ESG Disclosure in Latin America: The Role of Board Structure

Abstract

We examine the effect of board structure on Environmental, Social and Governance (ESG) disclosure in Latin America. Previous studies have presented diverse results, and Latin American companies are little studied. We argue that institutional context of Latin America should create significant changes in relationship between board structure and ESG disclosure ordinarily observed in the literature. We tested our hypotheses with data from the Bloomberg database. We found that CEO duality impacts ESG disclosure negatively, but board size and CSR committee have a positive effect. These findings provide new insights into ESG disclosure in Latin America.

1 Introduction

Environmental, social, and governance (ESG) disclosure has a long history within the corporate social responsibility (CSR) literature. ESG disclosure refers to corporate reporting that focuses on environmental, social, and governance performance (Gray, Kouhy, & Lavers, 1995; Adams, Hill, & Roberts, 1998; Deegan, 2002) and is related to lower cost of equity capital. Firms with ESG disclosure are able to raise significantly greater sums of equity capital than firms that do not disclose ESG information (Dhaliwal, Li, Tsang, & Yang, 2011). Yet the possible antecedents and consequences of ESG disclosure are constrained by country context (Haniffa & Cooke, 2005; Van der Laan Smith, Adikhari, & Tondkar, 2005; Wanderley et al., 2008; Orij, 2010). We know that country context moderates the relationship between CSR antecedents and outcomes (Arya & Zhang, 2009) as well as corporate governance (Aguilera & Jackson, 2003), and also extends to ESG disclosure (Dhaliwal, Radhakrishnan, Tsang, & Yang, 2012).

Unfortunately, our understanding of corporate governance and its impacts on ESG disclosure in Latin America are sorely lacking (e.g., Nicholls-Nixon, Davila Castilla, Sanchez Garcia, & Rivera Pesquera, 2011). Latin America provides a unique context in which to better understand how corporate governance and ESG disclosure interact because firms have poor protection for minority shareholders and tend to be family-owned (La Porta, Lopez-de-Silanes, & Shleifer, 1999) and have a relatively low stakeholder orientation (Dhaliwal et al., 2012). We argue that this unique configuration of institutional attributes may provide results different from the literature.

Take just two elements of corporate governance – board size and CEO duality, which refers to whether the same person serves as both the chair of the board and chief executive officer. Prior studies about the relationship between corporate governance and ESG disclosure in the U.S. context (Giannarakis, Konteos, & Sariannidis, 2014; Giannarakis, 2014b) found that board size positively affects ESG disclosure, while CEO duality negatively affects ESG disclosure. In terms of emerging markets, recent studies in Bangladesh (Khan, Muttakin, & Siddiqui, 2013) did not find a significant effect for CEO duality. Clearly institutional context needs to be taken into account. Nevertheless, few studies have examined these relationships in emerging markets, let alone Latin America. In this context, the present study seeks to answer the follow research question: How does corporate governance, specifically the board of directors, relate to ESG disclosure in Latin American companies? We develop hypotheses related to board size, the presence of women on the board, CEO duality, independent directors, and the existence of a CSR committee and their impact on ESG disclosure. In order to test these hypotheses, we used data from Bloomberg dataset and found that board size, CEO duality, and the existence of a CSR committee do affect ESG disclosure; surprisingly, the presence of women on the board and independent directors did not affect disclosure.

The remainder of this paper is organized as follows. The next section describes corporate governance in Latin America and develops five hypotheses relating dimensions of board structure to ESG disclosure. Then, we describe the sample and variables used in our empirical model. Next we present the results of the study. In the discussion, we examine these results and engage in further post hoc analysis in order to understand their meaning.

2 Theory and Hypothesis

Corporate Governance in Latin America

CSR antecedents and impacts have been found to be very sensitive to specific country contexts (Brammer, Pavelin, and Porter, 2009; Arya & Zhang, 2009). The key to understand the impacts of corporate governance is by embedding it within specific institutional and cultural contexts (Aguilera & Jackson, 2003). Three features create a distinctive context for corporate governance in Latin America: principal-principal conflicts, the predominance of family firms, and the low stakeholder orientation of the region.

First, corporate governance in emerging markets has been characterized by principal-principal conflicts (Young, et al. 2008). The key issue is the conflict between different groups of shareholders rather than between shareholders and managers. Minority shareholder rights are often non-existent as the purpose of corporate governance is to maintain control by the dominant shareholder, usually a family. The principal-principal conflict and lack of rights for minority stockholders also prevails in many Latin American countries, such as Mexico (Husted & Serrano, 2002).

