AN EMPIRICAL STUDY OF THE RELATIONSHIP BETWEEN CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE AND ORGANIZATIONAL PERFORMANCE: EVIDENCE FROM LIBYA

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ABSTRACT

This paper examines the relationship between corporate social responsibility disclosure (CSRD) and organizational performance in terms of financial performance, employee commitment and corporate reputation in Libyan companies through stakeholder's pressures. The researchers have chosen the Libyan context as one of the world's developing countries and it has undergone many changes over a short period of time in terms of economic, environmental and social changes. The empirical study was used to collect data relating to CSRD and organizational performance in Libyan companies, it was employed to analyse 110 annual reports of 40 firms that were gathered by using content analysis. This paper reveals that level of CSRD in the annual reports has a positive relationship with organizational performance in terms of financial performance and corporate reputation, while there is not significant relationship between level of CSRD and employee commitment. This paper contributes to the accounting literature by providing evidence from Libya that perceived the level of CSRD in annual reports can have an influence on level of both financial performance and corporate performance by stakeholder's pressure.

JEL: C33, C83, M14, M41, L2, L11, K21

KEYWORDS: Corporate Social Responsibility (CSR); Corporate Social Responsibility Disclosure (CSRD); Financial Performance; Employee Commitment; Corporate Reputation and Stakeholder Theory

INTRODUCTION

Major corporate ethical disasters impacting on the environment, human resources, and the community have heightened the demand for public firms to voluntarily disclose their corporate social responsibility (CSR) activities to stakeholders. A means of comprehension and tracking CSR impacts, through creating good dialogue with stakeholders of a company, effective CSRD is intended to improve stakeholder-related performance. In effect, CSRD allows companies to make internal decision; enabling companies to identify strengths and weaknesses points across the whole CSR reporting that in turn measure the value of long-term relationships and assets. In addition, using effective measuring through CSR reports enables companies to manage external relationships, attracting stakeholders who prefer to deal with socially responsible business and have the power to reward it (Waddock & Bodwell 2004). Indeed, CSRD definitely supports stakeholder dialogue by communicating what firms achieve in the area of stakeholder-related CSR. The business media often show instances where some firms resort to socially irresponsible practices in order to improve their performance at the expense of CSR activities.

Although there is a will of political actors in some developing countries experiencing fast economic growth such as Malaysia and the UAE to disclose corporate social responsibility activities in terms of health and safety, investors protection, and pollution, the levels of disclosure in some developing countries remain low compared with some developed countries (Al-Khater & Naser 2003; Rettab et al. 2009). Libya falls within this category, as it is also developing and growing economically. However, the level of CSRD has increased since 2000 in Libya compared to previous years (Pratten & Mashat 2009) due to pressures from stakeholders, which in turn may influence organizational performance of companies in Libya. The purpose of this paper is to examine the relationship between CSRD and organizational performance in terms of financial performance, employee commitment and corporate reputation.

To empirically address the research question above, the researchers suggested the three hypotheses and reviewed the three-year CSR reporting experience of a sample of Libyan companies, relating the level of CSRD disclosure to performance. The researchers used a stakeholder theory to formalize and test a set of hypotheses, and we revealed that the mere level of CSRD have an influence on organizational performance in terms of financial performance and corporate reputation in Libya. The next section shows some details about the literature review and research framework about this topic, section 3 describes the research methods used which includes empirical study through quantitative methods and section 4 presents the findings and discussion. The final section contains a summary and conclusion.

LITERATURE REVIEW AND RESEARCH FRAMEWORK

Researchers' efforts have been made to understand the impact of CSR activities and disclosure on organizational performance which indicated positive, negative, mixed, or non-significant results (Branco & Rodrigues 2006; Husted & de Jesus Salazar 2006; Marom 2006; Orlitzky et al. 2003; Toms 2002).

CSRD and Financial Performance

Financial performance considers one of the most important studied indicators of the strategic value of CSR (Orlitzky et al. 2003). Researchers have started the empirical study of CSR and financial performance (FP) over three decades ago in western countries. Many firms have faced the pressure for corporate accountability which it is increasing from their stakeholders (managers, employees, customer, government, shareholders, and so on) (Waddock 2004). This pressure includes some aspects such as legal, social, moral, and financial aspects.

Some studies argue that CSR activities might be consistent with wealth maximization motives of the firm and provide appropriate information for corporate decision making (Pava & Krausz 1996). There are two types of empirical studies of the relationship between CSR and financial performance. The first set uses the event study methodology to measure the short-run financial impact when companies appoint in socially responsible or irresponsible acts (e.g. Margolis & Walsh 2003; McWilliams & Siegel 2000; Orlitzky et al. 2003). Market-based measure of financial performance was employed to achieve these studies such as the firms share price, share price appreciation. Market-Based measure reflects the concept that shareholders are the most important stakeholder group whose satisfaction determines the firms' fate.

