The Quadruple Impact of Integrated ESG and CSR Sustainability Voluntary Disclosure on Financial Reporting Quality, Firm Value, Stock Value, and Tax Avoidance: Evidence from Egypt

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Abstract

Purpose: Traditional financial reporting is insufficient to meet stakeholders' increased demand for information. Financial reporting contains disclosures mandated by regulators, but few companies go above and beyond to provide additional information voluntarily. The primary goal of this research is to determine whether voluntary environmental, social, and governance (ESG) and corporate social responsibility (CSR) disclosure affects financial reporting quality, firm value, stock value, and tax avoidance using data from a sample of Egyptian firms listed on the EGX.

Research Methodology: Using four regression models, the four research hypotheses were examined using secondary data gathered from the financial statements of 45 Egyptian firms listed on the stock exchange from 2016 to 2022, totaling 315 firm-year observations. Non-financial firms were excluded due to their unique nature.

Findings: According to the statistical findings, there is a favorable association between the level of voluntary ESG/CSR disclosure and the quality of its financial reporting, which is reflected in the business value and share value. The findings show that enterprises' performance in social and environmental sectors is adversely connected to tax avoidance, implying that firms with socially responsible performance are less likely to avoid taxes.

As Investors and customers are becoming increasingly concerned about the environmental and social impact of the companies in which they invest or buy. ESG/CSR reporting can assist organizations in meeting these expectations and building confidence with stakeholders; as a result, ESG/CSR reporting is a vital opportunity for a company to convey its environmental, social, and governance aims in order to attract and retain new investors. According to the findings, ESG/CSR disclosure plays an important function in business, such as improving corporate transparency, building corporate image, and providing helpful information for making investment decisions. Furthermore, the findings may provide policymakers, creditors, investors, and other stakeholders with a more comprehensive view of corporate board diversity and ownership when attempting to ensure an optimal degree of ESG/CSR disclosure from listed businesses in Egypt

or other emerging markets. According to the findings, improved financial reporting quality can increase a company's access to external sources of finance while also stimulating investments and improving efficiency. Organizations that implement sustainable business practices and disclose their ESG/CSR performance may be better positioned to access capital, manage risks, and attract and retain employees and customers. This can eventually lead to better economic performance.

Originality / Value: As a result, firms must consider the interests of all key stakeholders, not just the economic aspects but also the social and environmental factors. Companies' growing interest in operating their businesses with a focus on the demands of their stakeholders will drive them to reveal more in their CSR reports. More voluntary disclosures improve transparency and lessen information asymmetry. These disclosures are necessary for making more informed investment decisions. The disclosure of firm information can increase the availability of information for stakeholders, which will affect the quality of its investment decisions.

Keywords: Environmental, Social, and Governance; Corporate Social Responsibility; Voluntary Disclosure; Financial Reporting Quality; Firm Value; Stock Value; Tax Avoidance; Egypt.

Introduction

Unlike developed nations, Egypt is still in the early stages of developing financial markets, investor protection, and corporate controls. In comparison to other emerging economies, Egypt has made significant efforts to reform its economy and improve the business climate in order to attract regional and foreign investors. Accounting measurements and disclosure rules in Egypt are more secretive, conservative, and opaque. As a result, there is a need to improve financial reporting credibility and corporate transparency in order to maintain faith in financial markets and attract investors. Egypt, on the other hand, has been using the International Financial Reporting Standards (IFRS) since 2012, but their application is restricted and there are no penalties for noncompliance. Because of the absence of enforcement, mandatory disclosures are even more likely to be voluntary. As a result, disclosure credibility may suffer, leading to a negative impression among investors in the long run. Financial reporting primarily gives financial information, but it may also include additional disclosures such as social aspects, competitive advantages, market circumstances, and other explanations. Users must ensure that the stated financial reporting meets a certain quality standard in order to obtain accurate and reliable information (Setyahuni et al., 2022).

All financial and non-financial information disclosed by management beyond the required financial reports is considered voluntary disclosure, strategic information such as products, competitors and customers, while, financial information such as management forecasts and stock prices. Non-financial information such as ESG sustainability performance is example of voluntary disclosure (Li & Yang, 2016; Rezaee & Tuo, 2017).

All public companies are required to satisfy minimum disclosure requirements; however, the quantity of additional information disclosed to the capital markets varies significantly. One way to improve the company's credibility is through broad voluntary disclosure, which aids investors in understanding business strategy and management.

Voluntary disclosure benefits mainly companies, investors, and the whole economy. For example, it helps companies and investors make better decisions related to capital allocation choices and reduce firms' costs of

capital, both of which benefit the overall economy. It may also help to minimize conflicts of interest in publicly traded companies. Voluntary disclosure is the provision of information in annual reports by the management of a corporation that goes beyond requirements such as accepted accounting principles and SEC recommendations if the information is judged relevant to users' decision-making (Al-Akra & Ali, 2012). According to Hassan et al. (2009), voluntary corporate disclosure promotes share trading and reduces the severity of uncertainty surrounding company growth prospects. Corporate disclosure has been identified as one of the most important factors supporting sound corporate governance. The business becomes more transparent as a result of voluntary disclosure, narrowing the information gap between insiders and outsiders. This could increase management accountability while reducing investor monitoring costs. Even if it is not obligatory, this type of disclosure is suggested as a best practice.

According to El-Din et al. (2021), corporate disclosure practices are evolving nowadays, as are the types of information companies are required to provide to investors. In addition to financial statements, businesses have started to issue more detailed voluntary disclosures to meet investors' information needs. This information supplements mandatory disclosure requirements. Voluntary disclosure reduces the knowledge asymmetry between corporate management and shareholders, resulting in greater corporate transparency and openness. It is also associated with some market benefits, such as a lower cost of capital and a higher company valuation.

Environmental, social, and corporate governance (ESG) initiatives are typically motivated by a noble wish to elevate the visibility of ethical and social considerations in businesses. Corporate social responsibility (CSR) is a management concept that integrates social and environmental concerns into company operations and interactions with stakeholders. ESG alludes to a corporation's financial interests, which are mainly focused on ethical and sustainable outcomes. Some businesses use ESG to evaluate and predict their financial performance.

Firm value, dividend policy, and financial success (financial profitability and liquidity) all have a beneficial impact on the firm's ESG performance. Even though ethical, sustainable, and corporate governance are regarded as non-financial success indicators, voluntary disclosure and financial leverage have a negative impact on a firm's ESG practices. Over the last decade, there has been a surge in interest in ESG problems among institutional investors, individual shareholders, local communities, governments, workers, and suppliers. ESG assists firms in pursuing financial reporting while also coordinating the non-financial performance of the three aspects in order to coordinate environmental and social responsibility in the process of realizing firm value while also promoting long-term sustainable growth.

According to Van Marrewijk (2003), CSR, or corporate sustainability, refers to voluntary corporate activities that demonstrate the inclusion of social and environmental concerns in company operations and interactions with stakeholders. The process of communicating the social and environmental effects of organizations' economic activities to specific interest groups within society and to society at large has been defined as corporate social and environmental reporting. As such, it entails expanding organizations' accountability beyond the traditional role of giving a financial account to capital owners, particularly shareholders. Such an extension is based on the idea that businesses do have obligations beyond just maximizing shareholder value (Rizk et al., 2008). The process of measuring, disclosing, and becoming responsible for all stakeholders (internal and external), is known as ESG practices. The ESG disclosure of a company shows its progress towards the goal of sustainable development. According to Wong (2017) and Almeyda & Darmansyah (2019), the ESG report is frequently assessed by shareholders since it relates to the firm's strength, risk management, and efficiency.

1. Literature Review and Hypotheses Development

1.1 Financial Reporting Quality, Environmental, Governance and Corporate Social Responsibility Voluntary Disclosure

Financial reporting provides financial information on topics such as anticipated returns, the timing and uncertainty of future cash flows, and management's stewardship of the entity's economic resources. General-purpose financial reporting has evolved to satisfy the information requirements of current and potential investors, as well as other financial stakeholders like creditors. ESG and CSR are sustainability reporting methods that have emerged to meet information needs, recognizing that sound financial decisions are founded on data and analysis that go beyond what financial information can provide. It also recognizes that there are groups of interest other than financial resource providers. The trend of socially responsible investment can be seen, which is based on assessing a company based on ESG criteria (Bollen, 2007; Renneboog et al., 2008). Because this strategy can raise stakeholders' attention, the quantity and quality of disclosed information on a company's ESG activities are included in annual reports. ESG indicators are non-financial factors that stakeholders examine to identify risks and opportunities related to environmental issues, employees, suppliers, customers, and shareholders, compliance with business ethics and rules, and fair competition. Given that a business's value can be determined by both financial and non-financial factors, integrated reporting has become a requirement for providing real, accurate, and complete information to all stakeholders.

A socially responsible investment trend has emerged in recent years. In addition to the financial performance indicators found in the annual financial reports, investors want to increase their wealth by evaluating investment options and purchasing shares in companies with social and ethical practices, and they focus on financial as well as sustainability performance. According to this viewpoint, disclosure of ESG and CSR reporting may be significant factors in investment decisions. They may also have an impact on stock prices and market capitalization (Sahlian et al., 2023).

Numerous studies have been conducted to investigate the connection between ESG and CSR and financial reporting quality, as both concepts are extremely important to stakeholders. According to stakeholder theory, businesses should consider the concerns of other stakeholders when providing high-quality financial and non-financial information, in addition to meeting the information requirements of shareholders. High-quality CSR disclosures pique the interest of investors and the media, increasing the likelihood that management will be discovered and punished if any misconduct occurs. As a result, high-quality CSR reporting tends to improve information symmetry and keep management from engaging in unethical behavior.