The principal-principal conflicts lead us to the second characteristic of Latin American corporate governance – family control. Certainly, in Latin America, family capitalism dominates where corporate control usually lies in the hands of a family. For example, La Porta et al (1999) find that 100% of Mexican corporations are family controlled and that there is a 95%

overlap between top management and family membership. Rather than serving as a mechanism for corporate control, boards of directors exist to obtain resources, usually social capital (Peng, Wang, & Jiang, 2008).

The third distinctive characteristic of Latin America relevant to corporate governance is its low stakeholder orientation. Stakeholder orientation is a construct developed by Dhaliwal et al. (2012), which refers to a concern "about the groups that can significantly influence the supply of the resources critical to [the firm's] operations" (Dhaliwal., et al., 2012: 727). It is composed of four factors: 1) the legal protection of labor rights, 2) law requiring mandatory disclosure requirements for ESG issues, 3) public awareness based on the number of non-governmental organizations and number of CSR reports issued by commercial and noncommercial organizations, and 4) corporate awareness of stakeholder issues as measured by opinion surveys regarding sustainable development, ethical practice, social responsibility of leaders and responsibility competitiveness (Dhaliwal, et al., 2012). The Latin American countries for which stakeholder orientation has been calculated (Brazil, Chile, and Mexico) are all low on the stakeholder orientation index, meaning that firms and the society as a whole are generally more concerned with stockholders than other stakeholders.

Corporate Governance and ESG Disclosure

Corporate governance can be understood partially in terms of board structure studies (Allegrini & Greco, 2013; Choi, Lee, & Park, 2013; Cormier & Magnan, 2014). Relevant attributes include board size (Esa & Ghazali, 2012; Giannarakis, 2014a), the presence of women on the board (Williams, 2003; Bear, Rahman, & Post, 2010; Giannarakis, Konteos, & Sariannidis, 2014), CEO duality, the number of independent directors, and the existence of a CSR committee. Let us examine each one in terms of its impact on ESG disclosure, which as stated earlier refers to corporate reporting on environmental, social, and governance performance.

Board size refers to the number of directors on the board of directors. The empirical evidence for the relationship between board size and ESG disclosure is mixed. In terms of voluntary disclosure, for example, Schiehll, Terra and Victor (2013) found that board size was positively related with voluntary executive stock option disclosure in Brazil. For 177 Italian listed firms, Allegrini and Greco (2013) found a positive and significant effect of board size on governance disclosure. Using a sample of 100 US companies in diverse industries, Giannarakis (2014a) did not find a significant impact of board size on ESG disclosure. On the other hand, in Malaysia, Esa and Ghazali (2012) found a positive effect for board size on the extent of CSR disclosure in Malaysian listed companies.

Despite the mixed evidence, the intuition behind the relationship is compelling. Size has been found to reduce variability of corporate performance (Cheng, 2008). The idea is that larger boards likely bring to bear more diverse viewpoints in decision-making processes. A larger number of directors needs to negotiate more in order to reach agreements and are less likely to take decisions that deviate significantly from a more centrist position, thus depressing the variability of corporate performance.

In terms of Latin American firms, we argue that larger boards will also bring to bear broader perspectives in decision making, requiring greater debate and negotiation, and thus will likely disclose more information about their ESG performance, as observed in other emerging markets. Thus, we hypothesize:

H1: Board size has a positive effect on the ESG disclosure of Latin American companies.

The literature has generally found that women on boards tend to be associated with positive governance (Adams & Ferreira, 2009; Bear, Rahman, & Post, 2010). In general, greater board gender diversity appears to provide greater monitoring. Research is mixed as to whether gender diversity translates into positive firm performance (Adams & Ferreira, 2009; Erhardt, Werbel, & Shrader, 2003). Generally speaking greater diversity on the board of directors increases the different perspectives and opinions brought to bear on the decision-making process, which increases the quality of those decisions, thus positively affecting financial performance. In terms of CSR outcomes generally, Wang and Coffey (1992) found that the presence of women on the board is positively related to corporate giving in US companies. Williams (2003) found that there exists a positive relationship between women on the board and charitable initiatives.

In Latin America we do not have prior evidence about the relationship between women presence on board and ESG disclosure. However, the same logic for CSR outcomes can be applied to ESG disclosure. Women on the board can provide different perspectives in board deliberations that should enrich decision-making processes, including decisions about ESG performance and disclosure. Preliminary empirical evidence in US companies supports the idea that an increased presence of women on the board improves social disclosure (Giannarakis, Konteos, & Sariannidis, 2014). Therefore, we hypothesize:

H2: The presence of women on the board has a positive effect on the ESG disclosure of Latin American companies.