Mixed results have been produced by studies on the effects of CSR activities on firm value. Some studies have concluded beneficial effects while others found that the effects are negative or no relationship. For example, Margolis and Walsh's found that 4% of the 160 studies examined considered a negative relationship between CSR and financial performance, 55% a positive relationship, 22% was no relationship, and 18% reported a mixed relationship. Furthermore, Orlitzky et al. (2003) achieved another meta- meta-analysis and revealed similar results. While other studies are not similarly stable concerning the relationship between CSR and short-run financial return (McWilliams & Siegel 2000). The examination of the nature of the relationship between measures the long-term financial performance and a measures of CSR is the second set that is used from accounting and financial measures of profitability (e.g. Aguilera et al. 2007; McWilliams & Siegel 2000; Simpson & Kohers 2002; Waddock & Graves 1997). Accounting returns such as return on equity, or return on investment, return on assets are used to identify managers' discretionary allocations of funds to different projects and policy choices. As consequently, these measures reflect internal decision-making capabilities and managerial performance instead of external market responses to organizational (non-market) actions (Orlitzky et al. 2003). They also gained the same results in these studies that were mixed. Some studies (Aguilera et al. 2007; Simpson & Kohers 2002; Waddock & Graves 1997) found a significant positive relationship between CSR, disclosure and financial performance; McGuire, Sundgren and Schneeweis (1988) revealed that subsequent performance was less closely related to CSR than prior performance. In addition, McWilliams and Siegel (2000) reached that there was no link between a CSR and financial performance if the regression model is properly specified. Finally, Rettab, Brik & Mellahi (2009) in the UAE market as an emerging economy did the latest study of corporate social and financial performance. They found a strong positive relationship between CSR and financial performance. Therefore, this study attempts to contribute in this area and may facilitate more intensive research on CSRD and financial performance links outside of western countries and US markets in the future, especially in Libya as developing country and emerging country. Therefore, the researchers present the following hypothesis:

$H_{1:}$ Higher levels of CSRD provided by firms are positively associated with its higher financial performance in Libya.

CSRD and Employee Commitment

Employees consider one of the most important factors in a firm; they affect an organisation. Therefore, "the effective delivery of corporate social and environmental responsibility initiatives is dependent on employee responsiveness" (Collier et al. 2007, p. 22). Carroll (1979) notices that CSR and community contributions and reflects the way in which the firm interacts with the physical environment and its ethical stance towards consumers and other external stakeholders.

External CSR on internal and external information sources including the media and their personal experience within the company may be expected to base their employee opinions about these activities. Employees and managers have a greater stake in the success of the corporation than investor, owners, because their jobs and economic livelihood are at stake. Branco and Rodrigues (2006) discussed that CSRD leads to important results on the creation or deletion of other fundamental intangible resources, and may help build a positive image with employees and managers. Some studies expected that there is a positive relationship between CSR and disclosure with employee commitment (Backhaus et al. 2002; Brammer et al. 2007; Maignan & Ferrell 2004). At the same time, relationship between procedural justice and affective commitment may be expected a positive because employees may be expected to identify with ethical organizations (Brammer & Millington 2005). The existing literature provides compelling empirical support for these arguments; a strong relationship has been found between the ethical climate of organizations and job satisfaction (Koh & Boo 2001) and studies of the relationship between organizational commitment and procedural justice suggest that they are positively and significantly related (Albinger & Freeman 2000; Backhaus et al.

2002; Peterson 2004) illustrated that a firms social responsibility deals with matter to its employee and expect to have a positive impact on employees commitment. In addition, Maignan et al (1999) expected that firms that disclose in CSR activities and disclosure might enjoy enhanced levels of employee commitment for two reasons: they have devoted to ensuring the quality of workplace experience, and they inform their stakeholders about social issues such as the welfare of the community or the protection of the environment. Rupp et al (2006) noticed that employees' perceptions of their firms CSR activities lead their perceptions of the firm. Thus, it can be seen that firms that engage in CSR activities will appear a positive relationship with their employee commitment because they might earn employees commitment compared with firms that do not engage in CSR activities (Aguilera et al. 2007). Exploring a positive relationship between CSR and disclosure with financial performance is more likely to lead a positive relationship between CSR and disclosure with employee commitment. Rettab et al. (2009) explored that there is a positive relationship between CSR and employee commitment in the UAE market. One the other hand, Turker (2009) found that there is no link between CSR to government and the commitment level of employee by using social identity theory. Based on the above, the researchers advance the following hypothesis:

H_2: Higher levels of CSRD provided by firms are positively associated with its higher employee commitment in Libya.