According to Biddle et al. (2009), high-quality CSR disclosure benefits firms in a variety of ways, including (a) increased investor trust, which makes it easier to obtain capital funds, alleviate financing constraints, and enhance reputation (Dhaliwal et al., 2014); (b) improved information symmetry (Cho et al., 2013), which eliminates the perception of any irregularity in disseminated information; and (c) effectively attenuates the economic frictions caused by information asymmetry.

The IFRS foundation, the International Accounting Standards Board (IASB), and the International Sustainability Standards Board (ISSB) support the integrated reporting of companies' financial as well as sustainability performance. According to these regulatory and standards-setting organizations, integrated reporting is a clear, concise, and credible communication regarding how a company’s governance, strategy, social responsibility, and prospects create value for stakeholders in the short-run, medium-run, and long-run in regard to the context of its external environment. The CSR report addresses the standards, quantity, and quality of a firm in terms of ESG issues and performance (Myskova & Hajek, 2018). According to Tseng (2022), CSR reports increase information openness and transparency in the stock exchange market. Cai & He (2014) indicate that CSR can help companies create more value in the market because ESG and CSR practices are intangible assets that are typically undervalued by the market but can produce a long-term excess return. Furthermore, by strategically integrating ESG standards, Mollet et al. (2013) described the positive return of investment in CSR. In addition,

CSR reporting can communicate to stakeholders a good image about the company's commitment to ESG practices in order to maintain long-term sustainability (Al-Shaer & Hussainey, 2022; Axjonow et al., 2018).

Based on the previously presented literature, the researcher hypothesized the following:

H1: ESG and CSR sustainability voluntary disclosure have a significant positive impact on financial reporting quality.

1.2 Firm Value, Environmental, Governance, and Corporate Social Responsibility Voluntary Disclosure

Corporate value is an important factor for both corporate managers and investors. The market's assessment of a company's current and future performance is reflected in its corporate value. A public offering is a way for companies to maximize the value of their business. When it comes to investing, a company's value is one of the most important factors. Enterprise value is one of the financial indicators of success that tells investors how prosperous a company is. Companies are responsible for determining how to maximize value while maintaining shareholder trust (Kamalia, 2020). According to sustainability theory, companies that disclose ESG-related information benefit from gaining social reputation and social capital, driving long-term growth (Waheed & Zhang, 2020).

The measures of environmental protection, social responsibility, and governance status of enterprises have a direct impact on ESG evaluation, and improvement, which in turn is beneficial to the enhancement of company value. Furthermore, ESG is highly accepted and respected due to its vast breadth and abundance of information, which can represent a company's operating conditions and potential hazards (Hu et al., 2018). Sectors with strong ESG performance are more likely to be recognized by government agencies, gaining consumer and investor confidence. This increases the company's credibility and competitiveness while reducing the losses caused by associated penalties.

Many previous studies have discovered a positive relationship between firm value, ESG, and CSR practices. Fatemi et al. (2018) concluded that ESG investments have a positive impact on firm value and thus increase firm value. Furthermore, they emphasized that low ESG investments

reduce firm value due to the moderating role of disclosures, which mitigate the impact of weaknesses while amplifying the positive effects. Similarly, Wong et al. (2020) investigated the relationship between ESG and firm value in developing nations and discovered that increasing ESG activities lowers the cost of capital, which increases firm value in terms of Tobin's Q.

Aboud and Diab (2018) investigated the relationship between Egyptian ESG disclosure practices and firm value and discovered an increase in firm value for Egyptian companies listed in the ESG index. This demonstrates that high-ranked firms in the Egyptian ESG Index have a favorable relationship with firm value when compared to low-ranked firms. According to research by Liu and Zhang (2017), social responsibility disclosure does not benefit a company's short-term profits, but it can enhance its long-term value.

Subsequently, Aboud and Diab (2018) found that companies included in an ESG index have high corporate value as measured by Tobin's Q; furthermore, Fatemi et al. (2018) found that ESG practices enhance corporate value. Using the example of a listed company in China, Zhang et al. (2020) divided ESG into three different aspects and explored their interaction effects on corporate value, showing that only disclosure of social and environmental information can have a positive impact on corporate value.

As noted above, most studies on ESG performance and firm value suggest a positive relationship, but some scholars believe that ESG performance has no or even a negative impact on firm value. According to Brammer and Pavelin (2006), a company's ESG investments consume a portion of its corporate capital, so improving ESG performance does not contribute to increasing corporate value. Sassen et al. (2016) explored the impact of ESG determinants on corporate risk in European companies and found that improving ESG performance impedes corporate value creation.

Corporations are increasingly disclosing information about their CSR practices in order to satisfy the interests of diverse stakeholders and create a positive image in the market and society (D'Amato & Falivena, 2020). These CSR practices are critical parameters and important factors for the business's long-term growth and value creation. Because of the benefits of firms' CSR practices that are provided to their direct and indirect

stakeholders—such as employees, customers, the environment, and society—CSR plays an important role in firms' value creation (Jamali, 2008).

According to Ogachi & Zoltan (2020), firms are sharing more information about their CSR practices in order to receive positive support from stakeholders. CSR disclosure assists businesses in improving their corporate image and transparency, as well as increasing investor trust in investment decisions.

CSR reporting techniques in developing countries' socio-cultural environments are important because countries' socioeconomic, political, and cultural environments have a significant influence on accounting in general and CSER in particular (Rizk et al., 2008).

The idea of corporate social responsibility disclosure (CSRD) has grown in popularity among corporations. Such disclosures offer information that goes beyond what is communicated in financial disclosures and can reduce the knowledge gap, improve the legitimacy of corporate reporting, and strengthen the role of accounting data in firm valuation. Companies have expressed concern about the publication of information like the number of women on the board (and the percentage of females in leadership) and the charity contributions made by the company.

The decision of which CSR practices should be implemented and how they should be communicated is a crucial concern for a socially responsible corporation because the various stakeholders can only support and reward "good" businesses when they are fully aware of the "good" practices of those companies. As a result, there is also a significant link between a company's CSRD and business sustainability (Akisik & Gal, 2011). According to Pagano et al. (2002), disclosure is a mechanism that provides investors with the required information that lets them better know the company and its value.

The goal of ESG disclosure is to increase the openness and availability of information on a company's ESG practices. There are two main points of view regarding a company's ESG initiatives and firm value. The first point of view concerns the cost of ESG initiatives and their effect on a company's value. When expenses are kept to a minimum, a company can achieve favorable results by increasing employee productivity and lowering

pollution fines. However, as evidenced by decreasing shareholder benefits, greater utility drives insiders to spend more than value-maximize levels (Barnea & Rubin, 2010; Abdi et al., 2022).

The other point of view emphasizes the value-added aspects of a firm's ESG initiatives. Implementing such initiatives has been shown to enhance a firm's operational effectiveness, capital market benefits, and management of risks. (Dhaliwal et al., 2012); Fatemi et al. (2010) show that such initiatives can improve a firm's image and create stronger relationships with its stakeholders, sustainability initiatives can also help firms attract skilled personnel by increasing team competency.

Based on the previously presented literature, the researcher hypothesized the following:

H2: ESG and CSR sustainability voluntary disclosure have a significant positive impact on firm value.

1.3 Stock Value, Environmental, Governance, and Corporate Social Responsibility Voluntary Disclosure

For market participants who are making decisions, financial data is crucial. These reports provide information on a firm’s economic situation in a reliable and timely way. Additionally, users of financial analysis and feasibility reports can make informed choices with the help of high-quality financial reports. However, financial reports' quality is diminished when companies exaggerate their actual economic situation. Companies may exaggerate their actual economic circumstances for a variety of reasons, including promoting compensation-based bonuses and driving up stock prices (Seker & Sengür, 2021). The capital market legislation No. 95, which imposed new disclosure requirements on publicly traded corporations, was passed in 1995, ushering in a new era for the Egyptian stock exchange. The Environmental Protection Law No. 4 was also passed in 1994, and the Ministry of the Environment's power was strengthened. The Capital Market Authority, which oversees the Cairo and Alexandria Stock Exchanges, released new disclosure guidelines for listed firms in June 2001, with a June 30, 2002, compliance deadline. Amendments to the existing labor legislation were also passed that year. At this juncture, it is

important to note that neither the laws nor the new listing requirements necessitate the public disclosure of CSR-related issues (Rizk et al., 2008).

The pressure on management is a result of stakeholder requests for details on the social and environmental impacts of businesses. These reasons have collectively contributed to a rise in management mistrust. Therefore, stakeholders are calling for more non-financial assurances against management misappropriation (Zhang et al., 2020). As a result, in recent years, stakeholders' information requirements have gone beyond financial information. For stakeholders in this situation, non-financial knowledge about the business operations is crucial. According to these developments, the prominence of companies' ESG performance has increased market participants interest. In an effort to safeguard their reputation and ethical standards, as well as to affect stakeholders' behavior, publicly traded businesses have grown more sensitive to the disclosure of ESG performance. Investors' requirements to evaluate corporate business activity thoroughly were met by companies that included CSR in their financial reporting. CSR can also be thought of as a measure of how comprehensive financial data is. In addition to stockholders and prospective investors, other stakeholders also require information. Corporates work to demonstrate through dependable financial reporting their capacity to add value for their stockholders in order to avoid the wealth of stockholders. Consequently, a business that can provide high-quality financial reporting will gain confidence and be able to easily access resources made available by society (Setyahuni et al., 2022).

In their study of the effect of Egyptian CSR disclosure on stock market returns, Abdelfattah and Aboud (2020) discovered that companies that disclosed more CSR data had higher stock returns, indicating that CSR disclosure practices are a value-enhancement tactic. Indicators (economic, social, and environmental) mentioned in sustainability reports, according to Abdul Aziz and Hj Bidin (2017), are a good indicator of the reporting's quality. Organizations that actively report their sustainability practices to foster transparency and earn respect from their stakeholders also tend to have better reputations. According to Porter and Kramer (2011), addressing societal issues, among other things, could raise company productivity

levels, which would have a favorable impact on profitability and share value.

