XXIV SemeAd
Seminários em Administração

novembro de 2021
ISSN 2177-3866

Board Independence and Sustainable Development Goal Disclosure: The Moderating Role of CSR Committee

VICTOR DANIEL VASCONCELOS
FACULDADE DE ECONOMIA, ADMINISTRAÇÃO E CONTABILIDADE DA UNIVERSIDADE DE SÃO PAULO - FEA

Agradecimento à orgão de fomento:
Agradecimento à CAPES

Board Independence and Sustainable Development Goal Disclosure: The Moderating Role of CSR Committee

1 Introduction

The Sustainable Development Goals (SDGs) were adopted by UN Member States in 2015 and are part of the Agenda 2030 for Sustainable Development that aims to tackle global challenges in areas such as health, education, economic security, social justice and environmental issues (Krasodomska et al., 2021). In this line, the 2030 agenda for Sustainable Development presents as a focus to provide an action plan to ensure the sustainability of the planet in the future (Martínez-Ferrero & García-Meca, 2020). The SDGs are based on the Millennium Development Goals (MDGs) adopted in 2000 and aim to address the MDG gaps; unlike the MDGs, which focused on developing countries, the SDGs are aimed at all countries, including developed countries (Hummel & Szekely, 2021). The core of the SDGs is a global agreement to protect the planet sustainably, ensure the peace of its inhabitants, and respond to the poverty of humankind (Saeed et al., 2021) being seen as the ultimate goal because SDGs include human rights (Joseph et al., 2019) and significant changes in societies and economies are crucial to implement the 17 SDGs (Rashed & Shah, 2021).

Nowadays, the SDGs represent a globally accepted standard for companies around the world, demonstrating their commitment to society (Diaz-Sarachaga, 2021). The sustainable development framework is structured by 17 Sustainable Development Goals (SDGs) and has 169 targets with more than 500 indicators, and it is necessary to evaluate the implementation of the SDGs (Jintao Lu et al., 2021) and are interconnected and indivisible, being a new challenge within the strategic process (Cosma et al., 2020). SDGs disclosure are used by financial analysts working in the capital markets, attracting potential investors and satisfying the interest of rating agencies (Garcia-Sanchez et al., 2020). being a strategy used by companies motivated by the need to engage with their stakeholders (Cosma et al., 2020). It is important to note that the SDGs are not tied to national or international legislation, and that many of the goals and targets are vague and only qualitative in nature, so companies can decide how to implement the goals correctly, however, proper implementation of the SDGs requires mechanisms for measuring and reviewing progress (Hummel & Szekely, 2021).

Corporate governance can be defined as a system of rules, processes, and practices by which companies are governed that aims to manage the company's resources to ensure a balance between its economic and social objectives (Nwude & Nwude, 2021). Board of directors is an important element of corporate governance, being appointed by the shareholders and responsible for organizing appropriate mechanisms to observe and direct the activities of the company (Hosain, 2020) and is a crucial corporate governance mechanism for monitoring and advising top management (Okoyeuzu et al., 2021). In this line, board of directors is one of the main mechanisms of internal governance, acting to monitor the managers and safeguard the interests of stakeholders (Saleh et al., 2021), ensuring the alignment of objectives between managers and the company's stakeholders (Bhuiyan et al., 2021) and the ability of the board of directors to perform its functions effectively depends on the assignments of the board of directors and its members (Martinez-Jimenez et al., 2020).

The structure and composition of the board of directors can also influence the companies' engagement in environmental and social activities and the formation of a specific committee to deal with CSR issues (Kılıç et al., 2021). CSR Committee is a subcommittee of the board of directors made up of members with knowledge and experience in the field (Martínez-Ferrero et al., 2021) and plays a crucial role in the company's success (Saeed et al., 2021). The creation of a CSR committee is a voluntary decision by the company and there is no legal obligation for the company to include experts in the CSR area (Isabel María García-Sánchez et al., 2019). Moreover, companies that have a CSR committee spend more resources on sustainable activities, increasing financial performance, acquiring a competitive advantage (Saeed et al., 2021).

Previous studies provide some mixed findings on the existence of an association between board independence and environmental and social disclosure. Many studies find a significant and positive relationship (Alia & Mardawi, 2021; Ben Fatma & Chouaibi, 2021; Bhuiyan et al., 2021; M. H. U. Rashid & Hossain, 2021). Nevertheless, other studies find either no significant association (Farhan & Freihat, 2021; A. Rashid, 2021) or negative relationship (Nwude & Nwude, 2021). However, only a few studies have analyzed the influence of board aspects such as board independence on sustainable development goal disclosure (Martínez-Ferrero & García-Meca, 2020). Previous studies show the positive impact of the CSR committee on social and environmental activities, however, few studies show the moderating role of the CSR committee in the relationship between board independence and environmental and social disclosure (Endrikat et al., 2020; I M García-Sánchez et al., 2019) and there are no studies that address the moderating role of the CSR committee in the nexus of board independence - SDGs disclosure, so this study seeks to fill this gap by showing this relationship in Latin America.

This study seeks to answer two research questions. (1) To what extent does board independence influence the sustainable development goal disclosure? and (2) To what extent does the CSR committee moderate the board independence - sustainable development goal disclosure nexus? We use the theories of agency, resource dependence, and stakeholders. Agency theory (Jensen & Meckling, 1976) deals with the contractual relationship between principals (shareholders) and agents (managers), agents serve the interests of principals by performing actions on their behalf (Kumala & Siregar, 2020). Resource dependence theory (Pfeffer & Salancik, 1978) states that firms depend on resources to survive (Shi et al., 2021) and stakeholder theory (Freeman, 1984) posits that companies disclose social and environmental information to reduce pressure from their stakeholders (Al-Qahtani & Elgharbawy, 2020).