<u>CSRD and Corporate Reputation</u>

There is many research which provides evidence to define corporate reputation, as according to Siltaoja (2006, p. 91): "the most important competitive advantage that companies can have [by]… assessments about what the organisation is, how well it meets its commitments and conforms to stakeholders' expectations, how effectively its overall performance fits with its socio-political environments". Emerging CSR lead to enhancing corporate reputation whereas non-emerging CSR lead to destroyed corporate reputation for a firm. Some companies may employ CSRD as one of the informational signals upon that stakeholder's base their assessments of corporate reputation under conditions of incomplete information (Branco & Rodrigues 2006). Also, Branco and Rodrigues (2006) explain that enhancing the effects of CSR in corporate reputation has particularly importance by CSRD. In addition, Hooghiemstra (2000) argues that one of the most important communication instruments that is used by firms to enhance , create, and protect their images or reputations is CSRD. Moreover, it is not easy to create positive reputation without making associated disclosure for firms investing in CSR activities to realise the value of such reputation (Hasseldine et al. 2005; Toms 2002). Furthermore, Toms (2002) explain that disclosure in annual reports, disclosure of environmental policies, and the implementation were found to contribute explicitly in create a positive corporate reputation. Besides to that, Toms (2002) and Hasseldine et al.

(2005) results that qualitative nature of environmental disclosure is rather than quantity nature of environmental disclosure, as opposed to mere volume and has a strong effect on the creation, enhancement , and protection of corporate reputation. Thus, the relationship between CSRD and corporate reputation should be clear and positive. Number of studies revealed that CSR and CSRD have a positive or negative effect on corporate reputation. Peterson (2004) noted that recent corporate experience in the oil and pharmaceuticals industries have emphasized negative consequences for corporate reputation that is more likely to flow from inappropriate behaviour towards the environment or consumers. At the same time, Brammer and Millington (2005) have found positive relationships between corporate reputation and CSR activities and Also, Clarke and Gibson-Sweet (1999) note that the importance of the use of corporate disclosure considers an effective factor on the management of reputation and legitimacy. Finally, Rettab et al. (2009) found that there is appositive relationship between CSR and corporate reputation in the UAE market. Therefore, the researchers advance the following hypothesis:

H_3: Higher levels of CSRD provided by firms are positively associated with its higher corporate reputation in Libya.

RESEACH METHODS

<u>Sample and Data Collection</u>

The quantitative method was employed the annual reports of the period of 2007 and 2009 and the questionnaire survey. The population for the current paper included 135 Libyan organizations in different sectors. A final sample of 40 firms was collected (See Table 1). The annual reports of this study were collected through using the company web pages and/ or by visiting company office to measure level of CSRD and financial performance.

Table 1: Response Rate from (Content Analysis) and Questionnaire Survey (Managers and Employees)

Sector	Manufacturing	Mining	Banking and Insurance	Services	Total
Population (a)	32	8	20	75	135
Final sample (b)	12	1	13	14	40
Sample Rate (b/a) %	37.5%	12.5%	65%	19%	30%
Number of participants	128	32	80	300	540
From managers	32	8	20	75	135
From employees	96	24	60	225	405
Responses received (c)					
From managers	12	1	13	12	38
From employees	35	3	38	34	111
Response Rate (c/a) %					
From managers	37.5%	12.5%	65%	16%	28%
From employees	36.4%	12.5%	63.3%	15.1%	27.4%

Table 1 shows the sample and data collection from the annual reports of 2007 to 2009 about the level of CSR information and the relationship between CSR information and financial performance in Libya. This table also shows the responses rate from managers and employees about the relationship between CSR information and organizational performance in terms of employee commitment and corporate reputation in Libya.

Data on employee commitment and corporate reputation were collected by survey questionnaires. The final number of questionnaires was 149 questionnaires from a total population of 135 organizations of different sectors. As result of most studies have used managers and employees to collect data about employee commitment (Brammer & Millington 2005; Fombrun et al. 2000; Hasseldine et al. 2005; Rettab et al. 2009; Toms 2002), questionnaires were sent to one manager and three employees of each company by personal meeting (See Table 1). Random sampling was used to select three employees from each firm from different departments to respond to the questionnaires. Both employee commitment and corporate reputation were measured by using seven items (employee commitment) and six-main items (corporate reputation) on a 5-point Likert scale, with 1= strongly disagree to 5= strongly agree. The employee commitment items were developed by Yousef (2003), and provide a firm-level evaluation of employee commitment to a firm, while corporate reputation items were adapted from a scale derived from Fombrun et al. (2000) to measure corporate reputation.

Empirical Model

The purpose of multivariate regression was used to measure, explain and predict the degree of linkage among variables (Hair et al. 2006). Therefore, this paper used the following regression models through SPSS program to examine the relationship between CSRD and organizational performance in terms of financial performance, employee commitment and corporate reputation as being proposed by the following hypotheses.