CEO duality refers to a situation where the CEO also serves as chair of the board of directors. Prior research has found that CEO duality tends to inhibit corporate financial performance (Rechner & Dalton, 1991). The logic is that CEO duality represents a concentration of control in management and reduction in control of shareholders exercised through the board of directors. Decisions tend to benefit managers rather than shareholders.

Empirical evidence is mixed. Among Italian listed firms, Allegrini and Greco (2013) found a negative effect for CEO duality on governance disclosure. Thus, we can see, in different countries and regions, the negative influence of CEO duality on diverse firm aspects. However, in their study of U.S. firms, Giannarakis, Konteos, & Sariannidis, (2014) found that CEO duality had no impact on environmental and governance disclosure, but did have a marginally negative impact on social disclosure.

Although no research exists in Latin America, given the existence of principal-principal conflicts, we surmise that the CEO duality will likely decrease the checks and balances that can be conducive to a more deliberate decision-making process, and therefore will decrease ESG disclosure. Thus, we hypothesize:

H3: CEO duality has a negative effect on the ESG disclosure of Latin American companies.

Another way to increase the representation of different perspectives on the board of directors is through the inclusion of independent directors, as opposed to inside directors. Independent or outside directors are not executives of the company, nor should they be related to executives or the firm itself through either family ties or business ties (consultants, customers, suppliers, creditors, debtors, or beneficiaries of charitable donations) (Consejo Coordinador Empresarial, 2010). Independent directors are often appointed to improve decision making and increase access to valued resources. Johnson & Greening (1999) found that the inclusion of independent directors was positively related to both a people and product quality dimension of CSR. They found that it broadened the focus beyond narrow stockholder interests in KLD firms (US). Independent directors are able to appreciate the importance of community, environmental, and other stakeholder concerns. Communication with these stakeholders will be more important so that ESG disclosure will likely be more complete as the number of independent directors' increases.

In the United States, Ibrahim and Angelidis (1995) and Ibrahim, Howard and Angelidis (2003) found that independent directors have greater concern about charitable and philanthropic themes, associated with CSR, than inside directors. Webb (2004) found that firms that engage in CSR initiatives tend to have more independent directors.

Prior evidence in an emerging market context shows that board independence has a positive significant impact on CSR disclosure. Khan (2010) found that independent directors have a positive and significant effect on CSR disclosure among commercial banks in Bangladesh. Khan, Muttakin, and Siddiqui (2013) found a similar result with a sample of 116 manufacturing companies listed on the Dhaka Stock Exchange (DSE) in Bangladesh from 2005 to 2009.

In Latin America we do not have prior evidence about the relationship between independent directors on board and ESG disclosure. Certainly, independent directors should bring more diverse perspectives to board deliberations enabling a broader consideration of firm impacts. So we hypothesize as follows:

H4: Independent directors have a positive effect on the ESG disclosure of Latin American companies.

Some boards of directors have CSR committees that report directly to the board. Their impact on ESG performance remains uncertain. Cowen, Ferreri, and Parker (1987) found that a CSR committee is positively correlated with one type of social disclosure; however, Aupperle, Carroll, & Hatfield (1985) found no relationship between the existence of a CSR committee and firm profitability. We argue that a CSR committee demonstrates a board's commitment to CSR, which has been found to be positively linked to ESG disclosure (Giannarakis, 2014a).

The existence of a CSR committee is a relatively new variable in the study of relationship between board structure and ESG disclosure. Few studies used this variable in any region, let alone Latin America. A CSR committee should ensure that the board takes into account its social and environmental responsibilities and report its ESG performance. Thus, we argue that the existence of a CSR committee should increase the likelihood of ESG disclosure. Therefore, we hypothesize:

H5: The existence of a CSR Committee has a positive effect on the ESG disclosure of Latin American companies.

3 Method

Sample

We used the Bloomberg ESG database to test our hypotheses. Although Bloomberg covers 1,806 Latin American publicly-traded companies, only 306 have ESG data. Due to missing values among these firms, we were left with a sample of 134 companies with data for 2014.