Our study contributes to the literature on Sustainable Development Goals, board independence and CSR committee in a number of important ways. First, economic, political, and social crises have been part of the reality in Latin American countries for more than a century, a region characterized by unemployment, informality, low productivity, allegations of corruption, and social unrest such as forced displacement, crime, and terrorism (Gonzalez-Perez et al., 2021) and the United Nations (UN) has called for driving sustainable development in vulnerable regions of the world, such as Latin America, a region characterized by social disparities and structural problems (Tabares, 2021). In 2016, the Forum of the Countries of Latin America and the Caribbean on Sustainable Development was created by the UN Economic Commission for Latin America and the Caribbean (ECLAC), thus ECLAC seeks to achieve the SDGs by recognizing the diversity of the challenges of each Latin American country, without imposing a single set of measures (Lee et al., 2016). In its first voluntary report released in 2017, Brazil highlights that the fiscal crisis has compromised the growth of the economy and the State's ability to carry out public policies in the social and environmental areas and that to implement the SDGs and turn the 2030 Agenda into reality, the Brazilian government intends to adopt a participatory model with the participation of the most varied social segments (Brazil, 2017). Thus, the research about the sustainable development goal disclosure in Latin America companies is relevant. Second, the study extends the literature by quantitatively examining the relationship between, sustainable development goal, board independence and CSR committee. Third, the study creates a sustainable development goal disclosure index. And finally, in March 2020, the World Health Organization (WHO) declared a pandemic of the new coronavirus, the infectious disease, known as Covid-19 created a global health crisis that quickly turned into a global financial crisis, with the US market experiencing the biggest decline in 1 week since the 2008 financial crisis (Fasan et al., 2021) and in the period of the COVID-19 pandemic which is marked by fears and uncertainties in society, companies must carry out social and environmental activities to help their employees, customers, and communities (Mahmud et al., 2021) and in this context the study of sustainable development goal, board independence and CSR committee is important for the post-pandemic world.

The remainder of this paper is structured as follows. The second section discusses the theory and literature review. Next, we discuss our research design and methodology. The fourth section presents the empirical analyses of the study. Finally, we discuss the findings and make concluding remarks, we point out to the research limitations and delineate the related future research directions.

2. Theoretical Background and Research Hypotheses

2.1 Board independence and sustainable development goal disclosure

Board independence has gained attention from academia and practitioners for assessing the compliance of corporate governance codes in different regions of the world (Karim et al., 2020). and is considered a crucial corporate governance mechanism for protecting the interests of minority shareholders (Al-Gamrh et al., 2020). One of the main objectives of independent directors is to control any wrongdoing by managers and to add value to the boards, especially in the disclosure of information that protects the interests of stakeholders (M. H. U. Rashid & Hossain, 2021). Therefore, independent directors tend to defend the disclosure of non-financial information, such as environmental disclosure as a mechanism to carry out unbiased accountability processes (Gerged, 2021).

Independence is strongly associated with the control task performed by the board of directors (Hom et al., 2021). According to agency theory, board independence is the main corporate governance mechanism to address agency conflicts between shareholders and managers (Al-Gamrh et al., 2020), reducing agency costs (Naciti, 2019) and monitoring the actions of managers (Endo, 2020), because the independent directors have no financial interests because they are external to the organization (Bhuiyan et al., 2021). Therefore, according to agency theory, independent directors tend to be effective monitors, objectively assessing and questioning the performance of managers (Amin et al., 2021) and provide a bridge between managers and all stakeholders (Tran, 2021).

According to resource dependence theory, independent directors are more likely to link companies to external communities, increasing companies' engagement in environmental and social activities (A. Rashid, 2021) and provide alternative sources of knowledge (Endrikat et al., 2020). Non-executive directors can provide "human" capital and "relational capital" to the organization (Hillman et al., 2009). Independent directors can use their external network to obtain valuable information, business opportunities, and partners for the company, thus generating more profit (Tran, 2021). Moreover, according to resource dependence theory, board independence may be crucial when addressing strategic risk (Hom et al., 2021).

Martínez-Ferrero and García-Meca (2020) found that the independence of the board acts individually as a determinant for Agenda 2030. Bhuiyan et al., (2021) found a positive relationship between board independence and environmental investment. suggest that companies forced to increase board independence reduce CSR activities more than companies that are not forced to increase board independence (Chintrakarn et al., 2020). Rashid and Hossain (2021) found a positive relationship between board independence and disclosure of environmental and social practices. Alia and Mardawi, (2021) and Ben Fatma and Chouaib (2021) found that board independence positively influences corporate social responsibility disclosure. Thus, in line with agency theory and resource dependence theory. the following hypothesis is proposed:

Hypothesis 1: There is a positive relationship between board independence and sustainable development goal disclosure

2.2 The moderation effect of CSR Committee on the relationship between board independence and sustainable development goal

Board committees like CSR committee support the boards in carrying out their duties (Pucheta-Martínez et al., 2021). The creation of a CSR committee is a deliberate and voluntary decision (Endrikat et al., 2020) and can be seen as signaling the company to social issues by facilitating communication and putting CSR on the agenda of the company's executives (Torres & Augusto, 2021) and the CSR committee is set up to deal mainly with sustainability, ethical, health, safety, and environmental issues (Konadu, 2017). Therefore, the presence of a CSR committee guides managers to effectively manage CSR issues (Derchi et al., 2020).

According to stakeholder theory, the concerns of all stakeholders must be taken into account (Eberhardt-Toth, 2017) and companies form a committee focused on sustainability issues in order to effectively manage their relationship with stakeholders, showing their commitment to responsible corporate practice (Kılıç et al., 2021). The existence of a CSR committee enables companies to effectively adapt to social circumstances, gaining the trust of local stakeholders, providing a better connection with its stakeholders and thus an increase in legitimacy and corporate reputation (Helfaya & Moussa, 2017). Companies with a sustainability committee improve the responsiveness of companies to the needs of their stakeholders regarding aspects such as the environment, resulting in higher environmental investment (Bhuiyan et al., 2021) and are more likely to meet their stakeholders' needs and carry out more responsible practices, and thus tend to behave better socially and environmentally (Uyar et al., 2021).