Blacconiere and Patten (1994) and Fiori et al. (2015) examined the impact of CSR on stock prices and found that, while chemical companies experienced negative share price returns following a significant chemical leak, the stock price reaction was mitigated for firms that provided better environmental disclosures. Similarly, Blacconiere and Northcutt (1997) show that chemical corporations that provide more detailed environmental disclosure reports have a less favorable reaction to environmental legislation than other firms.

Engert and Baumgarter (2016) investigate the factors that contribute to the effective implementation of a sustainable development strategy. The authors regard the company's sustainable development strategy as a comprehensive objective from which the management, operations, and financial performance strategies are derived, taking into account the social, environmental, and economic context. CSR is a significant factor in long-term profitability. Leaders who manage social, ethical, environmental, and other non-financial concerns efficiently contribute to a strong, resilient organization that can provide long-term value to shareholders. Effective CSR efforts and practices, according to Dimson et al. (2015), are associated with higher stock returns and improved accounting performance. Wolf (2014) reveals that disclosing social and environmental information that exceeds mandatory disclosures, minimizes corporate risks. Companies that do not incorporate environmental considerations into their strategy may risk missing out on opportunities in markets that are increasingly influenced by environmental variables. According to stakeholder theory, the better a business manages its relationships with various stakeholders, the better its financial performance and firm value. Stakeholders in an environmental context can place pressure on companies to adopt proactive environmental practices that improve their environmental performance. This enhanced performance can boost an organization’s internal effectiveness and exterior legitimacy, resulting in a competitive advantage and wealth.

Based on the previously presented literature, the researcher hypothesized the following:

H3: ESG and CSR sustainability voluntary disclosure have a significant positive impact on stock value.

1.4 Tax Avoidance, Environmental, Governance, and Corporate Social Responsibility Voluntary Disclosure

One of the recent issues is CSR and tax avoidance because, while tax avoidance is illegal, it raises the question of whether it is appropriate to cut taxes as much as possible while still maintaining the trust of societal stakeholders who expect certain appropriate behaviors from a business. Nevertheless, businesses are increasingly reducing payable taxes, even believing that these have a negative effect on society as a whole (Lanis & Richardson, 2018), and knowing that paying corporate taxes has a direct social contribution because it helps finance public services and products.

Tax compliance is one of the most important corporate social responsibilities because taxes are an essential tool for providing governments with the resources they need to provide the public goods and services needed by all members of society. Regardless of the tax amount, many businesses view taxes as a burden that must be reduced or eliminated entirely, and thus management began contracting with tax advisers and experts to formulate tax strategies that aim to avoid tax payment or reduce taxes through formal compliance with the law without attempting to violate it, which is known as tax avoidance (TA) practices (Avi-Yonah, 2008).

Tax avoidance is the practice of reducing the quantity of direct taxes paid by businesses. Managers must generate profits while minimizing costs in order to meet the goals of the business and its shareholders. Clearly, CSR practices have been founded on the enterprises' economic goals in addition to their social obligations. Taxes are one of the most significant expenses for businesses, and the larger the company, the higher the tax costs. As a result, lowering the tax burden is an important economic objective in financial management. The social dimension of business sustainability is a critical component of corporate taxation. Paying taxes is a necessary step for businesses to successfully engage with society. To become socially responsible citizens, the business will pay a fair amount of taxes. As a result, every respectable member of society pays the tax, and tax avoidance is incompatible with sustainable business practices, or CSR.

Companies that pay higher taxes while engaging in CSR have a greater market value because CSR boosts their business reputation (Zeng, 2019). Tax avoidance, according to Sikka (2010), is unethical since it has serious consequences for governments in both rich and developing countries in terms of their ability to provide social goods. Companies that pay less tax mean that there is less money available for infrastructure, education, and healthcare. As a result, society bears the costs of corporate tax avoidance.

Scientific literature suggests that businesses are permitted to reduce tax liability while remaining in compliance with the law; however, it is believed that if a company initiates CSR activities as part of its strategy, the firm should pay a fair share of the taxes that the government is legally required to collect (Lanis & Richardson, 2012; Zeng, 2019). As a result, according to this viewpoint, tax avoidance contradicts being ethical, adding to the welfare of society, and having CSR. According to Bird and Nozemack (2016), governments suffer not only financially but also in terms of their regulatory authority over the private sector as a result of such tax avoidance actions. As a result, the avoidance of taxes calls into question the company's reputation, societal trust, and long-term sustainability.

There are numerous contradictory results concerning the interconnection between social activities and corporate tax avoidance (Batrancea et al., 2022). In the literature, there are two opposing perspectives on the connection between CSR and tax avoidance. According to one viewpoint, taxation is a basic social obligation of businesses that can be used to enhance social welfare (Sikka, 2010). As a result, tax avoidance is regarded as socially irresponsible behavior, and businesses with high CSR are expected to decrease tax avoidance. According to corporate culture theory, the CSR idea will discourage firms from engaging in practices that violate the "social contract" between firms and individual members of society, such as TA practices (Hoi et al., 2013; Lanis and Richardson, 2012). According to Laguir et al. (2015), the higher the corporate performance in the social component of CSR, the lower the level of tax avoidance. In addition, Ortas and Gallego-Alvarez (2020) discovered that companies with better CSR, social, environmental, and governance performance are less likely to engage in tax avoidance. Another viewpoint contends that the resources produced by tax avoidance can be used to lower product prices,

raise employee wages, create job opportunities, and increase corporate value, all of which are beneficial to corporate stakeholders such as consumers, employees, and investors. As a result, CSR and taxation are mutually exclusive, so if a business takes on more social responsibility, it will increase tax avoidance correspondingly (Dowling, 2014; Davis et al., 2016).

Kim and Im (2017) study the link between corporate social responsibility and tax avoidance in Korean firms. According to the study, tax avoidance has an impact not only on a company's financial success but also on non-financial indicators such as societal trust or reputation. Even if a corporation conducts CSR measures, society is less inclined to trust the company's actions as a result of tax avoidance. Furthermore, increased participation in CSR activities leads to less tax avoidance. Finally, the company's decision to be a passive participant in CSR has no impact on tax avoidance.

According to Yoon et al. (2021), founded on the theoretical framework of culture and tax avoidance, firms that participate in social welfare activities are less likely to engage in tax avoidance behavior because the public believes that these businesses will do the right thing, typically practicing CSR rather than avoiding taxes to the detriment of society as a whole. The study's conclusions indicate that there is a conflict between tax avoidance and CSR initiatives. This implies that businesses with a high level of social activity are less likely to avoid paying taxes. This finding is consistent with the findings of López-González et al. (2019), who found that organizations implementing CSR concentrate more on reducing the avoidance of taxes.

According to Lanis and Richardson (2012), there is a negative correlation between effective tax rates and composite CSR indicators. The actions of TAs are considered socially irresponsible by common value theory because they adversely affect the economic well-being of society. Additionally, Lanis and Richardson (2018) explored the impact of outside directors on boards on the link between CSR and tax avoidance and found that outside directors can reinforce the negative association. They interpret this as evidence that outside directors are concerned about the interests of external stakeholders, which would explain the increased focus on CSR

while reducing tax avoidance. This implies that companies are cutting CSR spending and increasing tax avoidance to improve bottom lines, suggesting a negative link.

Furthermore, Hoi et al. (2013) discovered that companies with lower CSR scores are more likely to avoid taxes. Davis et al. (2016) discovered an inverse link between various CSR indicators and the effective cash tax rate. They identified a positive link between CSR and tax avoidance, implying that organizations that employ tax avoidance tactics are better equipped to increase their CSR disclosure. These findings add support to the legitimacy theory, which maintains that corporations raise CSR disclosures to address community concerns about low tax payments and achieve credibility. Gandullia and Piserà (2019) show a negative correlation between average effective tax rates and CSR; they interpret their results as proof that high taxes discourage enterprises from investing in CSR.

In conclusion, prior research on the relationship between CSR and corporate tax avoidance has yielded inconclusive results. In the literature on developing markets, ESG/CSR and tax avoidance practices have gotten little attention. Our findings add to the need for more study into the context-specific nature of ESG and CSR voluntary disclosure in developing markets such as Egypt.

In this research, the effective tax rate (ETR), which is the most commonly used as a fair measure of tax avoidance, is used as a proxy for tax avoidance.

Based on the previously presented literature, the researcher hypothesized the following:

H4: ESG and CSR sustainability voluntary disclosure have a significant negative impact on tax avoidance.

2. Research Problem

While many studies have been conducted on the impact of ESG/CSR disclosure on financial and non-financial performance, there has been little previous research on the impact of ESG/CSR disclosure on financial reporting quality, corporate value, equity value, and tax avoidance. They were not sufficiently investigated. In general, limited research has been conducted on a firm's ESG/CSR transparency and the quantity of ESG/CSR disclosure. To fill this void, we conducted an analysis based on data on the extent of ESG/CSR voluntary disclosure. The research's academic and practical implications are to provide practitioners with basic concepts, methods, and techniques for measuring ESG/CSR voluntary disclosure by providing various methodologies and analytical techniques for examining the association among the dependent variables and the independent variable.

By concentrating on the Egyptian market, we hope to contribute to the few studies that address the combined effect of ESG/CSR voluntary disclosures on firm value, stock value, tax avoidance, and how this affects the quality of financial reporting. We contend that firms that engage in ESG/CSR practices and are recognized by the stock exchange are more likely to acquire a competitive advantage and be perceived positively by investors. Although annual financial reports of companies are among the most important sources of information because they contain a large amount of information, some users, especially creditors and investors, do not find that some of the information provided by financial reports meets their needs. This is because the aforementioned users are constantly in need of the most up-to-date information, especially on business operations during the fiscal year. The voluntary nature allows management to choose what information to share. According to recent studies, voluntary disclosure lowers the cost of capital (financial leverage) and increases share and firm value (Dhaliwal et al., 2011; Hassan & Mohd-Saleh, 2010; Karamanou & Nishiotis, 2009; Francis et al., 2008).