Dependent and Independent Variables

According Giannarakis, Konteos and Sariannidis (2014), prior empirical studies measure the extent of CSR disclosure based on either the authors' or respondents' perceptions. In this study we adopt a third-party rating calculation to assess the ESG disclosure score. The Bloomberg "ESG Disclosure Score" represents the number of efforts and practices for which firms disclose environmental, social and governance information. We describe the dependent and independent variables as follows:

ESG Disclosure Score (ESGDS) is a proprietary score based on the extent of a company's environmental, social, and governance (ESG) disclosure. The score ranges from 0.1 for companies that disclose a minimum amount of ESG data to 100 for those that disclose every data point collected by Bloomberg. Each data point is weighted in terms of importance, with data such as Greenhouse Gas Emissions carrying greater weight than other disclosures. The score is also tailored to different industry sectors. In this way, each company is only evaluated in terms of the data that is relevant to its industry sector.

Board Size (BS) is measured by the number of directors on the company's board, as reported by the company. It includes only full-time directors. Deputy members of the board are not counted. This data is found in the Bloomberg database.

Women on Board (WB) is the number of women on the firm's board of directors, as of the end of the fiscal year, if available, otherwise it is the number of women as of the date of the latest filing. Where the company has a two-tier board, this number refers only to the supervisory board. Data were collected from the Bloomberg database.

CEO Duality (CEOD) indicates whether the company's Chief Executive Officer is also chairman of the board, as reported by the company. This is a binary variable reported in the Bloomberg database.

Independent Directors (ID) is the number of independent directors on the company's board, as reported by the company. Independence is defined according to the company's own criteria. Data is collected from the Bloomberg database.

CSR/Sustainability Committee (CSRC) indicates whether the company has a corporate social responsibility/sustainability (or equivalent) committee that reports directly to the board. This is a binary variable collected from the Bloomberg database.

Control Variables. Our control variables included R&D investment (R&D expenses/net sales) (McWilliams & Siegel, 2000), risk (ratio total debts / total assets) (McGuire, Sundgren, & Scheewies, 1988), size (number of employees) (Johnson & Greening, 1999; Brammer, Pavelin, & Porter, 2009), whether the company is located in Brazil or not and whether the company is in the manufacturing sector or not. We were not able to include controls for each country and each sector given the number of observations in the sample.

We used OLS regression model in order to investigate the effect of board structure on ESG Disclosure. We estimate the following model with STATA 13.

$$ESGDS = b_o + b_1 BS + b_2\ WB + b_3\ CEOD + b_4\ ID\ + b_5 FE + b6 CSRC + \text{controls} + \text{error}.$$

4 Results

Descriptive Results

We work with a sample of 134 Latin American companies based in 11 countries and operating in 10 sectors, as shown in Table 1, panels A and B.

Insert Table 1 about here

Almost half of the firms are headquartered in Brazil, followed by Mexico, Chile, and Colombia. In terms of the industrial sectors, utilities, materials and manufacturing companies account for more than half of the sample, followed by consumer staples, consumer discretionary, among others.

We calculated the means, standard deviations, minimum and maximum values, and correlations among the variables, shown in Table 2.

Insert Table 2 about here

There were two surprises in terms of the signs of correlations of the independent variables with the dependent variable (ESG disclosure). Both women on the board and independent directors were negative in sign, contrary to expectations. The correlation between board size and independent directors was moderately high ($r = 0.38$, $p = 0.001$), which may give arise to problems of multicollinearity.

Regression Model

We tested the model for multicollinearity and heteroskedasticity. We calculated the variance inflation factor (VIF) and found that, despite the few relatively high correlations observed, in no case did VIF exceed 2.0 for any of the independent and control variables. We also performed White's test for heteroskedasticity. The p-value was 0.26, indicating that heteroskedasticity was not a problem.

The overall model included all of the independent and control variables. The F-statistic of 5.07 was significant at the 1% level. The adjusted R-square was equal to 0.25 indicating that 25% of the variance in the dependent variable of ESG disclosure can be explained by the model itself.

Board size was positive and significant ($b = 1.21$, $p = 0.03$), providing support for hypothesis 1. Hypothesis 2 suggests that the presence on women on the board should increase the likelihood of ESG disclosure. In our sample, the results were actually negative, but insignificant ($b = -0.93$, $p = 0.62$), contrary to expectations, undermining support for H2. Hypothesis 3 was supported by our finding that CEO duality was negatively and significantly related to ESG disclosure ($b = -8.94$, $p = 0.05$). Hypothesis 4 regarding independent directors was not supported. Surprisingly the coefficient was negative, but insignificant ($b = -0.63$, $p = 0.38$). Finally, hypothesis 5, which holds that the existence of a CSR committee has a very positive relationship and significant relationship to ESG disclosure ($b = 16.88$, $p = 0.00$). The results are summarized in Table 3.