FP = $\alpha + \beta_1$ CSRD + β_2 SIZE + β_3 AGE + β_4 INDTY +ε.. (H_1).
EC = $\alpha + \beta_1$ CSRD + β_2 SIZE + β_3 AGE + β_4 INDTY +ε.. (H_2).
CR= $\alpha + \beta_1$ CSRD + β_2 SIZE + β_3 AGE + β_4 INDTY +ε.. (H_3).

Where FP refers to financial performance measures (return on equity, return on assets and revenues); EC refers to employee commitment and CR refers to corporate reputation as dependent variables, CSRD represents the independent variables (Employee (EMP), Community involvement (COM), Consumers (CON), Environment (ENV)), and all of the control variables including the Age of the firm (AGE) that was measured by total of assets (Branco & Rodrigues 2008), the Industry type (INDTY) that was measured by a dummy variable that takes the value of "1" if a firm is in a manufacturing and mining sector, and the value of "0" if otherwise (Elsayed & Hoque 2010), and the Size of the firm (SIZE) that was measured by the number of years since establishment in Libya (Rettab et al. 2009); B is the coefficient of the independent variables.

RESULTS AND DISCUSSION

Descriptive Analysis

The data showed in Table 2 point out that respondents the perceived influence of CSRD on corporate reputation (3.782) can be ranked as (1), followed by the perceived influence of CSRD on employee commitment (3.484), whereas the data obtained from the annual reports can be ranked as (1) for return on equity, then (2) for return on asset. This table also presents descriptive statistics for all the variables of interest. The average indexes illustrate higher disclosure on consumer disclosure (mean = 0.382), employee disclosure (mean = 0.358), and community disclosure (mean = 0.255) and less disclosure on environmental information (mean = 0.216).

Table 2: Descriptive Statistics for all Variables

Variables	Minimum	Maximum	Median	Mean	Std. D	Skewness	Kurtosis
Return On Asset	0.0007	0.3702	0.0207	0.0592	0.0854	2.2600	5.0850
Return On Equity	0.0007	0.7800	0.1020	0.1409	0.1515	2.2950	7.5670
Revenue	34,007	1,303,053,328	39,898,228	185,047,352	318,842,952	2.3770	5.3090
Employee Commitment	2.8500	4.0000	3.4700	3.4840	0.3030	-0.1240-	-0.8380-
Corporate Reputation	2.7100	4.6300	3.8050	3.7820	0.4653	-0.2850-	-0.5440-
Environment Disclosure	0.0000	1.0000	0.1400	0.2168	0.2564	1.4350	1.3540
Consumer Disclosure	0.0000	1.0000	0.2500	0.3825	0.2034	0.8040	1.1530
Community Disclosure	0.0000	0.8000	0.2000	0.2550	0.2218	0.8430	0.1970
Employee Disclosure	0.1100	0.5600	0.3300	0.3583	0.1175	-0.4770-	-0.2170-
Size	554,309,4	17,287,053,953	275,901,301	2,191,544,745	4,012,904,300	2.7690	7.9350
Age	1.0000	52.0000	18.0000	21.7000	14.6760	0.2770	-1.1120-
Type Of Industry	0.0000	1.0000	0.0000	0.3300	0.4740	0.7770	-1.4730-

This table shows the statistics for all the variables of interest and the perceived influence of CSRD in terms of environmental disclosure, consumer disclosure, community disclosure and employee disclosure on organizational performance in terms of financial performance, employee commitment and corporate reputation.

Correlation Analysis

Across the whole dataset shown in Table 3 present a preliminary indication that some independent are associated with organizational performance indexes. The correlations are a significant and positive between some independent variables and the organizational performance indexes. The perceived influence of consumer disclosure and the perceived influence of employee disclosure have higher correlations with corporate reputation index (0.772, p-value < 0.05 and 0.690, p-value < 0.05 respectively), return on equity (0.661, p-value < 0.05 and 0.506, p-value < 0.05 respectively) and employee commitment (0.539, p-value < 0.05 and 0.499, p-value < 0.05 respectively) than the majority of independent variables.

In similar vein, four independent variables (consumer disclosure, community disclosure and employee disclosure) are significantly and positively correlated with both corporate reputation and return on equity indexes. As can be seen from Table 8, most dependent variables have more than one correlation with independent variables. However, only community disclosure has significantly and positively correlated with return on asset index (0.563, p-value < 0.05). Also, there is no correlation between all dependent variables indexes and environmental disclosure except revenues index (0.321, p-value < 0.05). The results pertaining to correlations between dependent variables and independent variables in both Pearson correlation and Spearman's Rho correlation tables are relatively similar.

