is on voluntary disclosures of relevant information about the firm’s activity on society. These disclosures should include details about physical, environmental, energy, human resources, products and community involvement issues. The corporations are expected to observe regulations developed by International Labour Organisation, Universal Declaration of Human Rights and the United Nations Regulations about Transnational companies in their day to day business.

The purpose of this paper is to provide a recent description of the activities of Spanish companies in their corporate social disclosures (CSD) practices and to examine the potential determinants of social disclosure of Spanish corporations. The paper investigates the extent to which annual reports of Spanish companies reflect the current trends in social and environmental reporting by corporations across the world.

Spain has developed considerably from an emerging economy to a developing economy after democracy was institutionalised there in 1978. This development has been possible due to a coordinated effort by the government, companies, employees and other sections of the society in Spain. Due to vigorous modernisation, Spanish corporations experienced a metamorphosis in eighties and became global players through massive expansion, first in Latin America, then in Middle East, Asia and Europe (Guimaras, 2007, p.89). Study on growth in foreign investment of Spanish companies was conducted by Rodriguez (2004). The growth of Spanish companies led to concerns about the social responsibility of growing corporations. Studies focusing on social responsibility of Spanish corporations have been done by Foretica (2002), De la Cuesta and Valor (2003) and Price Waterhouse Cooper (2003).

Previous studies on CSR practices of Spanish firms have focused on examining the relationship between corporate social disclosures of the firm and their financial performance and industry characteristics. (Gallego-Alvarez et al., 2008; Garcia-Sanchez, 2009; Gil-Estello et al., 2009). This study offers a different perspective as it examines the relationship between internationalisation of Spanish firms and their corporate social disclosures. The purpose is to explore whether CSR practices of a firm contributes to its competitive advantage in new markets and help the firm in its business expansion. If a relationship between corporate social disclosure and internationalisation of Spanish companies is observed then it can be concluded that the adoption of CSR principles is not a random act on the part of companies but a well thought out strategy to strengthen firm’s competitiveness not only in specific markets but internationally. This research study examines the relationship between corporate social responsibility disclosures of Spanish multinational companies with specific characterisation of these companies. For the purpose of this study, the corporate social disclosures of Spanish multinationals is examined with industry type, size of the firm, financial performance of the firm determined by its leverage and the level of internationalisation of each of the firms. In the next section, the literature on different aspects of corporate social responsibility is discussed in order to identify the themes investigated in the present research.

## 2. Review of Literature on CSR

The literature on CSR can be divided into a number of themes. The first issue is about the pattern in which firms disclose their corporate social disclosures (CSD) and the pattern in which CSD is ranked by companies. It is observed by Hackston et al. (1996) that companies disclose consistent information across various themes of CSD. Human resources, environment and community receive most attention in these disclosure followed by disclosures on energy and product themes. These disclosures are however not observed to be consistent across countries. Energy and product themes have been receiving large attention in USA and New Zealand. Purushottam et al. (2000) have however observed that the most commonly disclosed theme in Singapore is human resources followed by community involvement. These authors have also observed industry differences between company disclosures on various themes. Hackston et al. (1996) and Dierkes and Preston (1997) have contended that company's industry is a potential factor in disclosure of CSR practices. If a company engages in economic activities which could have substantial environmental effect then it is likely that company will disclose more information than companies in other industries. For example, companies in mining industry are likely to disclose more information as compared to companies in other industries because mining activities could have substantial effect on local environment. Cowen et al. (1987) argue that consumer oriented companies which need to demonstrate their social responsibility to the community, in order to increase their sales are also likely to disclose more information on their social responsibility. Patten (1991) attributes social disclosures by the companies, to their political visibility. These disclosures help companies in meeting criticism from social activists and consumer groups. A positive relationship between corporate social responsibility disclosures and high profile industries was observed by Patten (1991) and Roberts (1992). It is therefore necessary to examine how the corporate social disclosures made by Spanish companies vary across various themes and how industry location of a company influences the pattern of disclosures made by these companies.