3. Research Questions and Objectives

This research addresses the following main questions:

RQ1. Is there a significant impact of voluntary ESG/CSR disclosure on the financial reporting quality of Egyptian-listed companies?

RQ2. Is there a significant impact of voluntary ESG/CSR disclosure on the firm value of Egyptian-listed companies?

RQ3. Is there a significant impact of voluntary ESG/CSR disclosure on the stock value of Egyptian-listed companies?

RQ4. Is there a significant impact of voluntary ESG/CSR disclosure on the tax avoidance of Egyptian-listed companies?

This research primarily pursues four goals:

- To highlight that ESG/CSR voluntary disclosure can drive managers to produce high-quality financial reports.
- To examine the relationship between ESG/CSR voluntary disclosure and firm value.
- To examine the relationship between ESG/CSR voluntary disclosure and stock value.
- To examine the relationship between ESG/CSR voluntary disclosure and tax avoidance.

4. Research Theoretical Framework

Figure (1) shows the research framework that presents the four dependent variables—financial reporting quality, firm value, stock value, and tax avoidance—as affected by the two independent variables: non-financial information—namely, environmental, social, and governance information—and corporate social responsibility voluntary disclosure of Egyptian listed companies in the stock exchange market.

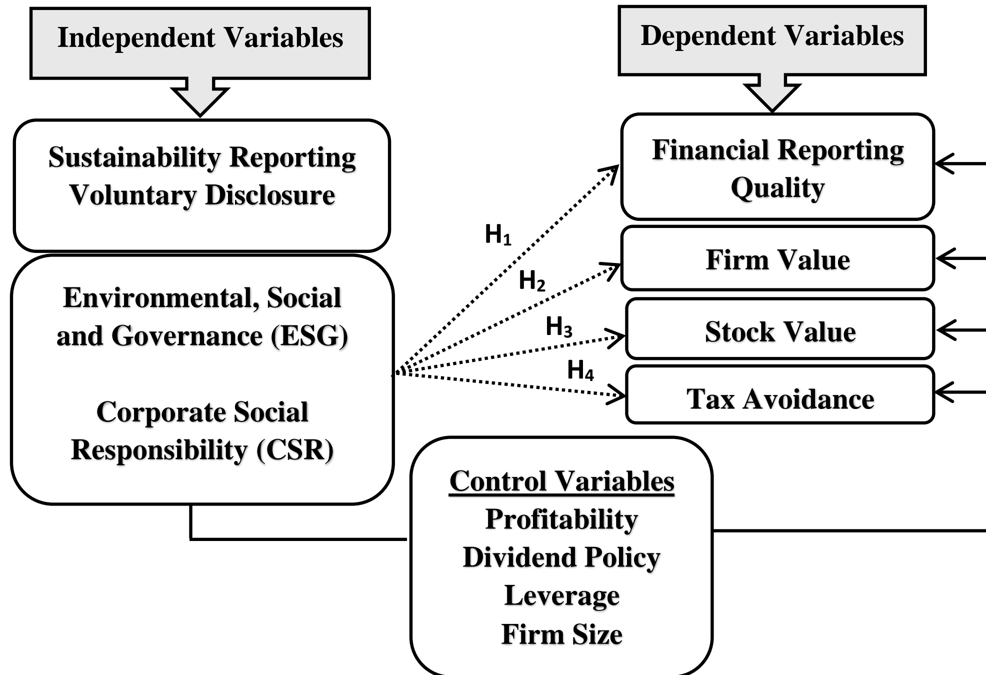

Figure (1): Research Design and Hypotheses

5. Research Methodology

5.1 Sample Selection and Data Collection

The annual reports of non-financial Egyptian companies listed on the EGX 100 index from 2016 to 2022 are used in the research. Unlike financial reports, yearly reports are optional for Egyptian firms, and as a result, some firms do not issue them due to the preparation costs. The Egyptian Stock Exchange requires listed companies to present only their audited financial statements along with the report of their board of directors. As a result of the preparation costs, businesses may avoid giving additional information. Other firms, on the other hand, may be able to provide annual reports to the ESE that include some voluntary non-financial information, i.e., the chairman's letter, information about ESG and CRR, key financial indicators, information about the business strategy, and executive management. This research focuses on 45 of the EGX 100 companies that file yearly reports with the stock exchange. Because these companies are the largest in Egypt, there is a greater chance that they will

prepare annual reports and share voluntary ESG and CSR information. The sample was chosen based on availability and current data. This research, like other disclosure studies, excluded companies for which there was insufficient data. Financial institutions (banks and financial services businesses in general) were excluded because they have unique characteristics that necessitate separate treatment. The researcher investigates the relationship between the study independent variables and ESG/CSR voluntary disclosure using descriptive statistics and regression analysis.

Descriptive statistics such as minimum, maximum, mean, and standard deviation are used for data analysis; Pearson's coefficient of association, and multiple linear regression analysis were performed, followed by regression diagnostics. The Statistical Package for Social Science (SPSS) was used to perform the statistical techniques. As a result, a regression analysis was performed to examine the unique effect of financial reporting quality, firm value, stock value, and tax avoidance on ESG and CSR voluntary disclosure issues. Regression is more powerful and effective than correlation because it explains not only the strength and direction of a relationship but also the unintended consequences of this association. In this research, the ordinary least squares (OLS) regression technique was used to carry out the analysis.

Over a period of seven years, we acquired a sample of 45 Egyptian firms from the most actively traded firms listed on the Egyptian Stock Exchange, yielding 315 observations. The sample being studied is divided into 11 different industry sectors, as presented in Table (1). Companies' names, sample sizes, and industry sectors are presented in Appendix (3).

Table (1): Sample Sector Composition

No.	Sector	No. of Firms	%
1	Contracting & Construction Engineering	4	8.89%
2	Industrial Goods , Services and Automobiles	2	4.44%
3	Food, Beverages and Tobacco	4	8.89%
4	Energy & Support Services	2	4.44%
5	Health Care & Pharmaceuticals	4	8.89%
6	Building Materials	3	6.67%
7	Paper & Packaging	1	2.22%
8	Textile & Durables	5	11.11%

9	Shipping & Transportation Services	4	8.89%
10	Basic Resources	9	20.00%
11	Real Estate	7	15.56%
	Total	45	100

5.2 Research Variables and Regression Models

The statistical analysis will demonstrate the impact of voluntary ESG and CSR disclosure as an independent variable on financial reporting quality, firm value (market performance), stock value, and tax avoidance as dependent variables, and financial performance (profitability), dividend policy, financial leverage, and firm size as control variables, using four multiple regression models to test the following hypotheses:

5.2.1 The First Regression Model

The following regression equation was used to investigate the impact of environmental, social, governance, and corporate social responsibility voluntary disclosure on financial reporting quality.

$$FRQ_{t+1} = f\,(ESGVD_t, CSRVD_t, Controls)$$

H1: ESG and CSR sustainability voluntary disclosure have a significant positive impact on financial reporting quality.

$$FRQ_{it} = \beta_0 + \beta_1 ESGVD_{it} + \beta_2 CSRVD_{it} + \beta_3 ROA_{it} + \beta_4 EPS_{it} + \beta_5 ROE_{it} + \beta_6 DY_{it} + \beta_7 FL_{it} + \beta_8 LogFS_{it} + \varepsilon_{it}$$

Where:

Dependent variable = FRQ: Financial Reporting Quality.

β_0 = Constant coefficient of the regression equation.

β_1 = Variable coefficient of the Environmental, Social, and Governance Voluntary Disclosure (ESGVD).

β_2 = Variable coefficient of the Corporate Social Responsibility Voluntary Disclosure (CSRVD).

β_3, β_4, β_5, β_6, β_7, and β_8 = Control variables, variable coefficients of Return on Assets (ROA), Earnings per Share (EPS), Return on Equity (ROE), Dividend Yield (DY), Financial Leverage (FL), and Firm Size (FS).

I_t = Company i in period t.

T_i = Period-fixed effect.

ε_{it} = An error term.

5.2.2 The Second Regression Model

The following regression equation was used to investigate the impact of environmental, social, governance, and corporate social responsibility voluntary disclosure on firm value.

$$FV_{t+1} = f\,(ESG_t, CSR_t, Controls)$$

H2: ESG and CSR sustainability voluntary disclosure have a significant positive impact on firm value.

$$FV_{it} = \beta_0 + \beta_1\, ESGVD_{it} + \beta_2\, CSRVD_{it} + \beta_3\, ROA_{it} + \beta_4\, EPS_{it} + \beta_5\, ROE_{it} + \beta_6\, DY_{it} + \beta_7\, FL_{it} + \beta_8\, LogFS_{it} + \varepsilon_{it}$$

Where:

Dependent variable = FV: Firm Value.

β_0 = Constant coefficient of the regression equation.

β_1 = Variable coefficient of the Environmental, Social, and Governance Voluntary Disclosure (ESGVD).

β_2 = Variable coefficient of the Corporate Social Responsibility Voluntary Disclosure (CSRVD).

β_3, β_4, β_5, β_6, β_7, and β_8 = Control variables, variable coefficients on Return on Assets (ROA), Earnings per Share (EPS), Return on Equity (ROE), Dividend Yield (DY), Financial Leverage (FL), and Firm Size (FS).

I_t = Company i in period t.

T_i = Period-fixed effect.

ε_{it} = An error term.

5.2.3 The Third Regression Model

The following regression equation was used to investigate the impact of environmental, social, governance, and corporate social responsibility voluntary disclosure on stock market prices.

$$SV_{t+1} = f\,(ESG_t, CSR_t, Controls)$$

H3: ESG and CSR sustainability voluntary disclosure have a significant positive impact on stock value.

$$SV_{it} = \beta_0 + \beta_1\,ESGVD_{it} + \beta_2\,CSRVD_{it} + \beta_3\,ROA_{it} + \beta_4\,EPS_{it} + \beta_5\,ROE_{it} + \beta_6\,DY_{it} + \beta_7\,FL_{it} + \beta_8\,LogFS_{it} + \varepsilon_{it}$$

Where:

Dependent variable = SV: Stock Value.