Table 3: Pearson (above) and Spearman's Rho (below) Correlation Coefficients Between Levels of CSR Disclosure and Organizational performance

Variables	Financial Performance			Employee Commitment	Corporate Reputation	Size	Age	Type of Industry
	Return on Asset Correlation	Return on Equity Correlation	Revenues Correlation	Correlation	Correlation	Correlation	Correlation	Correlation
Environmental	0.181	0.282	0.321*	0.050	0.084	-0.199-	0.120	0.519**
Disclosure	0.365*	0.177	0.207	0.122	0.156	-0.009-	0.235	0.545**
Consumer	0.109	0.661**	0.489**	0.539**	0.772**	0.135	0.429**	-0.059-
Disclosure	0.160	0.455**	0.600**	0.564**	0.809**	0.392*	0.468**	-0.073-
Community	0.563**	0.356*	0.277	0.296	0.420**	0.041	0.160	0.264
Disclosure	0.424**	0.308	0.331*	0.363*	0.460**	0.240	0.284	0.292
Employee	0.089	0.506**	0.273	0.499**	0.690**	0.355*	0.443**	0.190
Disclosure	0.248	0.515**	0.547**	0.481**	0.613**	0.439**	0.465**	0.209
Size	-0.137-	0.129	0.220	0.355*	0.292	1.000	0.548**	-0.310-
	-0.045-	0.278	0.674**	0.343*	0.358*	1.000	0.601**	-0.279-
Age	-0.210-	0.149	0.234	0.385*	0.304	0.548**	1.000	-0.056-
	-0.233-	0.079	0.433**	0.408**	0.323*	0.601**	1.000	0.042
Type of	0.004	-0.198-	-0.262-	-0.115-	-0.085-	-0.310-	-0.056-	1.000
Industry	0.176	-0.227-	-0.274-	-0.125-	-0.090	-0.279-	0.042	1.000

***. Correlation is significant at the 0.01 level (2-tailed). *. Correlation is significant at the 0.05 level (2-tailed).This table shows the Pearson and Spearman's Rho Correlation coefficients for the association between levels of CSRD in under four categories and organizational performance are reported.*

Multivariate Regression Analysis

Standards tests on skewness and kurtosis test (table 2), as well as Kolmogorov-Smirnov normality test and Shapiro-Wilk normality test (table 4) indicate that most dependent variables are not found normally distributed except for employee commitment and corporate reputation. In this vein, all independent variables and control variables are not to be normally distributed. Therefore, van der Waerden's transformation is employed to transform the dependent and continuous independent variables (independent variables and control variables) to normal scores for the conducting the regression analysis (Haniffa & Cooke 2005). It can be seen that the transformation of the dependent variables is entirely successful, while the continuous independent variables is not entirely successful except for size and age.

Table 4: Tests of Normality

Variables	Untransformed data				Transformed data			
	Kolmogorov-Smirnov^{a}		Shapiro-Wilk		Kolmogorov-Smirnov^{a}		Shapiro-Wilk	
	Statistic	p-v	Statistic	p-v	Statistic	p-v	Statistic	p-v
Return On Asset	0.263	0.000	0.689	0.000	0.060	0.200*	0.989	0.965
Return On Equity	0.177	0.004	0.786	0.000	0.036	0.200*	0.995	1.000
Revenue	0.302	0.000	0.627	0.000	0.023	0.200*	0.995	1.000
Employee Commitment	0.110	0.200*	0.962	0.223	0.053	0.200*	0.993	0.997
Corporate Reputation	0.090	0.200*	0.982	0.780	0.057	0.200*	0.994	0.999
Environment Disclosure	0.311	0.000	0.778	0.000	0.229	0.000	0.810	0.000
Consumer Disclosure	0.266	0.000	0.846	0.000	0.319	0.000	0.816	0.000
Community Disclosure	0.269	0.000	0.867	0.000	0.221	0.000	0.884	0.001
Employee Disclosure	0.226	0.000	0.892	0.002	0.203	0.000	0.896	0.002
Size	0.293	0.000	0.591	0.000	0.023	0.200*	0.995	1.000
Age	0.144	0.045	0.942	0.048	0.050	0.200*	0.989	0.967
Type Of Industry	0.433	0.000	0.586	0.000	0.433	0.000	0.586	0.000

This is a lower bound of the true significance. This table shows the Kolmogorov-Smirnov (K-S Lilliefors) and the Shapiro-Wilk normality tests statistics for the untransformed and the transformed data (van der Waerden's transformation) regarding to the dependent variables and the continuous independent variables.