The next issue is about the association between a firm's economic performance and the quality of corporate social disclosures. According to stakeholder's theory, a firm's economic performance is a key factor in the appropriate amount of responsibility information to be disclosed by the firm. It is argued by Roberts (1992) that when firms are not performing well, economic consideration takes precedence over social responsibility and firms are less likely to disclose relevant corporate social responsibility information (Meek et al., 1995). Firms tend to increase their disclosures on social responsibility when they are doing well in economic performance. Moskowitz (1972) and Solomon and Hansen (1995) have identified a positive relationship between disclosures of social responsibility information and financial performance of the firm. According to these authors, higher care for stakeholders are more than compensated by changes in employee morale, productivity growths and return on sales. Similar positive association between financial performance and disclosure of corporate social responsibility information has been suggested by Preston and O'Bannon (1997) and Stanwick and Stanwick (1998). In recent studies by Gill-Estallo et al. (2009) and Prado-Lorenzo et al. (2008) it is observed that economic performance does not have any influence on disclosure of CSD by Spanish companies. The results of these authors are contradictory to the previous results in the literature. It is therefore useful to investigate the relationship between economic performance of Spanish firms and social responsibility disclosures made by these firms. Four different indicators of economic performance are used in these studies. These are size of the company, profitability, leverage of the company and export revenue of the company.

### *2.1 Size of the company*

An association between company size and social responsibility was first investigated by Eilbert and Parket (1973). They concluded that large firms feel themselves to be the target of social activists or regulators and thus consider it necessary to make a visible effort to establish their social responsibility credentials to keep their dominance. This approach is consistent with the theory of Watts and Zimmerman (1976) who argue that political costs to the firms vary with their size. This political cost can be significantly reduced by disclosure of corporate social responsibility information. Further the legitimacy theory provides a basis for a relationship between level of corporate social disclosures (CSD) and firm size (Hackston and Milne, 1996). It is argued by Guthrie and Parker (1989) and Cowen et al. (1987) that larger companies are scrutinised more by public as compared to small companies. Large companies are therefore under pressure to disclose more social responsibility information as compared to small companies to reduce the pressure of this public scrutiny. They try to obtain legitimacy for their actions and existence by projecting themselves to be socially responsible. A positive relationship between firm size and level of CSR disclosures is suggested by many authors (Patten, 1991; Teoh and Thong, 1984; Cooke, 1985; Deegan and Gordon 1996; Kamal Naser et al., 2006). Deegan and Gordon (1996) have qualified this positive relationship between firm size and level of disclosures to be valid only in the case of environmentally sensitive industries. However, Prado-Lorenzo et al. (2009) have not supported any association between firm size and the social disclosures made by the firm in the case of Spain. The study of Prado-Lorenzo et al. (2009) has not been corroborated by any other study. It may be worthwhile to investigate the relationship between company size and their CSD in case of Spanish companies

### *2.2 Profitability*

The second economic indicator is the profitability of the company. The literature suggests a mixed result on the association of firms' profitability with its social responsibility disclosures. Preston (1978) and Bowman and Haire (1976) have suggested a positive relationship between profitability and social responsibility disclosures. Their arguments are based on the premise that corporate social disclosures induce an adaptive management approach in companies and help them develop ability to operate in a dynamic, multidimensional environment. The management practice also helps companies to meet social pressures and needs. Roberts (1992) have found a positive relationship between lagged profits and corporate social disclosures. On the other hand, Cowen et al. (1987) did not support any relationship between profitability and CSD. Similarly Patten (1991), Davey (1982) and Ng (1985) failed to find any relationship between profitability and CSD. Recently a study by Gil-Estallo et al. (2009) has also not supported any relationship between profitability and CSD for Spanish companies. Therefore, it may be worthwhile to investigate the relationship between profitability and CSD of Spanish firms.

### *2.3 Leverage of the firm*

The third important indicator of financial position of the firm is leverage of the firm. Creditors are considered important stakeholders in any firm. They control access to essential resources of a corporation which are necessary for its existence (Roberts, 1992). If the creditors are interested in social responsibility activities, then it will be in the interest of corporation to increase the disclosures of responsibility information as the size of its debt increases (Cornell and Shapiro, 1987). Studies on the relation between leverage and level of

CSD by companies have given mixed results. The studies of Cornell and Shapiro (1987) and Naser et al. (2006) have found a positive relationship between leverage and CSD by corporations whereas the study of Cow and Wong-Boren (1987) has not found any relationship between leverage and CSD. It is therefore pertinent to investigate any relationship between leverage and CSD for Spanish firms.