Helfaya and Moussa (2017) suggests that companies with a CSR committee disclose more environmental information to gain legitimacy with their stakeholders. Hamza and Jarboui (2021) found that the CSR committee positively affects socially responsible activities. Kılıç et al., (2021) found that companies with a sustainability committee are more likely to issue a sustainability report, follow Global Reporting Initiative (GRI) guidelines, and obtain an independent verification statement. Orazalin and Mahmood (2021) suggests that the presence of a CSR committee leads to better environmental performance. Córdova Román et al., (2021) found that the CSR committee increases transparency about carbon emissions. Bhuiyan et al. (2021) found that environmental investment is higher in companies with an environmental subcommittee. Few studies have examined the mediating role of CSR committee in the relationship between board independence and environmental disclosure (Endrikat et al., 2020; I M García-Sánchez et al., 2019). Endrikat et al., (2020) found that the presence of a CSR committee positively moderates the relationship between board characteristics (board size, board independence, and female board representation) and corporate social responsibility. However, there are no studies that have studied the mediating role of CSR committee in the relationship between board independence and SDGs disclosure. Thus, in line with stakeholder theory, the following hypothesis is proposed:

Hypothesis 2: CSR Committee positively moderates the relationship between board Independence and sustainable development goal disclosure

3. Research design and methodology

3.1 Sample and data collection

To test the hypotheses, we use a sample consisting of 160 firms-year observation of 80 firms from Argentina, Brazil, Chile, Colombia, Mexico, and Peru in the period 2019-2020. These countries were selected because they belong to the Morgan Stanley Capital International (MSCI) Emerging Markets Latin America Index, which has 101 constituents and covers approximately 85% of the free float-adjusted market capitalization of each country (MSCI, 2021). Our data set is made up of information from the Refinitiv database. Refinitiv database consists of about 150 indicators grouped into ten dimensions that aim to measure a company's environmental, social, and governance performance and provide sector-specific rankings (Bătae et al., 2021). Table 1 illustrates the sector classification used in this analysis, based on the Global Industry Classification Standard (GICS).

Table 1

Sample distribution by sector of activity and countries

	Argentina	Brazil	Chile	Colombia	México	Peru	Total
Communication Services	0	2	0	0	0	0	2
Consumer Discretionary	2	22	0	0	5	0	29
Consumer Staples	8	14	0	0	6	4	32
Energy	0	4	0	2	0	0	6
Financials	0	8	2	2	2	2	16
Health Care	0	2	0	0	0	0	2
Industrials	4	10	4	0	5	0	23
Information Technology	2	2	0	0	0	0	4
Materials	2	6	0	0	8	4	20
Real State	2	0	0	0	2	0	4
Utilities	4	18	0	0	0	0	22
Total	24	88	6	4	28	10	160

As is evident from the data in Table 1, the sample comprised eleven activity sectors. Firms belonging to the consumer staples represent 32 (20%) observations, followed by the consumer discretionary, industrials and utilities sectors at 29 (18,125%), 23 (14,375%) and 22 observations (13,75%), respectively. The sector with the lowest representation was communication services with 2 observations (1,25%). In reference to countries, Brazil is the country with the most observations with 88 (55,0%), followed by Mexico and Argentina with 28 (17,5%) and 24 (15,0%) observations, respectively.

3.2 Variable definitions

3.2.1 Dependent variable

Sustainable Development Goal disclosure is presented in this study as the dependent variable. This variable is calculated as the ratio between the aggregate of the 17 Sustainable Development Goals and the total number of Sustainable Development Goals (17). If the company discloses information on an SDGs, it will assume the value 1; otherwise, the value is 0. The 17 Sustainable Development Goals are presented in Table 2.

Table 2

List of the Sustainable Development Goals

Goal 1	No Poverty
Goal 2	Zero Hunger
Goal 3	Good Health and Well-being
Goal 4	Quality Education
Goal 5	Gender Equality

Goal 6	Clean Water and Sanitation
Goal 7	Affordable and Clean Energy
Goal 8	Decent Work and Economic Growth
Goal 9	Industry, Innovation and Infrastructure
Goal 10	Reduced Inequality
Goal 11	Sustainable Cities and Communities
Goal 12	Responsible Consumption and Production
Goal 13	Climate Action
Goal 14	Life Below Water
Goal 15	Life on Land
Goal 16	Peace and Justice Strong Institutions
Goal 17	Partnerships to achieve the Goal

3.2.2 Independent, moderating variables and control variables

Board independence is our independent variable. Board independence is measured by the proportion of independent directors on the boards. The moderating variable of the study is CSR Committee. CSR sustainable committee is dummy variable equals 1 if the company has CSR sustainable committee, and otherwise 0 (Dunbar et al., 2020; Martínez-Ferrero et al., 2020). See the variables description in Table 3.

Table 3
Variables description

Variable name	Variable name	Model name	Proxy
Dependent	Sustainable development goal disclosure	SDG	17 Sustainable Development Goals disclosure/ total number of Sustainable Development Goals (17).
Independent	Board independence	BIND	Proportion of independent directors on the board of directors
Moderator	CSR Committee	CSR	Dummy variable equals 1 if the company has CSR sustainable committee, and otherwise 0
Control	Board size	BSIZE	Total number of board members
Control	CEO duality	CEODUAL	Dummy variable equals 0 if the company operates with the same person as CEO and chairman at the same time, and otherwise 1
Control	Profitability	ROA	Income after taxes for the fiscal period/Total assets
Control	Leverage	LEV	Total debt/Total assets
Control	Firm size	FSIZE	Natural logarithm of total assets

Control variables regarding Sustainable Development Goal disclosure were introduced to the regression model to decrease the likelihood of bias in the results. Board size is the total number of board member and larger boards of directors have different points of view, being more efficient in environmental and social disclosure (Campanella et al., 2021), thus we expect a positive relationship between board size and sustainable development goal disclosure. CEO duality is dummy variable equals 0 if the company operates with the same person as CEO and chairman at the same time, and otherwise 0. CEO and chairman duality decreases the monitoring of the board of directors (Tibiletti et al., 2020), thus we expect a negative relationship between CEO duality and sustainable development goal disclosure. Profitability is the ratio between income after taxes for the fiscal period and total assets and more profitable companies tend to have greater social and environmental disclosure to legitimize their existence (Hermawan & Gunardi, 2019), thus we expect a negative relationship between profitability and sustainable development goal disclosure. Leverage is measured as debt over total assets and more leveraged companies tend to disclose more social and environmental information to project positive information (Talha et al., 2016), thus we expect a positive relationship between leverage and sustainable development disclosure. Finally, firm size is the natural logarithm of total assets and companies with more employees tend to disclose more environmental and social information (Ting, 2021). Thus, we expect a positive relationship between firm size and sustainable development goal disclosure.