In addition to tests of normality, the table 5 of correlation matrix for the dependent and continuous independent variables (transformed data) and the table 6 of collinearity statistics and are used to check for multicollinearity, homoscedasticity and linearity. The correlation matrix shows that the correlations between the continuous independent variables are low, that means; there is no serious multicollinearity. If the coefficients of correlation between continuous independent variables exceed 0.800, that indicates only indicative of serious collinearity (Guajarati 1995). In addition, the collinearity statistics illustrate that there is no problem with multicollinearity, because of the highest variance inflation factor (VIF) in the regressions are less than 3. Kennedy (1992) considers that based on the VIF, multicollinearity is a serious problem if continuous independent variables exceeds 10. In this regard, a residuals analysis is applied on the results, the problem of linearity and heteroscedasticity does not exist in the data. (Noruésis 1995, p. 447) defined Residuals as 'what are left over after the model is fit and they are also the difference between the observed value of the dependent variable and the value predicted by the regression line'.

Table 5: Correlation Matrix for Independent, and the Continuous Independent Variables (Pearson above diagonal, Spearman below) and Collinearity Statistics

VARIABLES	ENVD	COND	COMD	EMPD	SIZE	AGE	INDUSTRY	ROA	ROE	REV	EC	CR
ENVD	1.000	0.278	0.261	0.464**	-0.009	0.235	0.545**	0.360*	0.239	0.259	0.122	0.184
COND	0.236	1.000	0.521**	0.575**	0.392*	0.468**	-0.073	0.143	0.504**	0.593**	0.608**	0.810**
COMD	0.256	0.476**	1.000	0.522**	0.240	0.284	0.292	0.445**	0.303	0.327*	0.354*	0.437**
EMPD	0.428**	0.620**	0.503**	1.000	0.439**	0.465**	0.209	0.240	0.554**	0.558**	0.520**	0.712**
SIZE	-0.006	0.357*	0.221	0.476**	1.000	0.601**	-0.279	-0.038-	0.245	0.636**	0.351*	0.364*
AGE	0.233	0.468**	0.339*	0.506**	0.568**	1.000	0.042	-0.188-	0.110	0.418**	0.399*	0.361*
INDUSTRY	0.546**	-0.107	0.297	0.168	-0.242	0.055	1.000	0.152	-0.216-	-0.256-	-0.130-	-0.102-
ROA	0.365*	0.160	0.424**	0.248	-0.045	-0.233	0.176	1.000	0.649**	0.382*	0.160	0.279
ROE	0.177	0.455**	0.308	0.515**	0.278	0.079	-0.227	0.608**	1.000	0.632**	0.440**	0.659**
REV	0.207	0.600**	0.331*	0.547**	0.674**	0.433**	-0.274	0.336*	0.638**	1.000	0.428**	0.597**
EC	0.122	0.564	0.363	0.481	0.343	0.408	-0.125-	0.153	0.425**	0.426**	1.000	0.682**
CR	0.156	0.809**	0.460**	0.613**	0.358**	0.323**	-0.090-	0.312	0.633**	0.602**	0.694**	1.000
TOLERANCE	0.563	0.400	0.596	0.388	0.503	0.528	0.536					
VIF	1.776	2.501	1.677	2.575	1.987	1.893	1.866					

***. Correlation is significant at the 0.01 level (2-tailed). *. Correlation is significant at the 0.05 level (2-tailed). This table shows the Correlation matrix and collinearity statistics for each of measures of organizational performance in terms of financial performance (return on asset (ROA), return on equity (ROE) and revenues (REVs)), employee commitment and corporate reputation on each of environmental disclosure (ENVD), consumer disclosure (COND), community disclosure (COMD) and employee commitment (EMPD).*

In this regard, the Durbin-Watson (DW) is utilized to test the independent of errors (autocorrelation), for a level of significance of 0.05. The result of the Durbin-Watson *d* value can be a range from 0 - 4. If *d* value of the Durbin-Watson is equal 2, this leads to the independent of error. For accuracy, the Durbin-Watson *d* value greater than 3 or less than 1 is definitely reason for concern (Field 2009).The Durbin-Watson *d* values in these data are close to 2 and they do not be greater than 3 or less than 1. Therefore, autocorrelation does not form any problem with the data. Multivariate regression models are applied for test the relationship between CSR disclosure in annual reports of the years of 2007-2009 using four sectors and organizational performance in terms of financial performance, employee commitment and corporate reputation in the next table and paragraphs. Related to the relationship between CSRD and financial performance, multivariate regression model (1) is employed to test the first hypothesis by using van der warden's transformation data regarding to dependent and continuous independent variables.

It can be seen from Table 7. Although, there are obviously stability between the results of this table and the majority of findings of the tables of Pearson correlation and Spearman's Rho (untransformed data and transformed data), the regression results reveals few differences with the tables of Pearson correlation and Spearman's Rho (untransformed data and transformed data).These few differences are likely to be related to a size of sample. Table 7 shows the results for return on asset, return on equity and revenues to measure financial performance from estimating equation (1) using normal scores. The overall regression model (1) is significant at 1% level (F = 3.732; 4.335 and 7.886 respectively). The adjusted R^2 for return on Asst is 0.341, for return on equity is 0.387 and for revenues is 0.566. The values of adjusted R^2 mean that return on asset, return on equity and revenues indexes included in this regression model explain approximately 34%, 39% and 57% from the variations that happen in the CSR scores.