β_0 = Constant coefficient of the regression equation.

β_1 = Variable coefficient of the Environmental, Social, and Governance Voluntary Disclosure (ESGVD).

β_2 = Variable coefficient of the Corporate Social Responsibility Voluntary Disclosure (CSRVD).

β_3, β_4, β_5, β_6, β_7, and β_8 = Control variables, variable coefficients of Return on Assets (ROA), Earnings per Share (EPS), Return on Equity (ROE), Dividend Yield (DY), Financial Leverage (FL), and Firm Size (FS).

I_t = Company i in period t.

T_i = Period-fixed effect.

ε_{it} = An error term.

5.2.4 The Fourth Regression Model

The following regression equation was used to investigate the impact of environmental, social, governance, and corporate social responsibility voluntary disclosure on tax avoidance.

$$TA_{t+1} = f\,(ESG_t, CSR_t, Controls)$$

H4: ESG and CSR sustainability voluntary disclosure have a significant positive impact on tax avoidance.

$$TA_{it} = \beta_0 + \beta_1\, ESGVD_{it} + \beta_2\, CSRVD_{it} + \beta_3\, ROA_{it} + \beta_4\, EPS_{it} + \beta_5\, ROE_{it} + \beta_6\, DY_{it} + \beta_7\, FL_{it} + \beta_8\, LogFS_{it} + \varepsilon_{it}$$

Where:

Dependent variable = TA: Tax Avoidance.

β_0 = Constant coefficient of the regression equation.

β_1 = Variable coefficient of the Environmental, Social, and Governance Voluntary Disclosure (ESGVD).

β_2 = Variable coefficient of the Corporate Social Responsibility Voluntary Disclosure (CSRVD).

β_3, β_4, β_5, β_6, β_7, and β_8 = Control variables, variable coefficients of Return on Assets (ROA), Earnings per Share (EPS), Return on Equity (ROE), Dividend Yield (DY), Financial Leverage (FL), and Firm Size (FS).

I_t = Company i in period t.

T_i = Period-fixed effect.

ε_{it} = An error term.

Table (2), shows the definitions and measurements of the variables and research indicators used in this research in more detail. Table (3), presents the definition of the dimensions of corporate sustainability voluntary disclosure and the key stakeholders focus areas for each of the ESG aspects.

Table (2): Research Dependent, Independent and Control Variables: Definitions and Measures

Variables Type	Abbreviation	Definition	Measure
Dependent Variables	**Financial Reporting Quality (FRQ)**	Financial reporting quality refers to the fundamental information presented in financial reports, including disclosures in the notes. A high-quality report provides relevant information for decision-making that objectively reflects the economic realities during the reporting period and, at the end of the annual reporting period, accurately reflects the financial position of the company.	Financial reporting quality is a dummy variable that equals zero if a company gets an unqualified audit opinion and one otherwise.
	Firm Value (FV)	In emerging markets, firm value (or Tobin's Q) has been used as an indicator of firm performance. Tobin's Q is believed to represent a firm's investment or growth opportunities. As a result, companies with higher Tobin Q scores are more valuable than those with lower Tobin Q scores.	Tobin's Q is measured by adding the stock market value to the total liabilities' book value and dividing it by the total assets' book value.
	Stock Value (SV)	The process of valuing businesses and comparing the valuation to the current market price to determine whether a company is overvalued or undervalued is known as stock valuation.	The price-to-earnings ratio is calculated by dividing the stock price by the most recent reported earnings per share of the company.
	Tax Avoidance (TA)	Tax avoidance is the application of legal ways to lower an individual's or a company's income tax liability. This is typically done by claiming as	The effective tax rate (ETR) is calculated by dividing the income tax expense minus deferred expenses by the earnings

		many allowable deductions and credits as possible. The ETR is the ratio of tax expenses over pre-tax income. The intuition here is that the lower the ETR, the more intensively the firm avoids taxes.	before taxes (operating cash flows).
Independent Variables	**Environmental, Social and Governance Voluntary Disclosure (ESGVD) - Corporate Social Responsibility Voluntary Disclosure (CSRVD)**	ESG refers to a company's corporate economic interests that are mainly concerned with long-term and ethical consequences. CSR is a business strategy used by many organizations that has a social component	The index was calculated for the ESG/CSR voluntary disclosure using eight categories: (1) Environmental issues; (2) Corporate social responsibility; (3) General community welfare activities; (4) Employee information; (5) Information on corporate governance; (6) Shareholder capital; (7) Shareholder rights; and (8) Product, service, and customer information. These eight categories result in 99 voluntary disclosure items. Each voluntary disclosure item is scored "1" if the firm discloses the information and "0" otherwise.
	Financial Reporting Quality (FRQ)	The financial information presented in the annual financial reports, including note disclosures, is referred to as “financial reporting”. High-quality reporting delivers meaningful, decision-useful information that objectively depicts a company's economic	The index was calculated for the financial reporting quality disclosure using five categories: (1) Financial information; (2) Operational information; (3) Financial performance; (4) Future information; and (5)

		reality during the reporting period.	Stock price information. These five categories result in 59 voluntary sustainability disclosure items. It is an indicator variable with a value of 1 if a company filed a CSR disclosure report and a value of 0 if not.
Control Variables	**Return on Assets (ROA)**	Return on assets measures how effectively a business uses its assets to generate profits. ROA is used by managers, experts, and investors to assess a company's financial health.	The return on assets is calculated by dividing a company's net revenue by the average of all of its assets.
	Earnings per Share (EPS)	Earnings per share are widely used to estimate the value of a company, as they show how much money the company makes per share it owns. Investors are willing to pay more for a company's stock if they believe that earnings will outpace the stock price, suggesting that higher earnings per share are more valuable.	At the end of every financial year, EPS is computed as (earnings after tax minus preferred stock dividend) divided by the total number of outstanding common stock shares.
	Return on Equity (ROE)	Return on equity measures how effective a business is at generating returns on the capital invested by its shareholders.	ROE is computed by dividing the net income of a business by the equity of its shareholders.
	Dividend Yield (DY)	Dividend yield is a financial ratio (dividend/price) that indicates how much a company pays in dividends relative to its stock price each year.	DY is the amount paid to shareholders for having a share of a company's stock divided by the market stock price.
	Financial Leverage (FL)	Leverage is the extent of debt that is used to finance a company's assets. It assesses the	The FL ratio is calculated by dividing the firm's total debt by its total

		long-term risk and describes the financial structure of a business.	assets.
	Firm Size (FS)	Firm size is determined by the initial fixed asset investment in the firm.	The natural logarithm of the total book value of the company's assets is used to calculate firm size.

Table (3): Dimensions of Corporate Sustainability Voluntary Disclosure

Dimensions of Corporate Sustainability	Definition	Key Stakeholders Focusing Areas
Environmental Dimension (E)	The environmental aspect of sustainable development deals with how an organization affects both living and nonliving natural systems, such as ecosystems and the air, water, and land.	The E, or environmental, component of ESG includes a company's exposure to and management of potential hazards and opportunities related to natural resource shortages, pollution, climate, waste, and other environmental factors, along with the company's impact on environmental.
Social Dimension (S)	The social dimension of sustainability is concerned with the organization's effects on the social systems in which it functions.	The S or social component of ESG includes details about a company's values and business relationships. Examples as supply chain members, product quality, human capital issues such as employee health and safety.
Governance Dimension (G)	The governance in ESG refers to decision-making corporate governance factors ranging from sovereign policymaking to the distribution of rights and obligations among various corporate participants such as the board of directors, investors, and other stakeholders.	The G or corporate governance is a component of ESG includes details for example information on the board of directors' structure and diversity; corporate resiliency; executive compensation; critical event responsiveness; and policies and practices on lobbying, political contributions, corruption and bribery.

6. Statistical Results and Discussion
6.1 Descriptive Statistics

The descriptive statistics for the research's variables are presented in Table (4). It displays the number of observations sampled for each variable (N = 315), as well as the mean, minimum, maximum, and standard deviation for all variables used. The average ESG score of the listed firms is .601, with a standard deviation of .4930. This means that the ESG score is distributed across a wide range of values at the time of observation. The sample's mean ESG voluntary disclosure is 60%, indicating that many enterprises provide ESG information. The average CSR score of the listed firms is .704, with a standard deviation of .456. The sample mean for CSR voluntary disclosure is 70%, indicating that many enterprises provide CSR information.

Table (4): Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
FRQ	315	.00000	1.00000	.6761905	.46867284
FV	315	.00000	39.99000	2.8742857	5.79971175
SV	315	.00000	67.90000	2.5240102	8.34634557
TA	315	.16034	.24555	.1921280	.01945996
ESG	315	.00000	1.00000	.6010000	.49367742
CSR	315	.00000	1.00000	.7047619	.45687549
ROA	315	.09100	11.10700	1.9520721	1.35178453
EPS	315	.00000	.91000	.1272349	.16491648
ROE	315	1.27300	99.56900	19.7397877	12.67682854
DY	315	.00070	.94000	.4862540	.25778181
FL	315	.00000	183.89000	3.9020952	19.06859509
FS	315	16.94000	23.53000	21.0465714	1.54146747

6.2 Pearson Correlation

Table (5) shows the Pearson correlation coefficients between the different groups of variables: FRQ disclosure, ESG/CSR, and control variables. The coefficients are shown above, while the p-values are shown below. At the 1% level, there was a significant positive link between ESG and CSR disclosure and financial reporting quality (coefficients = .044 & .787, respectively). Initially, the association confirmed the first research hypothesis. Return on assets, earnings per share, and company size are significantly adversely connected with FRQ at the 1% level (coefficients = -.032, -.042, and -.017, respectively), but ROE is considerably favorably correlated with FRQ (coefficient = .026). Furthermore, at the 1% level (coefficients = -.096 & -.102, respectively), a negative, insignificant connection was found between FRQ, dividend yield, and financial leverage.