3.3 Empirical Models

To test the hypotheses, we estimate the following two equations by employing ordinary least squares (OLS) regressions with robust standard errors. The linear regression model is one of the most widely used statistical tools in different scientific fields to discover the relationship between a continuous variable and a series of explanatory variables (Guo & Cheng, 2021). OLS regression is a technique that is usually valid for finding a relationship between dependent and independent variables (Jihai Lu et al., 2021). OLS is a simple and straightforward method that allows a more direct comparison and ensures sample validity and reliability (Choi et al., 2021). Thus, in order to verify the influence of board independence on the Sustainable Development Goals disclosure and the moderating role of the CSR committee in this relationship, the models are estimated:

$$SDG_{i,t} = \beta_0 + \beta_1 BIND_{i,t} + \beta_2 CSR_{i,t} + \beta_3 BSIZE_{i,t} + \beta_4 CEODUAL_{i,t} + \beta_5 ROA_{i,t} + \beta_6 LEV_{i,t} + \beta_7 FSIZE_{i,t}\ \varepsilon \quad (1)$$

$$SDG_{i,t} = \beta_0 + \beta_1 BIND_{i,t} * CSR_{i,t} + \beta_2 BSIZE_{i,t} + \beta_3 CEODUAL_{i,t} + \beta_4 ROA_{i,t} + \beta_5 LEV_{i,t} + \beta_6 FSIZE_{i,t}\ \varepsilon \quad (2)$$

where, SDG is the sustainable development goal disclosure. BIND is the board independence. CSR is the CSR Committee. BSIZE is the board size. CEODUAL is the is the duality between CEO and chairman. ROA is the profitability. LEV is the leverage. Firm Size is the company size.

4 Results

4.1 Descriptive statics

Table 4 reports a summary of the descriptive statistics for all variables considered in the study model. The average SDG disclosure score is 0.335, with a standard deviation of 0.342 and a maximum score of 1, meaning that some companies disclosed information from all Sustainable Development Goals.

Table 4

Descriptive statics

Variables	N	Mean	SD	Minimum	Maximum
SDG	160	0,335	0,342	0	1
BIND	160	40,08	25,04	0	100
CSR	160	0,5875	0,4938	0	1
BSIZE	160	9,456	0,354	3	22
CEODUAL	160	0,275	0,447	0	1
ROA	148	0,198	0,396	-2,373	1,238
LEV	148	1,452	3,026	0	35,32
FSIZE	148	20,43	1,783	14,11	24,05

Board independence has a mean of 40,08, i.e., on average companies have 40% of the board composed of independent directors, and the mean of the variable CSR committee is 05875, i.e., on average 58,7% of companies have a CSR committee. This represents that more than half of the companies in the sample have a CSR committee.

4.2 The effect of COVID-19 on Sustainable Development Goal disclosure

Covid-19 pandemic has increased the concern for social and environmental activities with many countries using sustainable strategies as a way to recover their economies, for example, the European Parliament is adopting post-COVID-19 economic style packages taking into account the objectives of the Green Deal (Bae et al., 2021). Companies tend to respond to the interests of society during the pandemic of COVID-19 by increasing positive effects and decreasing negative impacts on society, however, some companies may decrease social and environmental activities due to the scarcity of resources and the uncertainty of the macroeconomic environment (Mahmud et al., 2021). In this line, engaging companies in social and environmental activities in periods of financial crisis, such as during the COVID-19 pandemic, can improve their image in the eyes of society, attracting public attention and influencing investor decisions (Qiu et al., 2021). Therefore, Covid-19 pandemic may also be an opportunity to introduce environmental policies aimed at reducing the use of fossil fuels, because the pandemic has provided a shift in consumer and investor preferences toward the use of environmentally friendly products (Guérin & Suntheim, 2021).

T-test was used to observe the differences of sustainable development goal disclosure between two periods (2019 and 2020) to observe the effect of the COVID-19 pandemic on sustainable development goal disclosure. We consider 2019 to be the period when there was no effect of the COVID-19 pandemic and 2020 to be the period when there was the effect of the COVID-19 pandemic. Table 4 presents the results.

Table 5
Independent t-test results

	N	Mean	SD	Sig
Sustainable Development Goal disclosure				
2019	80	0,299	0,037	0,1839
2020	80	0,371	0,038	

The results show that sustainable development goal disclosure showed no statistical difference in the two periods (p=0.1839), indicating that there was no effect of the COVID-19 pandemic on sustainable development goal disclosure. The result can be explained by the fact that if on the one hand companies have fewer resources to invest in social and environmental activities, on the other hand companies that excel in social and environmental activities tend to increase their disclosure in periods of crisis.

4.2 Multivariate analysis

Table 6 presents the results of models 1 and 2. To perform the statistical analysis, it is necessary to meet the assumptions of multicollinearity and heteroscedasticity. The highest VIF of the study was 1.61 indicating that the study does not suffer from a multicollinearity problem, which occurs when the VIF is greater than 10 (Hair et al., 2005) and the Breusch-Pagan test was performed, with the null hypothesis being rejected (p>0.05) indicating that the study does not present a heteroscedasticity problem.