#### *2.4 Internationalisation of companies*

The next issue in this study is the relation between international expansion of all firms in overseas markets and their disclosure of corporate social responsibility information. In case of Spanish firms, successful expansion of multinational firms and development of their CSR practices have occurred at the same time. The CSR could play a major role in economic performance of Spanish firms and help these firms to expand overseas. Well developed CSR practices could create a competitive advantage for companies in a new market. The time proximity of internationalisation boom among Spanish companies and adoption of CSR practices by these firms may not be a random coincidence. There is a probability of positive association between expansion of Spanish firms overseas and their corporate social responsibility. CSD could help in projecting a positive image of Spanish companies in export markets with legal, political and exchange rate risks. It is therefore advisable to investigate if a relationship exists between CSD of Spanish companies and their expansion in overseas markets. It has been suggested by Hackston and Milne (1996) that dual or multiple listing by companies may be related to disclosures of CSR. This result has been supported by studies of Cooke (1989), Cooke (1991), Meek and Gray (1995). Purushottam et al. (2000) however, have reported an insignificant relationship between multiple listing of firms and their CSD in case of Singapore. It has been argued by Purushottam et al. (2000) that multiple listed Singapore companies usually list in Asian markets where listing requirements are not very different from Singapore. The companies in these markets may not be subjected to very different listing requirements as compared to Singapore. Therefore a significant relationship may not be observed between CSD and multiple listing. It is however not clear from the study of Purushottam et al (2000) if any relationship exists between foreign investment made by a firm and their corporate social disclosures. A possible association between sales growth and social responsibility for Spanish companies was suggested by Prado-Lorenzo et al. (2008). In the present study, it is expected to observe the relation between export sales and CSD for Spanish companies.

### **3. Methodology**

An initial sample of 50 Spanish companies was selected based on three criteria which are useful for this study. The first was that companies would actively trade on Spanish Stock market IBEX-35 or IBEX Mercado. The second criterion was that those companies also had significant export business in Latin American countries. The third criterion was that the companies had some information on their CSR performance available. Eleven companies were dropped from the sample because it was not possible to gather suitable financial information from publicly available sources on these companies. Two more companies were added to the sample as they satisfied all other criteria except that they were not trading on the Spanish Stock market IBEX-35. This left us with usable sample of 41 companies which were used for the research work (24 listed on IBEX 35 Stock Market, 15 listed on IBEX Mercado Continuo Stock Market and 2 unlisted).

CSR reports on the companies in the sample were obtained from the websites of the companies and through contacting the companies via e-mail. Global Reporting Initiative (GRI) framework on corporate social reporting was used to analyse the disclosures made by the companies. GRI is the most widely reported and used criteria for the analysis of corporate social disclosures of the companies. For each GRI indicator fulfilled by the company a score of 1 was given and a score of 0 was given if the indicator was not fulfilled by company. Each company's CSR performance was assessed on a total of 121 GRI indicators on corporate governance, economic, environmental, social, labour, human resource and product responsibility indicators.

Annual reports and CSR reports of each company were used as the document to be analysed to understand the social disclosure practices of each company. Annual reports have been used widely in the analysis of corporate social reporting analysis by various authors for their credibility (Kuasirikun et al, 2004, Tilt, 1994). Annual reports are useful to various stakeholders in obtaining information about company performance (Deegan and Rankin, 1997), are published regularly (Neimark, 1992) and provide considerable information on social disclosures (Gray, 1995). In some cases annual reports also had separate sections on CSR which were used to obtain the relevant information. Corporate financial performance information which includes financial measures such as firm revenue, assets, profits, leverage, export sales were obtained from firms' annual reports. In some cases data regarding market capitalisation was obtained from Spanish Stock Market IBEX 35 index. The variables used in this study are given in table 1.

**Table 1: Measurement of variables**

Type of Industry	Banking, Utilities, construction & real estate, oil & gas, leisure, retail, industrial and food & beverages.
Size of the company	Total assets and market capitalisation
Profit	Net Profit
Leverage	Total debts/ assets
Export Sales	Number of operating countries, Export Revenue.

## 4. Results and Discussion

### 4.1 Pattern of CSR disclosures

The pattern of corporate social responsibility disclosures by Spanish Companies for the year 2007 is given in Table 2. The disclosures are observed on six themes- economic, environmental, human resources, products and services, labour and community engagements. It is observed that companies disclosed most information on governance (99.33%), products and services (90.20%), followed by disclosures on environment (81.15%). Economic disclosures are fourth most disclosed theme (78.01%), followed by community engagement (74.29%), labour (71.40%) and human resource (69.53%). The area of governance received most attention in disclosures because of importance given to corporate governance by regulators. The area of product and services received second most attention in the sample