At the 1% level, there was a significant positive association between ESG and CSR disclosure and company value (coefficients = .017 & .002, respectively). Initially, the association supports the second research hypothesis. This indicates that corporations with strong market performance are more likely to provide ESG/CSR information.

Return on assets, earnings per share, return on equity, dividend yield, financial leverage, and firm size, on the other hand, are insignificantly linked with FV at the 1% level (coefficients = .262, .332, .292, .223, .062 & 0.098, respectively).

At the 1% level, there was a significant positive relationship between ESG and CSR disclosure and share value (coefficients = .046 & .041 respectively). Initially, the association supports the second research hypothesis. Return on assets, earnings per share, return on equity, dividend yield, financial leverage, and firm size are all insignificantly positively linked with SV at the 1% level (coefficients = .148, .262, .218, .192, .236 & .094, respectively).

Finally, at the 1% level, there was a negative association between ESG and CSR disclosure and tax avoidance (coefficients = -.027 & -.116, respectively). Initially, the association supports the fourth research hypothesis. Return on assets, earnings per share, dividend yield, and

financial leverage are all positively connected with TA (coefficients = .007, .230, .081 & .030, respectively). At the 1% level, return on equity and firm size are both inversely connected with TA (coefficients = -.016 and -.046, respectively). This suggests that large-leveraged enterprises and firms with a significant size are more likely to provide ESG/CSR information.

Table (5): Pearson Correlations

		FRQ	FV	SV	TA	ESG	CSR	ROA	EPS	ROE	DY	FL	FS
Pearson Correlation	**FRQ**	1.000	.254	.458	.369	.044	.787	-.032-	-.042-	.026	-.096-	-.102-	-.017-
	FV	.254	1.000	.785	.753	.119	.158	-.036-	.025	-.031-	-.043-	-.087-	-.073-
	SV	.254	.785	1.000	.781	.095	-.098-	.059	.036	.044	.049	-.041-	.074
	TA	.254	.785	.781	1.000	-.027	-.116-	.007	.230	-.016-	.081	.030	-.046-
	ESG	.044	.119	.095	-.027	1.000	.040	.018	-.091-	-.008-	.070	-.089-	-.048-
	CSR	.787	.158	-.098-	-.116-	.040	1.000	-.030-	-.005-	.029	-.092-	.026	-.097-
	ROA	-.032-	-.036-	.059	.007	.018	-.030-	1.000	.157	.844	-.029-	-.040-	.232
	EPS	-.042-	.025	.036	.230	-.091-	-.005-	.157	1.000	.083	-.128-	-.019-	.006
	ROE	.026	-.031-	.044	-.016-	-.008-	.029	.844	.083	1.000	.033	-.003-	.216
	DY	-.096-	-.043-	.049	.081	.070	-.092-	-.029-	-.128-	.033	1.000	.057	.082
	FL	-.102-	-.087-	-.041-	.030	-.089-	.026	-.040-	-.019-	-.003-	.057	1.000	.014
	FS	-.017-	-.073-	.074	-.046-	-.048-	-.097-	.232	.006	.216	.082	.014	1.000
*** Sig. (1-tailed)**	**FRQ**	.	.257	.364	.159	.217	.000	.287	.230	.321	.044	.036	.381
	FV	.257	.	.181	.234	.017	.002	.262	.332	.292	.223	.062	.098
	SV	.257	.181	.	.355	.046	.041	.148	.262	.218	.192	.236	.094
	TA	.257	.181	.355	.	.319	.019	.450	.000	.391	.075	.296	.210
	ESG	.217	.017	.046	.319	.	.241	.375	.053	.443	.108	.058	.196
	CSR	.000	.002	.041	.019	.241	.	.296	.466	.306	.052	.322	.043
	ROA	.287	.262	.148	.450	.375	.296	.	.003	.000	.307	.240	.000
	EPS	.230	.332	.262	.000	.053	.466	.003	.	.072	.012	.371	.458
** Correlation is significant at the 0.01 level*	**ROE**	.321	.292	.218	.391	.443	.306	.000	.072	.	.279	.477	.000
	DY	.044	.223	.192	.075	.108	.052	.307	.012	.279	.	.158	.072
	FL	.036	.062	.236	.296	.058	.322	.240	.371	.477	.158	.	.406
	FS	.381	.098	.094	.210	.196	.043	.000	.458	.000	.072	.406	.

6.3 Regression Results

The researcher uses regression models to determine the relationship between the variables studied. By combining time series of cross-sectional observations, we choose to use panel data. The coefficient determination, F-test, and T-test are the results of this regression. The use of the panel data format would provide us with a more useful result with less collinearity between the many different variables. Panel data is typically defined as more appropriate and efficient for multidimensional analysis due to its ability to identify some correlations that may not be visible in a time-series data set or simple cross-section. Several tests are required before we can pick which strategy to use, including the Breusch-Pagan Lagrange Multiplier, or LM test, to help us decide whether to conduct a random effects regression or a simple OLS regression. If Prob > Chi2 is smaller than the significance level, we can utilize random effects regression. The Hausman test can help us decide whether to utilize fixed or random effects, where the null hypothesis is that the chosen model is a random effect or a fixed effect.

We use the heteroskedasticity-modified Wald test, which refers to the scattering dependence or error variance within a sample with at least one independent variable. Because it offers a measure of the deviation of data points from the mean value, these variations can be used to compute the margin of error between data sets, such as expected outcomes and actual results. In order to determine if non-linear combinations of the fitted values contributed to the explanation of the response variable, the Ramsey Regression Equation Specification Error Test (RESET), a general specification test for the linear regression equation, was carried out.

Furthermore, the Wooldridge test (2002) is used to verify autocorrelation for imbalanced panel data in cross-sectional studies with one independent variable as the primary focus and examine its impact on one or more dependent variables.

The researcher run four regression models in order to test whether there is an influence of ESG/CSR voluntary disclosure on financial reporting quality, firm value, share value, and tax avoidance, as follows:

6.3.1 First Hypothesis Statistical Results

Table (6) shows the regression results for the first model that was used to test the first hypothesis, which dictates that ESG and CSR integrated voluntary disclosure is positively related to financial reporting quality. The findings indicate acceptance of the first regression model, and the results show that ESG and CSR voluntary disclosure have a significant positive impact on FRQ. Therefore, H1 is accepted. This means that ESG and CSR voluntary disclosure in Egyptian firms affects the firm's financial reporting quality.

$$FRQ_{it} = 3.698 + 4.365\ ESGVD_{it} + 0.369\ CSRVD_{it} - 0.369\ ROA_{it} + 2.654\ EPS_{it} - 0.369\ ROE_{it} + 1.369\ DY_{it} + 2.369\ FL_{it} + 2.602\ LogFS_{it} + \varepsilon_{it}$$

Table (6): First Regression Equation: Impact of ESG/CSR on Financial Reporting Quality

First Regression Equation: Generalized Least Squares (GLS) – Dependent Variable: FRQ				Decision
Independent Variables	**Variable Coefficient**	**Stand. Error**	**P-Value**	
Constant β_0	3.698542	1.369875	0.003	**Significant**
ESG	4.365987	1.025879	0.045	**Significant**
CSR	0.369481	0.369875	0.002	**Significant**
ROA	-0.369214	1.625987	0.012	**Significant**
EPS	2.654321	0.369412	0.025	**Significant**
ROE	-0.369875	1.367425	0.031	**Significant**
DY	1.369874	0.369254	0.032	**Significant**
FL	2.369742	0.325418	0.037	**Significant**
FS	2.602598	0.369715	0.043	**Significant**
R – Squared 0.8692	**Prob. (F - Test)** 0.0000			
Modified Wald Test Group Wise Heteroskedsticity	**Chi-Square**			**P - Value**
	2.6985			0.0000
Overall Ramsey RESET Test	**F-Test**			**P - Value**
	4.0325			0.0123
Wooldridge Autocorrelation Test	**F-Test**			**P - Value**
	698547.369			0.0000
Cross-Sectional Dependence Test				**P - Value**
	2.6987			0.0251

According to the findings, the focus on ESG/CSR keeps getting greater as firms are increasingly pressed to disclose more about their ESG/CSR performance and strategy. Accounting is becoming increasingly crucial as a growing number of firms focus on ESG/CSR-related efforts. This is because, while ESG/CSR debates frequently focus on a company's strategy and performance, ESG/CSR can also influence tax responsibilities and financial reporting quality. ESG/CSR provides a more quantitative assessment of sustainability. ESG/CSR boost business valuation and ESG/CSR helps inform others about the company's beliefs and ambitions.

In 2021, FASB released “Intersection of ESG Matters” with financial accounting standards to clarify the relationship between ESG/CSR issues and any impact, either direct or indirect, on the financial reporting of an organization.

Along with typical financial indicators, ESG/CSR considers the company's environmental, social, and governance practices. ESG/CSR information is particularly important to investors because it can help them better manage investment risks and understand a company's long-term approach to creating value. ESG/CSR reporting, from a business aspect, can assist in increasing stakeholder trust and corporate reputation while also displaying how the company's purpose—in other words, the role it plays in society in relation to its long-term value—is made real.