Table 6
Results

	Dependent variable: Sustainable development goal disclosure
	Ordinary Least Square

	Model 1	Model 2
	Coefficient	Coefficient
BIND	0,0012461	
CSR	0,1373942***	
BIND * CSR		0,0028349***
BSIZE	0,0076915	0,0109238
CEODUAL	-0,0648062	-0,0614987
ROA	-0,132596	-0,0138148
LEV	0,005642	0,00433392
FSIZE	0,0547092***	0,052361***
Constant	-0,9800259***	-0,8611088***
N	148	148
Firms	60	60
R-squared	0,2187	0,2229
Període	2	2

***p < 0.01;**p < 0.05; *p < 0.1.

In Model 1, we explore the influence of board independence on the Sustainable Development Disclosure, our findings a indicate non-significant relationship between board independence and Sustainable Development Goal disclosure. In Model 2, we examine the moderating role of CSR Committee in the relationship between board independence and Sustainable Development Disclosure, our findings indicate that CEO power positively moderate the relationship between environmental innovation performance and environmental innovation disclosure.

The results show that board independence does not influence the disclosure of sustainable development goals, not supporting hypothesis 1 (coeff = 0,0012461; p = 0,269) and that the CSR committee positively moderates the relationship between board independence and Sustainable Development Goal disclosure (coeff = 0,0028349; p=0,001). In addition, company size positively influences the Sustainable Development Goal disclosure.

5 Discussion

The results show that board independence does not influence Sustainable Development Goal disclosure, going against the idea of agency theory which mentions that board independence is an effective mechanism to decrease agency conflicts and control the manager, it also meets the idea of resource dependency theory which states that a board of directors with more independent members may be able to disclose more environmental issues information by increasing the skills provided by independent directors. A possible explanation for this result is that in the COVID-19 pandemic, as the study collected information from 2019 and 2020, the results may have been influenced by this fact. COVID-19 pandemic has reinforced the crucial role of corporate governance in organizations, as companies that perform well in corporate governance meet the basic needs of society (Golubeva, 2021). In this context, COVID-19 pandemic reinforced the importance of board monitoring to reduce the possibility of instability and emphasized that the board should develop programs to prepare for a disaster (Farwis et al., 2021) and COVID-19 pandemic raised questions about corporate governance practices because governments around the world introduced economic policies to reduce the negative financial impacts generated by the COVID-19 pandemic (Jebran & Chen, 2021). Board diversity can be beneficial to the company during financial crises, such as COVID-19, because COVID-19 impacts stakeholders and a more diverse board represents multiple stakeholders, fostering the recovery process (Ozdemir et al., 2021)

These findings confirm previous studies (Farhan & Freihat, 2021; A. Rashid, 2021) (Farhan & Freihat, 2021) analyzed the effect of government ownership on corporate social responsibility from publicly traded companies in the capital markets of the United Arab

Emirates (Abu Dhabi and Dubai) from 2010 to 2013. The results showed that board independence does not influence the performance of social and environmental activities. (A. Rashid, 2021) examined the association between board independence and corporate social responsibility (CSR) reporting, using a sample of 707 company-year observations in Bangladesh, the results showed that board independence does not influence CSR activities

The results also show that the CSR committee positively moderates the relationship between board independence and Sustainable Development Goal disclosure, meeting the stakeholders' perspective that a CSR committee tends to meet stakeholders' needs, facilitating the company's communication with its stakeholders and putting the SDGs on managers' agenda. Furthermore, the CSR committee helps the company to better manage its relationship with its stakeholders and therefore, in companies with a CSR committee, board independence positively influences Sustainable Development Goal Disclosure.

Endrikat et al., (2020) examined the relationship between board characteristics and corporate social responsibility using meta-analytic techniques from a sample of 82 empirical studies, as a result the authors find that the CSR committee positively moderates the relationship between board characteristics such as board independence, gender diversity and board size and corporate social responsibility. I M García-Sánchez et al., (2019) analyzed the relationship between board independence and adoption of the GRI-IFC strategy, from an unbalanced sample of 750 international companies over the period 2011-2016, the results show that the CSR committee plays a mediating role in the cause-and-effect relationship between independent directors and their adoption of the GRI-IFC strategy. The summary of hypotheses is presented in Table 6.

Table 6

Summary of hypothesis

Hypothesis	Expected sign	Actual sign	Level of support
Hypothesis 1: There is a positive relationship between board independence and sustainable development goal disclosure	(+)	(0)	Not Supported
Hypothesis 2: CSR Committee positively moderates the relationship between board Independence and sustainable development goal disclosure	(+)	(+)	Supported

In sum, the paper brings theoretical and practical implications. Theoretical implications because it studies the relationship between board independence and Sustainable Development Goal disclosure in the Latin American context and the moderating role of the CSR committee in this relationship. The study contributes academically by offering new insights on the effect of board independence on the disclosure of Sustainable Development Goals and the moderating role of the CSR committee. Furthermore, the study presents this study in the context of Latin American countries that have unique characteristics such as high ownership concentration, weak minority shareholder protection, and agency conflicts between majority and minority shareholders.

The study also brings practical implications by showing that policy makers should encourage Latin American companies to create CSR committees since it improves the company's relationship with its stakeholders and increases the dissemination of the Sustainable Development Goals and managers may be motivated to create CSR committees in companies to improve the company's relationship with its stakeholders.

6 Conclusions

This study examines the relationship between board independence and Sustainable Development Goal disclosure and the moderating role of the CSR committee. Using data from 80 firms in Argentina, Brazil, Chile, Colombia, Mexico, and Peru collected over the 2019-20 period, we employ the ordinary least squares method. We measure the disclosure of Sustainable Development Goals through an index made from the ratio of SDGs disclosure to total SDGs.

We find that the CSR committee positively moderates the relationship between board independence and Sustainable Development Goal disclosure. The results also show that board independence does not influence the disclosure of Sustainable Development Goals and that size positively influences this disclosure.

First, an SDG disclosure metric can be used that addresses more qualitative aspects, such as word count. Second, it may try using another database so that the study has a longer longitudinal period. Finally, the study was done in the period of the COVID-19 pandemic, which may have influenced the result, and as a suggestion for future research we have a study with more countries that have different institutional characteristics and a more qualitative approach in the dissemination of SDGs.