Insert Table 3 about here

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5 Discussion and Conclusion

Three of our five hypotheses were confirmed. These hypotheses were developed based on prior research and theorization. As hypothesized, CEO duality decreases ESG disclosure, while board size and the presence of a CSR committee all increased disclosure. This latter finding regarding the CSR committee is new to the literature as far as we can tell, but is probably especially important in the Latin American context as the existence of such a committee would send a strong signal of the seriousness with which a board takes into account ESG performance.

Quite surprisingly, the presence of women on the board does not influence ESG disclosure as we originally hypothesized. We decided to explore this result a bit more. Recent research suggests that the impact of women on the board is mostly likely felt when a critical mass of three or more women are members of the board (Konrad, Kramer, & Erkut, 2008; Torchia, Kalabro, & Huse, 2011). Among the 134 firms in our sample, only two firms had three women on the board. Thirteen firms had two women, while 35 firms had one woman on the board. So only 50 firms of 134 even had at least one woman on the board. We created a dummy variable to measure whether a firm had two or more women on the board or not, but this dummy variable had no impact on ESG disclosure. There were not enough cases of firms with three or more women to create a meaningful dummy variable. So one explanation of the insignificant result is that there is simply a lack of a critical mass. When one woman is on the board, this woman may be a kind of token (Torchia, Kalabro, & Huse, 2011), and unable to present a unique perspective in board deliberations.

Another way to interpret the result is to say that the presence of women simply does not have an impact on ESG disclosure and would not have an impact, even if there was a critical mass of women on the boards. Such a possibility could be based on the relatively high levels of cultural masculinity found in some, but not all of the Latin American countries (e.g., Mexico, Colombia, and Argentina are high in masculinity, while Brazil, Peru, and Chile are low (Hofstede, 1984)). Countries with high levels of masculinity tend to be characterized by a greater orientation toward economic achievement, rather than the social environment. Furthermore Hofstede (1984) explains that this economic orientation is shared by both men and women in masculine cultures so that the impact of women on the board may be less than in less masculine cultures.

A final explanation is that there is simply a lack of women on boards. Only 50 firms (37%) had women directors. So 63% of the Latin American firms reported zero women directors. This number contrasts with 18 firms (3.6%) of the S&P 500

(United States) with zero women directors in 2014 and 3 of 60 (5.0%) firms with zero women directors in the Canadian S&P/TSX60 (Catalyst, 2015). Gender-based discrimination continues to pervade the region that gave origin to the term *machista* (Hofstede, 1984). Research to determine whether the presence of women directors on the board or of a critical mass of women directors awaits a time when more firms will have both women and a critical mass on their boards. In the meantime, Latin American firms may be losing the benefits women directors provide in other regions of the world.

The other surprising result regards the lack of any impact of independent directors on ESG disclosure. One explanation may be that the relationship between independence and disclosure does not exist in Latin America. As mentioned earlier, Latin America appears to be characterized by a very low stakeholder orientation. Consequently, independent directors likely share that orientation and do not serve as a voice for a broader range of stakeholders and do not provide significant diversity in the opinions expressed at the boardroom table.

However, another possibility, based on research by Husted and Serrano (2002), is that independent directors may not be as independent in Latin America as in other regions. The difficulty is that most definitions of independent directors do not cover political relatives (parties related through marriage) or relations of compadrazgo, which is the relationship between the parents and godparents of a baptized child (e.g., Consejo Coordinador Empresarial, 2010). These types of ties can create strong loyalties between the parties so that, although such people can be appointed to corporate boards as independent directors, in reality they may lack real independence (Husted & Serrano, 2002). Without deeper scrutiny, it is likely that the independent directors counted in the Bloomberg database may not be entirely independent.

In summary, this study finds evidence that Latin American corporate governance does follow patterns found in the literature regarding the impacts of board size, CEO duality, and the existence of a CSR committee on ESG disclosure. However, it also finds important ways Latin American corporate governance diverges, especially with respect to the presence of women on the board and the role of independent directors. In neither of these latter cases is the mechanism driving the relationship between women directors and independent directors on ESG disclosure entirely clear. A number of competing explanations outlined above could generate these results.