Table 7: Results of the Regression Models for Each Measure of Organizational Performance

Variables	Financial Performance						Employee Commitment		Corporate Reputation	
	ROA Coefficient Estimate	p-v	ROE Coefficient Estimate	p-v	REVs Coefficient Estimate	p-v	Coefficient Estimate	p-v	Coefficient Estimate	p-v
ENVD	0.447*	0.018	0.246	0.161	0.279	0.113	-0.064	0.716	-0.105-	0.384
COND	-0.146-	0.493	0.154	0.454	0.325*	0.032	0.285	0.196	0.525**	0.001
COMD	0.529**	0.005	0.130	0.442	0.080	0.571	0.120	0.503	0.048	0.683
EMPD	0.136	0.531	0.486*	0.025	0.066	0.707	0.304	0.176	0.500**	0.001
Size	0.066	0.730	-0.004-	0.985	0.487**	0.003	-0.041-	0.833	-0.048-	0.703
Age	-0.499-*	0.011	-0.295-	0.106	-0.131-	0.388	0.146	0.442	-0.074-	0.548
Type of Industry	-0.220-	0.237	-0.422-*	0.023	-0.312-*	0.044	-0.149-	0.430	-0.073	0.552
R^2	0.465		0.503		0.648		0.442		0.762	
Adjusted R^2	0.341		0.387		0.566		0.312		0.707	
Durbin-Watson	1.964		2.158		1.441		2.516		2.346	
F-statistic and p-value	3.732; p = 0.005		4.335; p = 0.002		7.886; p = 0.000		3.401; p = 0.009		13.759; p = 0.000	
White heterosced test: p-value										
Sum of squares	0.470		0.849		0.784		0.570		0.013	
	33.672		31.881		31.994		33.315		33.331	

*** Significant at the 0.01 level (2-tailed). * Significant at the 0.05 level (2-tailed). This table shows the results from a linear regression of each of measures of organizational performance in terms of financial performance (return on asset (ROA), return on equity (ROE) and revenues (REVs)), employee commitment and corporate reputation on each of environmental disclosure (ENVD), consumer disclosure (COND), community disclosure (COMD) and employee commitment (EMPD). The beta co-efficient and its p-value are presented.*

The regression results find a positive, negative relationship and non relationship at the 1% and 5% significance level between dependent and continuous independent variables. Although the level of environmental disclosure is low in the sample, the results regression model (1) indicates that a significant positive relationship between environmental disclosure and return on asset (0.447, p-value < 0.05).The relationship between community disclosure and return on asset (0.529, p-value < 0.01) is also a positive and significant. Furthermore, the regression results model indicated a significantly positive relationship between employee disclosure (0.486, p-value < 0.05) and return on equity. Finally, the results of the regression model reveal that consumer disclosure has a significant and positive impact on revenues (0.325, p-value < 0.05 and). In summary, the results of the regression model (1) does emerge the supported the research hypothesis (1). The results reveal that there are a significant and positive relationship between level of CSRD and financial performance at the 1% and 5% significance level.

The explanatory power of the regression varies from approximately 34% for return on asset to approximately 57% for revenues. The results are consistent with a number of studies. The results of Shauki (2011) found that the relationship between CSR contents, format, public confidence, incentives, and effect on financial performance through investment decisions is directly and positively related. In addition, investment decisions via CSR contents, formats, and changes in public confidence are affected by incentives. Kang et al. (2010) examines the extent of different impacts of positive and negative CSRD on financial performance of some services companies, it based on positivity and negativity effects of previous results of some studies. They revealed that mixed results enable companies' to make appropriate strategic decision for CSR activities by providing more precise information regarding the effects of each type of CSR activities on financial performance. Inoue and Lee results (2010) revealed that each type of CSRD had a differential impact on both short-term and future profitability that varied across different industries. They indicated that providing information about types of CSR activities to stakeholders such as managers would improve their companies' financial performance.

Montabon et al. (2007) indicate that environmental management practices are associated with company performance. However, a wide range of studies have investigated the relationship between CSRD and financial outcomes. Gray et al. (2001) explored the relationship between CSRD and the financial performance of the UK's largest companies, and found no convincing relationship between share returns and disclosure. In addition, Cheung and Mak (2010) reveal that high level of CSRD can improve a firm's credibility but it can also incur extra cost and reduce firm's profit.