References

Al-Gamrh, B., Al-Dhamari, R., Jalan, A., & Jahanshahi, A. A. (2020). The impact of board independence and foreign ownership on financial and social performance of firms: evidence from the UAE. *Journal of Applied Accounting Research*.

Al-Qahtani, M., & Elgharbawy, A. (2020). The effect of board diversity on disclosure and management of greenhouse gas information: evidence from the United Kingdom. *Journal of Enterprise Information Management*.

Alia, M. J. A., & Mardawi, Z. M. (2021). The impact of ownership structure and board characteristics on corporate social responsibility disclosed by palestinian companies. *Jordan Journal of Business Administration*, *17*(2), 254–277. https://www.scopus.com/inward/record.uri?eid=2-s2.0-85104951120&partnerID=40&md5=d6f0e458a64717da05c7a03ea8cadd31

Amin, M. H., Mohamed, E. K. A., & Elragal, A. (2021). CSR disclosure on Twitter: Evidence from the UK. *International Journal of Accounting Information Systems*, *40*, 100500. https://doi.org/https://doi.org/10.1016/j.accinf.2021.100500

Bae, K.-H., El Ghoul, S., Gong, Z. (Jason), & Guedhami, O. (2021). Does CSR matter in times of crisis? Evidence from the COVID-19 pandemic. *Journal of Corporate Finance*, *67*, 101876. https://doi.org/https://doi.org/10.1016/j.jcorpfin.2020.101876

Bătae, O. M., Dragomir, V. D., & Feleagă, L. (2021). The relationship between environmental, social, and financial performance in the banking sector: A European study. *Journal of Cleaner Production*, *290*, 125791. https://doi.org/https://doi.org/10.1016/j.jclepro.2021.125791

Ben Fatma, H., & Chouaibi, J. (2021). Corporate governance and CSR disclosure: evidence from European financial institutions. *International Journal of Disclosure and Governance*. https://doi.org/10.1057/s41310-021-00117-1

Bhuiyan, M. B. U., Huang, H. J., & de Villiers, C. (2021). Determinants of Environmental Investment: Evidence from Europe. *Journal of Cleaner Production*, 125990. https://doi.org/https://doi.org/10.1016/j.jclepro.2021.125990

Brazil. (2017). *VOLUNTARY NATIONAL REVIEW ON THE SUSTAINABLE DEVELOPMENT GOALS*.

Campanella, F., Serino, L., Crisci, A., & D'Ambra, A. (2021). The role of corporate governance in environmental policy disclosure and sustainable development. Generalized estimating

equations in longitudinal count data analysis. *Corporate Social Responsibility and Environmental Management*, *28*(1), 474–484. https://doi.org/https://doi.org/10.1002/csr.2062
Chintrakarn, P., Jiraporn, P., Tong, S., Jiraporn, N., & Proctor, R. (2020). How do independent directors view corporate social responsibility (CSR)? Evidence from a quasi-natural experiment. *Financial Review*, *55*(4), 697–716.
Choi, H., Moon, D., Guiral, A., & Choi, B. (2021). Corporate sustainability and the market pricing of accounting numbers. *Corporate Social Responsibility and Environmental Management*, *28*(3), 1117–1126.
Córdova Román, C., Zorio-Grima, A., & Merello, P. (2021). Economic development and CSR assurance: Important drivers for carbon reporting… yet inefficient drivers for carbon management? *Technological Forecasting and Social Change*, *163*, 120424. https://doi.org/https://doi.org/10.1016/j.techfore.2020.120424
Cosma, S., Venturelli, A., Schwizer, P., & Boscia, V. (2020). Sustainable development and european banks: A non-financial disclosure analysis. *Sustainability*, *12*(15), 6146.
Derchi, G.-B., Zoni, L., & Dossi, A. (2020). Corporate Social Responsibility Performance, Incentives, and Learning Effects. *Journal of Business Ethics*. https://doi.org/10.1007/s10551-020-04556-8
Diaz-Sarachaga, J. M. (2021). Monetizing impacts of Spanish companies toward the Sustainable Development Goals. *Corporate Social Responsibility and Environmental Management*.
Dunbar, C., Li, F., & Shi, Y. (2020). CEO risk-taking incentives and corporate social responsibility. *Journal of Corporate Finance*, 101714.
Eberhardt-Toth, E. (2017). Who should be on a board corporate social responsibility committee? *Journal of Cleaner Production*, *140*, 1926–1935. https://doi.org/https://doi.org/10.1016/j.jclepro.2016.08.127
Endo, K. (2020). Corporate governance beyond the shareholder–stakeholder dichotomy: Lessons from Japanese corporations' environmental performance. *Business Strategy and the Environment*, *January*, 1–9. https://doi.org/10.1002/bse.2457
Endrikat, J., de Villiers, C., Guenther, T. W., & Guenther, E. M. (2020). Board Characteristics and Corporate Social Responsibility: A Meta-Analytic Investigation. *Business & Society*, 0007650320930638.
Farhan, A., & Freihat, A. R. F. (2021). The Impact of Government Ownership and Corporate Governance on the Corporate Social Responsibility: Evidence from UAE. *Journal of Asian Finance, Economics and Business*, *8*(1), 851–861. https://doi.org/10.13106/jafeb.2021.vol8.no1.851
Farwis, M., Siyam, M. M., Nazar, M. C. A., & Aroosiya, M. (2021). The Nexus Between Corporate Governance and Firm Performance During COVID-19 Pandemic in Sri Lanka. *Journal of Economics, Finance and Accounting Studies*, *3*(1), 81–88.
Fasan, M., Soerger Zaro, E., Soerger Zaro, C., Porco, B., & Tiscini, R. (2021). An empirical analysis: Did green supply chain management alleviate the effects of COVID-19? *Business Strategy and the Environment*.
Freeman, R. E. (1984). Stakeholder management: framework and philosophy. *Pitman, Mansfield, MA*.
Garcia-Sanchez, I.-M., Aibar-Guzman, B., Aibar-Guzman, C., & Rodriguez-Ariza, L. (2020). "Sell" recommendations by analysts in response to business communication strategies concerning the Sustainable Development Goals and the SDG compass. *Journal of Cleaner Production*, *255*, 120194.
García-Sánchez, I M, Gómez-Miranda, M. E., David, F., & Rodríguez-Ariza, L. (2019). Board independence and GRI-IFC performance standards: The mediating effect of the CSR