**Table 2: Pattern of CSR disclosures by Spanish Companies**

	Total number of disclosing companies	Minimum (%)	Maximum (%)	Mean (%)	Standard deviation (%)
Total disclosures	41	38.02	100	80.45	17.07
Governance	41	83.3	100	99.33	1.32
Economic	41	0	100	78.01	26.94
Environment	41	0	100	81.15	17.96
Human Resources	41	0	100	68.53	25.55
Product and Services	41	0	100	90.20	13.56
Labour	41	0	100	71.40	26.34
Society - Community engagement	41	0	100	74.29	17.91

annual reports. The reason for the companies to disclose more information about products and services could be that these companies want to assure their customers in various countries about the quality of their products and services. The disclosure on environmental theme received most emphasis after products and services. This is attributed to the increased emphasis placed by Spanish government and public on the environment in recent years. These results are not consistent with those observed in the past studies. For example, Garcia-Sanchez (2008) have reported that Spanish companies disclose most information about community involvement (90.63%), followed by environmental character (63.03%), human resources, (59.38%), labour (56.25%) and product (38.55%). The difference in the results between our study and those of Garcia-Sanchez (2008) can be attributed to the difference in the year of study between two studies. It is possible that Spanish companies have modified their disclosure practices over a period of the time.

#### *4.2 Industry differences in disclosures*

Table 3 gives the corporate social disclosures based on the industry differences. It is observed from Table 3 that Telecommunication and Utilities have provided most disclosures. Utilities are large companies which may have substantial contribution to polluting emitting chemicals. Retail (85.4%), Oil and Gas (81.7%) are the next followed by Technology (78.51%), Banking (77.68%), Travel and Leisure (66.94%), Food and Beverages (49.58%). These results are consistent with the observation of Hackston et al. (1996) and Dierkes and Preston (1997) that companies engaging in economic activities which have substantial effect on environment, will disclose more information. This is evident also for Utilities and Oil and Gas companies which have production activities with substantial effect on environment. Telecommunication and Retail companies also disclose more on CSR as compared to others because of the customer orientation of these companies. From Table 3, it is also observed that CSR reporting of various industry groups is not consistent across all indicators. Each industry group have certain preference for the way in which they report their CSR indicators. For example, Utility companies have reported most on economic indicators (90.7%), followed by labour (89.28%), environment (78.86%), community involvement (72.915%), product and services (68.46%), human resource (59.23%). The industry differences on CSR reporting have also been observed by Gallego-Alvarez (2008) for Spanish firms. Gallego-Alvarez (2008) have provided detailed list of specific action by many firms. Their conclusions are in

broad agreement with our conclusions about Spanish firms reporting on product disclosures, human resources and labour practices.

**Table 3: Percentage of CSR indicators reported by firms in various industry sectors**

% of total disclosures Industry	% TOTAL	% GOV	% ECI	% ENI	% HRI	% LAI	% PRI	% SCI
Banking	77.68	100	82.16	54.0	66.62	77.14	64.4	75
Construction & Real Estate	82.99	100	84.08	74.25	55.51	95.91	49.17	64.28
Food & Beverages	49.58	100	31.08	25.92	20	29.99	62.18	32.5
Industrials	55.01	100	53.92	30.46	25.38	45.91	47.57	33.92
Oil & gas	81.27	100	77.7	72.1	59.23	88.09	51.8	70.08
Others	65.63	92.63	52.18	55.31	52.38	64.06	52.55	35.83
Retail	85.4	100	77.73	76.63	88.86	97.61	59.2	58.3
Technology	78.51	100	88.8	56.65	61.05	89.28	61.1	54.15
Telecommunications	88.43	100	100	66.6	66.6	100	100	87.5
Travel & leisure	66.94	100	64.4	56.66	42.18	65.71	55.54	47.5
Utilities	85.54	100	90.7	78.8	59.23	89.28	68.4	72.9

GOV- Governance, ECI- Economic, ENI- Environmental, HRI- Human Resource Index, LAI- labour Index, PRI- Products and Services Index, SCI- Social and Community Index

#### 4.3 Relation between economic performance and quality of disclosures

In many studies it was argued that there is an association between a firms' economic performance determined by their size, profitability and leverage and the quality of the corporate social disclosures made by the firms. We have studied the relation between economic variables such as size, profitability, leverage and level of international business of companies with CSD. Table 4 shows the descriptive statistics of the economic variables of Spanish firms studied. Table 5 shows the results of multiple regression between CSD disclosed and various economic variables.