Regarding the relationship between CSRD and employee commitment, multivariate regression model (2) is used to test the second hypothesis by using van der warden's transformation data regarding to dependent and continuous independent variables. Table 7 presents the regression results using normal scores for investigating the association between CSR disclosure and employee commitment. The overall regression model (2) is significant at 1% level (F = 3.401). The adjusted R^2 is about 31%. The value of adjusted R^2 indicates that almost 31% of the variation in the employee commitment scores between the firms can be explicated by categories of CSR scores included in the regression model. The regression results indicate that the non- significant relationship at the 1% and 5% significance level, as predicted, between CSR disclosure and employee commitment.

One conclusion does emerge the rejected second research hypothesis in the results of the regression model (2) that level of CSRD does not affect employee commitment, in spite of the findings that are revealed in the tables of Pearson correlation and Spearman's Rho (untransformed data and transformed data). Although the overall regression model (2) is significant at 1% level, none of the other main impacts are significant since the F-statistic is small. This result may refer to the size of sample. However, some prior studies have identified how CSR and CSRD can affect employees in terms of the commitment (Branco & Rodrigues 2009; Hsu 2006). These studies supported the notion that CSR and CSRD can increase its attractiveness as an employer.

Related to the relationship between CSRD and corporate reputation, multivariate regression model (3) is utilized to test the third hypothesis by using van der warden's transformation data regarding to dependent and continuous independent variables. The table 7 shows the regression results using normal scores for the CSRD and corporate reputation based on 'extent' of disclosure and reputation (scales). The overall regression model (1) is significant at 5% level (F = 13.759). The adjusted R^2 for the regression model (3) is 71.7%. As mentioned above, the value of the adjusted R^2 of the variation in the corporate reputation scores between the firms can be interpreted by categories of CSR scores included in the regression model, in other word the dependent variables (corporate reputation index) cannot explain 28.3% (100% - 71.7%) from the variations that happen in independent variables (level of CSR disclosure).

The regression model indicates a significant and positive relationship, as predicted, between consumer disclosure and corporate reputation (0.525, p-value < 1%). In addition, the results of the regression reveals a significant and a positive relationship between employee disclosure and corporate reputation (0.500, p-value < 1%). However, the non-significant relationship between environmental disclosure and community disclosure with corporate reputation is revealed.

Eventually, the results of the regression model (3) support the third research hypothesis. The results reveal that there are a significant and positive relationship between level of CSRD and corporate reputation at the 1% significance level. On the other hand, the non-significant relationship between both the levels of environmental disclosure and community disclosure with corporate reputation measures in the sample. Although some evidences in the literature review to date appear a mixed relationship between information disclosure and a company reputation using different methods, the results of this research hypothesis in this paper are consistent with the concept of stakeholder theory, which predicts a positive relation between high level of CSRD and a company reputation. The positive relationship appears due to the following reason. CSRD is particularly important in enhancing the impacts of CSR on a company reputation (Branco & Rodrigues 2006). CSRD is used to protect, enhance or create a competitive advantage and a company image or reputation, because CSRD is a communication instrument (Hooghiemstra 2000). In this regard, companies probably use CSRD to assess their reputation under conditions of incomplete information through their stakeholders group, because CSRD is considered as one of the informational signals (Teece et al. 1997). Besides the previous reason, "creating a positive image may imply that people are to a great extent prepared to do business with the firm and buy its products" (Branco & Rodrigues 2006, p. 125). Toms (2002) reveals that companies that implement monitor and disclose environmental activities in their annual reports could create and contribute good environmental reputation.

SUMMARY AND CONCLUSION

This paper analyses the relationship between CSRD and organizational performance in terms of financial performance, employee commitment and corporate reputation by a sample of the Libyan companies in four sectors (manufacturing sector, banks and insurances sector, services sector and mining sector), using a theoretical framework which combines stakeholder theory. The results in this paper indicate that companies exhibit greater concern to improve financial performance and corporate reputation via an increase of CSR information in annual reports. In this regard, to improve financial performance in these sectors, there is greater concern for environmental disclosure, consumer disclosure, community involvement disclosure and employee disclosure, whereas there is greater concern for consumer disclosure and employee disclosure to improve corporate reputation. On the other hand, there is no concern for each categories of CSRD to improve employee commitment. Hence, the results of this paper provide a good support for the use of a combination of stakeholder theory with resource-based perspectives to explicate the impact of CSRD on some organizational performance by Libyan companies.

This paper contributes at least in two ways to research: first, it extends previous research that links level of CSRD with organizational performance using a combination of institutional and resource-based perspectives. Second, it reveals the nature of the relationship between level of CSRD and organizational performance in spite of a lack of CSR data in annual reports of developing countries comparing with developed countries. However, this paper has a number of limitations: first, this paper focuses on only CSRD in annual reports, although these companies use other mass communication mechanisms. Finally, it is probably content analysis issues related to the level of subjectivity that are entailed in the coding process. Therefore, future research should mange the limitations of this study.

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