committee. *Journal of Cleaner Production*, *225*, 554–562. https://doi.org/https://doi.org/10.1016/j.jclepro.2019.03.337
García-Sánchez, Isabel María, Gomez-Miranda, M.-E., David, F., & Rodríguez-Ariza, L. (2019). The explanatory effect of CSR committee and assurance services on the adoption of the IFC performance standards, as a means of enhancing corporate transparency. *Sustainability Accounting, Management and Policy Journal*.
Gerged, A. M. (2021). Factors affecting corporate environmental disclosure in emerging markets: The role of corporate governance structures. *Business Strategy and the Environment*, *30*(1), 609–629. https://doi.org/https://doi.org/10.1002/bse.2642
Golubeva, O. (2021). Firms' performance during the COVID-19 outbreak: international evidence from 13 countries. *Corporate Governance: The International Journal of Business in Society*.
Gonzalez-Perez, M. A., Mohieldin, M., Hult, G. T. M., & Velez-Ocampo, J. (2021). COVID-19, sustainable development challenges of Latin America and the Caribbean, and the potential engines for an SDGs-based recovery. *Management Research: Journal of the Iberoamerican Academy of Management*.
Guérin, P., & Suntheim, F. (2021). Firms' environmental performance and the COVID-19 crisis. *Economics Letters*, *205*, 109956. https://doi.org/https://doi.org/10.1016/j.econlet.2021.109956
Guo, X., & Cheng, G. (2021). Moderate-dimensional inferences on quadratic functionals in ordinary least squares. *Journal of the American Statistical Association*, 1–20.
Hair, J. F., Anderson, R. E., Tathan, R. L., & Black, W. C. (2005). *Análise multivariada de dados Porto Alegre*. Bookman.
Hamza, S., & Jarboui, A. (2021). CSR or social impression management? Tone management in CSR reports. *Journal of Financial Reporting and Accounting*.
Helfaya, A., & Moussa, T. (2017). Do board's corporate social responsibility strategy and orientation influence environmental sustainability disclosure? UK evidence. *Business Strategy and the Environment*, *26*(8), 1061–1077.
Hermawan, A., & Gunardi, A. (2019). Motivation for disclosure of corporate social responsibility: Evidence from banking industry in Indonesia. *Entrepreneurship and Sustainability Issues*, *6*(3), 1297–1306. https://doi.org/10.9770/jesi.2019.6.3(17)
Hillman, A. J., Withers, M. C., & Collins, B. J. (2009). Resource dependence theory: A review. *Journal of Management*, *35*(6), 1404–1427.
Hom, C., Samson, D., Cregan, C., & Cebon, P. (2021). Director independence: Going beyond misaligned incentives to resource dependence. *Australian Journal of Management*, 03128962211009959.
Hosain, M. S. (2020). The relationship between corporate governance and corporate social responsibility expenditure in Bangladesh: Moderating role of firm value. *Indian Journal of Corporate Governance*, *13*(2), 190–209.
Hummel, K., & Szekely, M. (2021). Disclosure on the Sustainable Development Goals–Evidence from Europe. *Accounting in Europe*, 1–38.
Jebran, K., & Chen, S. (2021). Can we learn lessons from the past? COVID-19 crisis and corporate governance responses. *International Journal of Finance & Economics*.
Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, *3*(4), 305–360. https://doi.org/https://doi.org/10.1016/0304-405X(76)90026-X
Joseph, C., Gunawan, J., Madi, N., Janggu, T., Rahmat, M., & Mohamed, N. (2019). Realising sustainable development goals via online integrity framework disclosure: Evidence from Malaysian and Indonesian local authorities. *Journal of Cleaner Production*, *215*, 112–122. https://doi.org/https://doi.org/10.1016/j.jclepro.2019.01.057

Karim, S., Manab, N. A., & Ismail, R. B. (2020). Assessing the Governance Mechanisms, Corporate Social Responsibility and Performance: The Moderating Effect of Board Independence. *Global Business Review*, 0972150920917773.

Kılıç, M., Uyar, A., Kuzey, C., & Karaman, A. S. (2021). Drivers and consequences of sustainability committee existence? Evidence from the hospitality and tourism industry. *International Journal of Hospitality Management*, *92*, 102753. https://doi.org/https://doi.org/10.1016/j.ijhm.2020.102753

Konadu, R. (2017). Gender diversity impact on corporate social responsibility (CSR) and greenhouse gas emissions in the UK. *Economics and Business Review*, *3*(1).

Krasodomska, J., Simnett, R., & Street, D. L. (2021). Extended external reporting assurance: Current practices and challenges. *Journal of International Financial Management & Accounting*, *32*(1), 104–142.

Kumala, R., & Siregar, S. V. (2020). Corporate social responsibility, family ownership and earnings management: the case of Indonesia. *Social Responsibility Journal*.

Lee, B. X., Kjaerulf, F., Turner, S., Cohen, L., Donnelly, P. D., Muggah, R., Davis, R., Realini, A., Kieselbach, B., & MacGregor, L. S. (2016). Transforming our world: implementing the 2030 agenda through sustainable development goal indicators. *Journal of Public Health Policy*, *37*(1), 13–31.

Lu, Jihai, Javeed, S. A., Latief, R., Jiang, T., & Ong, T. S. (2021). The Moderating Role of Corporate Social Responsibility in the Association of Internal Corporate Governance and Profitability; Evidence from Pakistan. *International Journal of Environmental Research and Public Health*, *18*(11), 5830.

Lu, Jintao, Liang, M., Zhang, C., Rong, D., Guan, H., Mazeikaite, K., & Streimikis, J. (2021). Assessment of corporate social responsibility by addressing sustainable development goals. *Corporate Social Responsibility and Environmental Management*, *28*(2), 686–703.