6.3.2 Second Hypothesis Statistical Results

The regression findings for the second model used to test the second hypothesis, which states that ESG and CSR integrated voluntary disclosure are positively associated with business value, are shown in Table (7). The results reveal that ESG and CSR optional disclosure have a considerable positive impact on FV, indicating acceptance of the second regression model. As a result, H2 is acceptable. This suggests that ESG/CSR voluntary disclosure in Egyptian firms has an impact on firm value.

$$FV_{it} = 2.369 + 3.698\ ESGVD_{it} + 0.369\ CSRVD_{it} + 0.369\ ROA_{it} + 3.698\ EPS_{it} - 0.365\ ROE_{it} + 2.369\ DY_{it} + 3.698\ FL_{it} + 1.369\ LogFS_{it} + \varepsilon_{it}$$

Table (7): Second Regression Equation: Impact of ESG/CSR on Firm Value

Second Regression Equation: Generalized Least Squares (GLS) – Dependent Variable: FV				Decision
Independent Variables	**Variable Coefficient**	**Stand. Error**	**P-Value**	
Constant β_0	2.369875	1.250367	0.006	**Significant**
ESG	3.698412	0.369874	0.035	**Significant**
CSR	0.369854	0.369742	0.003	**Significant**
ROA	0.369874	0.369875	0.004	**Significant**
EPS	3.698745	1.365487	0.022	**Significant**
ROE	-0.365487	0.369874	0.017	**Significant**
DY	2.369874	0.025784	0.032	**Significant**
FL	3.698745	0.369512	0.021	**Significant**
FS	1.369421	0.987523	0.034	**Significant**
R – Squared 0.8256	**Prob. (F - Test)** 0.0000			
Modified Wald Test	**Chi-Square**			**P - Value**
Group Wise Heteroskedsticity	3.6894			0.0000
Overall Ramsey RESET Test	**F-Test**			**P - Value**
	2.3654			0.0236
Wooldridge Autocorrelation Test	**F-Test**			**P - Value**
	987548.325			0.0000
Cross-Sectional Dependence Test				**P - Value**
	2.6748			0.0157

According to the findings, ESG/CSR focus on sustainability and human capital productivity, which lead to enhanced company success. Companies that invest in ESG/CSR efforts display superior risk management control, strengthen their brand image, and build stronger relationships with customers, partners, and workers. As a result, ESG/CSR can generate long-term financial value for businesses through cost reduction, productivity,

new income, and access to funding. As a result, social and governance activities can boost firm value by improving reputation and lowering risk. ESG/CSR assists firms in attracting investors, increasing consumer loyalty, improving financial performance, and making business operations more sustainable.

The findings are compatible with sustainability theory, which states that firms' disclosure of ESG-related information promotes the acquisition of social recognition and social capital, as well as the support of their long-term development (Waheed & Zhang, 2020). Because environmental protection measures, social responsibility, and firm governance status all have a direct impact on ESG evaluation, improving such an evaluation is advantageous to increasing enterprise value.

Furthermore, our findings are consistent with those of Fatemi et al. (2018), who discovered that ESG strengths increase firm value. Aboud and Diab (2018) also discovered that firms in the ESG Index have higher enterprise value and that there is a positive association between a firm's higher ranking in the index and the value of the company as assessed by Tobin's Q. The findings suggest that information disclosure increases business value by lowering estimation risks, which imply lower rates of return required by investors.

6.3.3 Third Hypothesis Statistical Results

Table (8) displays the regression findings for the third model used to test the third hypothesis, which states that ESG and CSR-integrated voluntary disclosure are positively connected to share value. The findings imply acceptance of the third regression model; the results show that ESG and CSR voluntary disclosure have a considerable beneficial impact on SV. As a result, H3 is approved. This suggests that ESG/CSR voluntary disclosure in Egyptian enterprises affects share value.

$$SV_{it} = 2.369 + 3.695\ ESGVD_{it} + 0.321\ CSRVD_{it} + 0.362\ ROA_{it} + 0.698\ EPS_{it} + 0.369\ ROE_{it} - 0.369\ DY_{it} + 1.348\ FL_{it} + 3.025\ LogFS_{it} + \varepsilon_{it}$$

Table (8): Third Regression Equation: Impact of ESG/CSR on Share Value

Third Regression Equation: Generalized Least Squares (GLS) – Dependent Variable: SV				Decision
Independent Variables	**Variable Coefficient**	**Stand. Error**	**P-Value**	
Constant β_0	2.367425	1.036587	0.001	**Significant**
ESG	3.695210	1.602587	0.026	**Significant**
CSR	0.321806	0.360154	0.015	**Significant**
ROA	0.362150	0.365874	0.019	**Significant**
EPS	0.69874	1.023697	0.039	**Significant**
ROE	0.369720	0.369820	0.027	**Significant**
DY	-0.369215	0.365015	0.028	**Significant**
FL	1.348795	0.362057	0.038	**Significant**
FS	3.025897	1.369824	0.041	**Significant**
R – Squared 0.8369	**Prob. (F - Test)** 0.0000			
Modified Wald Test	**Chi-Square**			**P - Value**
Group Wise Heteroskedsticity	5.3698			0.0000
Overall Ramsey RESET Test	**F-Test**			**P - Value**
	3.0256			0.0133
Wooldridge Autocorrelation Test	**F-Test**			**P - Value**
	658024.652			0.0000
Cross-Sectional Dependence Test				**P - Value**
	3.6897			0.0462

Investors want to know that the companies in which they are investing are following sustainable and ethical business practices. ESG/CSR variables provide investors with a more comprehensive picture of a company's performance and enable them to make more informed investment decisions. Investors are increasingly interested in ESG/CSR criteria in evaluating companies, as they assume that improved ESG/CSR

performance significantly correlates with higher corporate returns, lower risks, and long-term sustainability. The content analysis results presented in Table (8) show that increased ESG/CSR voluntary disclosure has a positive impact on various company-related factors, particularly profitability measures such as ROE, ROA, and EPS, which have a positive impact on shareholders' value in the company.

In terms of stock performance and underlying financial measures, the results empirically proved that companies with higher ESG/CSR levels outperform those with lower ESG scores. As ESG/CSR efforts boost future cash flows (profits) or reduce the risk of those cash flows, they increase shareholder value. Many ESG/CSR actions can immediately improve financial performance in today's climate by lowering costs, boosting revenues, or lowering risks.

The findings imply that corporate disclosure policy affects the amount of information included in stock returns, impacting the liquidity and volatility of stocks, lowering agency costs, and facilitating risk sharing. The advantages of corporate disclosure stem from the fact that investors can gain access to information that allows them to analyze the company's profitability over time, which improves valuation accuracy and, consequently, the return on investment.

6.3.4 Fourth Hypothesis Statistical Results

The regression findings for the fourth model used to test the fourth hypothesis, which states that ESG and CSR-integrated voluntary disclosure are negatively connected to tax avoidance, are shown in Table (9). The findings support the fourth regression model, as the data reveal that voluntary ESG/CSR disclosure has a considerable negative influence on TA. As a result, H4 is acceptable. This suggests that ESG/CSR disclosure in Egyptian firms has an impact on tax avoidance.

$$TA_{it} = 2.360 - 2.360\ ESGVD_{it} - .0368\ CSRVD_{it} + 1.369\ ROA_{it} + 2.082\ EPS_{it} + 0.367\ ROE_{it} + 1.360\ DY_{it} + 1.697\ FL_{it} + 2.360\ LogFS_{it} + \varepsilon_{it}$$

Table (9): Fourth Regression Equation: Impact of ESG/CSR on Tax Avoidance

Fourth Regression Equation: Generalized Least Squares (GLS) – Dependent Variable: TA				Decision
Independent Variables	**Variable Coefficient**	**Stand. Error**	**P-Value**	
Constant β_0	2.360250	1.025897	0.016	**Significant**
ESG	-2.360184	0.360578	0.035	**Significant**
CSR	-.036875	1.302569	0.034	**Significant**
ROA	1.369850	1.360578	0.021	**Significant**
EPS	2.082045	0.360240	0.039	**Significant**
ROE	0.367845	0.369045	0.027	**Significant**
DY	1.360258	1.034206	0.029	**Significant**
FL	1.697451	0.360156	0.037	**Significant**
FS	2.360152	0.057429	0.015	**Significant**
R – Squared 0.8259	**Prob. (F - Test)** 0.0000			
Modified Wald Test	**Chi-Square**			**P - Value**
Group Wise Heteroskedsticity	4.6874			0.0000
Overall Ramsey RESET Test	**F-Test**			**P - Value**
	3.0257			0.0268
Wooldridge Autocorrelation Test	**F-Test**			**P - Value**
	658743.648			0.0000
Cross-Sectional Dependence Test				**P - Value**
	3.6587			0.0157

The results suggest that one of the main goals of corporations is to increase their contribution to society, and that corporations that spend more on social activities have a lower tax base and, as a result, rely heavily on CSR for tax avoidance. This is consistent with Goerke (2019), who claims that with a lower tax burden. On the other hand, corporate stakeholders

may think that these measures do not amount to tax avoidance, as the objective, if properly worded, is to contribute more to the benefit of society. On the other hand, it may also be a fraudulent act aimed at lowering taxes as much as possible. Additionally, it turns out that certain events can reverse the correlation between her two concepts. As a result, stricter regulation of CSR efforts and reporting and increased government support for these activities have resulted in higher corporate profits, resulting in a higher tax base and reduced opportunities for tax avoidance.

Findings revealed a statistically significant negative association between a company's voluntary ESG/CSR disclosure and tax avoidance. This negative association means that more socially responsible organizations have a reduced tendency towards tax avoidance, which is consistent with corporate culture theory. This finding is consistent with recent empirical investigations supporting negative associations (Desai & Dharmapala, 2006; Jones et al., 2017; López-González et al., 2019). The results revealed that this negative relationship is primarily driven by organizations with higher social scores. The environment and governance scores have significant negative associations with the tax avoidance metric. This discovery is naturally related to corporate social reputation, as a corporation with a higher social reputation, as indicated by the social score component of the ESG score, is less likely to engage in tax avoidance, which substantially harms its social standing.