This study provides a number of managerial implications for corporate boards in Latin America. First, board size seems to have a significant impact on ESG disclosure. In our sample, boards ranged from 5 to 20 directors. Larger boards increase the likelihood of ESG disclosure. Firms may be well advised to consider increasing the size of their boards. Finding the optimal board size would be an interesting research project in itself. Second, CEO duality inhibits ESG disclosure among Latin American firms. Although only 12% of the Latin American firms were characterized by CEO duality, trends toward CEO duality should probably be resisted. Finally, the presence of a CSR committee is significantly related to increased ESG disclosure. This result indicates that CSR committees are not just window dressing, but do have an important impact on firm behavior.

Certainly this study has several limitations that need to be mentioned. First, the most serious limitation is that it only uses data for 2014. As a result, it is difficult to say anything about the causal relationships between the dimensions of board structure and ESG disclosure. Ideally, longitudinal data should be gathered in order to infer causal relationships. Although some data does exist earlier than 2014, there are some serious problems with missing values that need to be overcome.

Related to the first limitation is the fact that there are a limited number of observations. This analysis was carried out with 134 firm-observations. This problem can be ameliorated not only through the incorporation of longitudinal data, but also through the disclosure of ESG practices by more firms. With a larger number of firms, it would be possible to include more detailed industry and country control variables.

Despite these limitations, the study represents an exciting first step in understanding corporate governance outcomes in Latin America. It demonstrates how the some relationships converge with findings elsewhere, as well as how other results diverge significantly. In some ways, these diverging results are the most interesting and offer new paths for research. Given the important role of ESG disclosure in investment decisions and the financial benefits of such disclosure, these results should motivate Latin American firms to find new ways to attract and maintain investors through appropriate corporate governance practices.

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Table 1

Panel A: Sample characteristics: Countries

Country	Freq.	Percent	Cum.
Argentina	3	2.24	2.24
Bahamas	2	1.49	3.73
Brazil	63	47.01	50.75
Cayman Islands	2	1.49	52.24
Chile	15	11.19	63.43
Colombia	10	7.46	70.9
Curacao	1	0.75	71.64
Mexico	33	24.63	96.27
Panama	1	0.75	97.01
Peru	2	1.49	98.51
Puerto Rico	2	1.49	100
Total	134	100	

Panel B: Sample characteristics: Industry

Sector	Freq.	Percent	Cum.
Consumer Discretionary	13	9.7	9.7
Consumer Staples	19	14.18	23.88
Energy	8	5.97	29.85
Financials	5	3.73	33.58
Health Care	5	3.73	37.31
Industrials	21	15.67	52.99
Information Technology	4	2.99	55.97
Materials	24	17.91	73.88
Telecommunication Services	5	3.73	77.61
Utilities	30	22.39	100
Total	134	100	

Table 2
Descriptive statistics and correlations

		1	2	3	4	5	6	Mean	Standard Deviation	Max	Min
1	ESG Disclosure	1.00						28.33	17.71	65.29	4.55
2	Board Size	0.17*	1.00					9.40	2.83	20.00	5.00
3	Women on Board	-0.02	0.06	1.00				0.50	0.73	3.00	0.00
4	CEO Duality	-0.25	0.12	0.00	1.00			0.12	0.33	1.00	0.00
5	Independent Directors	-0.06	0.38**	0.18*	0.30	1.00		3.80	2.36	9.00	0.00
6	CSR Committee	0.43**	0.11	0.06	-0.19	0.07	1.00	0.22	0.41	1.00	0.00

Table 3
Regression model

	Coef.	Std. Err.	t	P>t	VIF
Board Size	1.2078	0.551	2.19	0.030	1.38
Women on Board	-0.9329	1.900	-0.49	0.624	1.10
CEO Duality	-8.9420	4.490	-1.99	0.049	1.21
Independent Directors	-0.6303	0.710	-0.89	0.377	1.59
CSR Committee	16.8788	3.498	4.83	0.000	1.19
Innovation	-0.0019	0.011	-0.17	0.866	1.12
Risk	0.1089	0.083	1.32	0.190	1.07
Revenue	0.0000	0.000	1.39	0.167	1.10
Employees	0.0000	0.000	0.98	0.327	1.21
Brazil	-0.0143	3.215	0.00	0.996	1.47
Manufacturers	-7.0735	2.866	-2.47	0.015	1.09
Constant	17.3849	6.733	2.58	0.011	
Dependent variable	ESG Disclosure				
Number of obs =	134				
F(11, 122) =	5.07				
Prob > F =	0.000				
R-squared =	0.3137				
Adj R-squared =	0.2518				
Root MSE =	15.315				