**Table 4 : Descriptive Statistics of the variables**

	Minimum	Maximum	Mean	Standard deviation
Revenue (in million Euros)	703.3	61 705	9 403.8	13 245.73
Export revenue (in million Euros)	29.5	20 078	2 483.45	4 627.47
Profits (in million Euros)	-26.2	9 119	1 194.78	2 150
Assets (in million Euros)	939.5	912915	55416.31	158743.45
Debts (in million Euros)	618	803862	47 313	142449.58
Leverage	18.63	95.25	85.38	17.02
Market Capitalisation (in million Euros)	0	92501.04	12908.45	19095.3
Number of operating countries	3	85	27.49	19.91

According to legitimacy theory, the size of a company is a determining factor in the disclosure of the CSR practice as larger companies are scrutinised more by public than

smaller companies. A positive relationship between size of the companies and their CSR disclosures was found by Reverte (2009) and Garcia-Sanchez (2008) for Spanish companies. However, as given in table 5, we have not found any significant relation between size of the firm determined by their assets, revenue and market capitalisation and CSD information disclosed by the companies. This result supports the observations of Prado-Lorenzo (2009) that in case of Spanish companies, there is no association between firm size and corporate social disclosures.

**Table 5: Results of multiple regression between CSD and economic variables of firms**

	Correlation	Significance	R Squared	Adjusted R squared
Revenue	.209	.191	.043	.019
Export revenue	-0.060	.787	.003	-.034
Profits	.087	.588	.008	-.018
Assets	-.050	.754	.003	-.023
Debts	-.057	.722	.003	-.022
Leverage	-.003	.931	.001	-.083
Market Capitalisation	.087	.599	.008	-.019
Number of operating countries	.211	.186	.044	.020

The literature suggests that in case of Spanish companies, there is no association between firms' profitability with its corporate social disclosures. Studies on Spanish companies by Gil-Estaello et al. (2009), Moneva et al. (2007), Reverte (2009) and Garcia-Sanchez (2007) have found no association of firms' financial performance determined by their profitability and leverage with responsibility disclosures. In agreement with previous studies, we have not found any association between profitability and social disclosures of the firms as given in Table 5. In line with previous studies we have also not found any association between firms' leverage and social disclosures. From Table 5, it is seen that there is a very weak correlation between CSD and financial variables. Also the relationships between financial variables and CSD are not observed to be significant.

The next issue examined in this study is the relationship between level of international business of the firms determined by export sales and their social responsibility disclosures. Well developed CSR practices could create a competitive advantage for the firms in new markets. Most Spanish companies have significant export business in Latin American markets. Our analysis of regression between CSD and level of export sales of Spanish companies determined by number of countries the firm operates in and their revenue earned in export markets did not suggest a significant relationship between the level of export sales of Spanish companies and their social responsibility disclosures. This result can be explained by the arguments of Purushottam et al (2000) that business requirements between Spain and their export customers may not be significantly different. As a result Spanish companies may not need to disclose any additional information for operating in export markets. Even when an additional information is disclosed, the level of additional information disclosed may not depend on the export sales as customers of these companies in export markets are not demanding disclosure of any additional information from these companies.

## 5. Conclusions

This study focuses on the disclosures of corporate social responsibility information by Spanish firms. Our results suggest that Spanish companies disclosed most information on governance, products and services, environment followed by economic disclosures, disclosures on community engagement, labour and human resources. The results obtained suggest that government and customers are two group of stakeholders that may exercise most influence on the disclosures of corporate social reporting by Spanish firms.

It is observed that corporate social reporting by various industry groups in Spain is not consistent across all industry groups. Telecommunication and Retail companies disclosed most information followed by Utilities and Oil and Gas companies. The pattern of disclosures for each industry is also different. Telecommunication disclosed large information on products and services due to their customer orientation. Retail industry disclosed information on labour thus targeting the large workforce employed by them. Firms operating in Utilities and Oil and Gas industries have strategic visibility due to environmental impact of their products and processes. Hence these industries disclosed large information on environment. However every industry group has disclosed most information on governance suggesting the importance these industries give to the regulatory aspects of disclosures. The results in this study are consistent with those of Prado-Lorenzo et al. (2008) who observed that government is an important agent for influencing corporate social disclosures by firms. Strengthening of regulation could significantly contribute to increase in disclosures by Spanish firms.

However this study did not find any association between economic performance measures of size, profitability, export sales and leverage and CSD. This suggests that the level of corporate social disclosures in Spain is neutral to the economic indicators. Following Reverte (2008), we conclude that CSR practices of Spanish firms are not different from firms in other countries. Furthermore, the disclosure pattern of Spanish firms suggests that they would respond to legislative or social pressures in disclosing CSD information, as market factors do not seem to influence their disclosure pattern.

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