Mahmud, A., Ding, D., & Hasan, M. M. (2021). Corporate social responsibility: Business responses to Coronavirus (COVID-19) pandemic. *SAGE Open*, *11*(1), 2158244020988710.

Martínez-Ferrero, J., Lozano, M. B., & Vivas, M. (2020). The impact of board cultural diversity on a firm's commitment toward the sustainability issues of emerging countries: The mediating effect of a CSR committee. *Corporate Social Responsibility and Environmental Management*, *n/a*(n/a). https://doi.org/https://doi.org/10.1002/csr.2080

Martinez-Jimenez, R., Hernández-Ortiz, M. J., & Fernández, A. I. C. (2020). Gender diversity influence on board effectiveness and business performance. *Corporate Governance: The International Journal of Business in Society*.

Martínez-Ferrero, J., & García-Meca, E. (2020). Internal corporate governance strength as a mechanism for achieving sustainable development goals. *Sustainable Development*, *28*(5), 1189–1198.

Martínez-Ferrero, J., Lozano, M. B., & Vivas, M. (2021). The impact of board cultural diversity on a firm's commitment toward the sustainability issues of emerging countries: The mediating effect of a CSR committee. *Corporate Social Responsibility and Environmental Management*, *28*(2), 675–685.

MSCI. (2021). *MSCI Emerging Markets Latin America Index (USD)*.

Naciti, V. (2019). Corporate governance and board of directors: The effect of a board composition on firm sustainability performance. *Journal of Cleaner Production*, *237*, 117727. https://doi.org/10.1016/j.jclepro.2019.117727

Nwude, E. C., & Nwude, C. A. (2021). Board Structure and Corporate Social Responsibility: Evidence From Developing Economy. *SAGE Open*, *11*(1), 2158244020988543. https://doi.org/10.1177/2158244020988543

Okoyeuzu, C., Ujunwa, A., Ujunwa, A. I., & Onah, E. O. (2021). Independent board, gender diversity and bank performance in Nigeria: a system-GMM approach. *Gender in Management: An International Journal*.

Orazalin, N., & Mahmood, M. (2021). Toward sustainable development: Board characteristics, country governance quality, and environmental performance. *Business Strategy and the Environment*.

Ozdemir, O., Erkmen, E., & Binesh, F. (2021). Board diversity and firm risk-taking in the tourism sector: Moderating effects of board independence, CEO duality, and free cash flows. *Tourism Economics*, 13548166211014368.

Pfeffer, J., & Salancik, G. R. (1978). *The external control of organizations: A resource dependence perspective*. New York: Harper and Row.

Pucheta-Martínez, M. C., Gallego-Álvarez, I., & Bel-Oms, I. (2021). Corporate social and environmental disclosure as a sustainable development tool provided by board sub-committees: Do women directors play a relevant moderating role? *Business Strategy and the Environment*.

Qiu, S. (Charles), Jiang, J., Liu, X., Chen, M.-H., & Yuan, X. (2021). Can corporate social responsibility protect firm value during the COVID-19 pandemic? *International Journal of Hospitality Management*, *93*, 102759. https://doi.org/https://doi.org/10.1016/j.ijhm.2020.102759

Rashed, A. H., & Shah, A. (2021). The role of private sector in the implementation of sustainable development goals. *Environment, Development and Sustainability*, *23*(3), 2931–2948.

Rashid, A. (2021). Board independence and corporate social responsibility reporting: mediating role of stakeholder power. *Management Research Review*.

Rashid, M. H. U., & Hossain, S. Z. (2021). Does board independence moderate the effect of politician directors on CSR disclosure? Evidence from the publicly listed banks in Bangladesh. *Social Responsibility Journal*.

Saeed, A., Noreen, U., Azam, A., & Tahir, M. S. (2021). Does CSR Governance Improve Social Sustainability and Reduce the Carbon Footprint: International Evidence from the Energy Sector. *Sustainability*, *13*(7), 3596.

Saleh, M. W. A., Zaid, M. A. A., Shurafa, R., Maigoshi, Z. S., Mansour, M., & Zaid, A. (2021). Does board gender enhance Palestinian firm performance? The moderating role of corporate social responsibility. *Corporate Governance: The International Journal of Business in Society*.

Shi, W., Gao, C., & Aguilera, R. V. (2021). The liabilities of foreign institutional ownership: Managing political dependence through corporate political spending. *Strategic Management Journal*, *42*(1), 84–113.

Tabares, S. (2021). Do hybrid organizations contribute to Sustainable Development Goals? Evidence from B Corps in Colombia. *Journal of Cleaner Production*, *280*, 124615. https://doi.org/https://doi.org/10.1016/j.jclepro.2020.124615

Talha, M., Christopher, B., & Karthikeyani, J. (2016). Determinants of corporate social reporting in India. In *Business Challenges in the Changing Economic Landscape-Vol. 1* (pp. 71–88). Springer.

Tibiletti, V., Marchini, P. L., Furlotti, K., & Medioli, A. (2020). Does corporate governance matter in corporate social responsibility disclosure? Evidence from Italy in the “era of sustainability.” *Corporate Social Responsibility and Environmental Management*, *November*, 1–12. https://doi.org/10.1002/csr.2097

Ting, P.-H. (2021). Do large firms just talk corporate social responsibility?-the evidence from CSR report disclosure. *Finance Research Letters*, *38*, 101476.

Torres, P., & Augusto, M. (2021). Attention to social issues and CEO duality as enablers of resilience to exogenous shocks in the tourism industry. *Tourism Management*, *87*, 104400.

Tran, H. T. (2021). The link between independent directors and firm's performance: the moderating role of corporate social responsibility. *Corporate Governance: The International Journal of Business in Society*.

Uyar, A., Kuzey, C., Kilic, M., & Karaman, A. S. (2021). Does firms' CSR engagement support tourism sector development? Moderation effect of CSR committee and CEO duality. *Tourism Economics*, 13548166211024502.