The findings show that corporate stakeholders are increasingly using corporate sustainability reports as a basif for assessing corporate social responsibility. From the perspective of sustainable development, companies must be responsible for their shareholders and society. As a result, corporate tax avoidance leads to negative attitudes and actions such as loss of corporate governance, fines, and consumer boycotts, as the public perceives corporate tax avoidance to be costly to society. This implies that firm stakeholders use corporate reporting to respond to the issue of tax avoidance, implying that firm managers' attitudes towards their firm's tax avoidance practices are related to the need and expectation for quality reporting in order to send the appropriate signal to their stakeholders.

7. Control Variables

7.1 Profitability, Environmental, Governance, and Corporate Social Responsibility Voluntary Disclosure

According to agency theory, managers of profitable companies prefer to disclose more information in order to maintain their positions and compensation arrangements. According to signaling theory, when a company's performance is excellent, it is more likely to signal its quality to investors (Watson et al., 2002). According to political process theory, firms should disclose more information in order to explain their level of profits. Additionally, in order to create a positive impression and increase public trust, upper management of a successful firm could desire to share more information with the public (Alsaeed, 2006). The vast majority of disclosure research suggests a positive correlation between corporate profitability and voluntary disclosure. Furthermore, each of the following four theories' perspectives has supported this notion. ***First***, according to Incausti (1997), in terms of political cost theory, the management of highly profitable firms discloses more information to justify these high profits. ***Second***, signaling theory suggests that highly profitable companies disclose more information in order to capitalize on their success by increasing the price and value of their stock. ***Third***, agency theory claims that managers of high-profit organizations will give precise information in order to achieve their own goals and maintain their remuneration package (Barako, 2007). Fourth, stakeholder theory suggests that high-profit companies must disclose more information in order to satisfy all stakeholders. In summary, achieving high profits is a key indicator of managerial success. This will motivate management to achieve success in order to reap numerous benefits from voluntary disclosure, such as justifying compensation, strengthening its position, and enhancing its image in the business market.

7.2 Dividend Policy, Environmental, Governance, and Corporate Social Responsibility Voluntary Disclosure

A dividend is the portion of a company's profit that is distributed to its shareholders. This is based on the company's dividend policy, which provides instructions regarding the amount of dividends to be paid by the company and the frequency of dividends. The reason why CSR spending influences a company's dividend policy is explained by the previous theoretical reasons. According to agency theory, when a company has excess cash, managers are encouraged to overinvest in CSR activities because they personally benefit from corporate social responsibility.

A high dividend payout, according to Barnea and Rubin (2010), contributes to controlling the agency issue by lowering the capital available to overinvest in CSR activities. Furthermore, Subramaniam et al. (2016) demonstrate that the impact of legitimizing CSR-related political activities on Malaysian firms' stock market liquidity is important to institutional investors. In contrast to the dividend and CSR signaling theories, the free cash flow agency reasoning would imply that dividend payouts and CSR investments are partial substitutes because they compete for the same pool of resources produced by profits.

High dividend payments lower the resources available to managers and limit overinvestment. The dividend policy disciplinary mechanism forecasts a positive relationship between CSR and dividend payments because it prevents managers from wasting money on high social expenditures. According to the dividend signaling theory, a firm's announcement of increased dividends sends powerful signals about the firm's prosperous future and contributes to the firm's favorable image of growth and stability. Because firms must honor all implicit and explicit claims with financial and non-financial stakeholders, signaling theory combined with CSR in the context of stakeholder theory forecasts a positive relationship between dividend payments and CSR.

According to the agency theory, there is a relationship between CSR activities and dividend payouts; dividend distribution limits the possibility of inefficient use of business resources by limiting cash access for managers. Managers have an incentive to gain utility from being

recognized as socially responsible, so they may overinvest in CSR activities (Sheikh et al., 2022). These contributions may show directors and managers to be morally responsible at the expense of shareholder interests (Brown et al., 2006).

As a result, social responsibility initiatives could lead to agency costs (Barnea and Rubin, 2010). According to Jensen (1986), payout policy contributes to the resolution of such agency problems by limiting the cash flow available to self-interested managers. CSR investments could thus be linked to dividend payouts under an optimal dividend policy to prevent overinvestment in CSR activities.

7.3 Financial Leverage, Environmental, Governance, and Corporate Social Responsibility Voluntary Disclosure

According to agency theory, public companies with large financial leverage (total debt) require more external capital, which increases the leverage ratio in their capital structure and increases conflicts of interest between shareholders, creditors, and managers, i.e. increase agency costs. Thus, corporate decision-makers are willing to disclose more environmental information, and listed companies are willing to accept governments, society, and stakeholders as overseers of their environmental management (Gray et al., 1995).

Voluntary disclosure theory states that improving environmental performance is communicated to stakeholders through clear or verifiable disclosure of information, which is difficult to replicate in poor environmental performance. According to social responsibility theories, listed firms maintain good creditor-debtor relationships with stakeholders, which helps improve firm performance stability and decrease financial risk. Listed companies with greater financial leverage face greater financial risk; therefore, these companies are eager to reveal more environmental information and then communicate with external creditors using clear or verifiable information disclosure (Clarkson, 2011).

Firms with a greater debt burden in their capital structure are more likely to incur higher agency costs (Alsaeed, 2006). Information disclosure can be used to save money and minimize information gaps. As a result, it is

claimed that leveraged firms must disclose more information in order to meet the information requirements of creditors.

According to stakeholders, asymmetric information causes listed companies to have more long-term debt, which increases investment risk and environmental management risk. Listed firms reduce environmental risk anticipation, increase agency costs caused by asymmetric information, maintain good creditor-debtor relationships with stakeholders, and then tend to actively share more environmental information. In summary, companies with a higher long-term leverage ratio tend to disclose more environmental information, and vice versa (Chang, 2011).

Regardless of the contradictory findings regarding the relationship between firm leverage and voluntary disclosure, there are a variety of reasons to support a favorable relationship. ***First***, excessive leverage raises agency costs, prompting managers to share more information in order to lower such costs (Alves et al., 2012). ***Second***, according to Jensen and Meckling (1976), firms with a high debt ratio face high monitoring costs and, as a result, disclose additional information. ***Third***, firms with high debt ratios tend to reveal more information freely in order to reassure their lenders and extend or provide the debt contract period. ***Fourth***, firms committed to large debt contracts are frequently required to comply with certain restrictive covenants and must reveal more information than is needed to demonstrate compliance. Firms with high debt face higher pressure from creditors to disclose information because they are perceived as risky and are expected to disclose more about the risks associated with them.

7.4 Firm Size, Environmental, Governance, and Corporate Social Responsibility Voluntary Disclosure

Small companies face less pressure and affection from society than large firms. It requires big corporations to disclose more information. Large corporations are more active and require greater transparency. Large companies are more likely to be complex, and complexity necessitates more disclosure. The reasons for large firms' proclivity to disclose more information are as follows: the cost of acquiring and disclosing information is low in comparison to smaller firms; the management of larger

corporations is more likely to recognize the potential benefits of information disclosure, such as increased marketability and ease of financing; and smaller corporations may fear that full information disclosure will jeopardize their competitive position.

Furthermore, because bigger firms are more vulnerable to public scrutiny than smaller firms, they are more likely to reveal more information (Alsaeed, 2006). According to Alves et al. (2012), the larger the company, the more likely they are to voluntarily disclose more information. The positive relationship between firm size and the extent of voluntary disclosure could be due to a variety of factors. ***First***, large firms are more likely than small firms to provide extra voluntary disclosure. ***Second***, according to stakeholder theory, larger firms have more stakeholders pressuring management to reveal more information than smaller firms. ***Third***, large firms face higher political costs than small firms; as a result, large firms work to limit political costs by disclosing more information voluntarily, such as those related to ESG and CSR (Camfferman & Cooke, 2002).

8. FRQ, ESG/CSR Voluntary Disclosure Index

Disclosure indices are comprehensive listings of specified items that may be reported in business reports. Calculating an index score for a specific company has been used in accounting research to provide a measure of the extent of disclosure but not necessarily the quality of the disclosure. Indices have been used to demonstrate compliance with regulations, if the index items are chosen in that manner, or to demonstrate the extent of voluntary disclosure. The efficiency of the disclosure index as a measure of disclosure is vitally dependent on the elements included in the index.

FRQ and ESG/CSR are the primary independent variables. FRQ voluntary disclosure is measured using a checklist of 59 things divided into 5 categories, whereas ESG/CSR voluntary disclosure is measured using a checklist of 99 items divided into 8 categories.

The checklist is evaluated using content analysis with a dichotomous approach: each FRQ and ESG/CSR item disclosed is given a value of 1, and 0 if it is not disclosed.

The unweighted technique is more appropriate to our research, and it was utilized to compute the voluntary disclosure index. The index, which is consistent with earlier literature, examines the diversity of disclosures using an unweighted, dichotomous measure (i.e., awarding an equal weight to each point on the index, giving 1 if the item is disclosed and 0 if it is not disclosed).

First, for each company, the total value of each item is added together to produce the voluntary disclosure index for each item individually, using the following formula:

$$FRQ_j = \sum X_{ij} / N$$

$$ESGVD / CSRVD_j = \sum X_{ij} / N_j$$

Where,

N_j **= 45, the number of companies j used in the sample.**

X_{ij} **= Content analysis**; FRQ and ESG/CSR voluntary disclosure are measured by the dummy variable 1 = if item is disclosed; 0 = if item is not disclosed.

$0 \leq$ FRQ ≤ 1 (maximum $\sum X_i = 45$)

$0 \leq$ ESGVD / CSRVD ≤ 1 (maximum $\sum X_i = 45$)

Then, a disclosure index was calculated for each category as the ratio of all firms actual scores in each category divided by the overall score of the category.

FRQ_{ij} **= Financial reporting quality voluntary disclosure index for each of the 5 categories**.

N **=** Total items for each category as follows: (1) Financial information (N = 27); (2) Operational information (N = 11); (3) Financial performance (N = 9); (4) Future information (N = 5); and (5) Stock value information (N = 7)

$ESGVD / CSRVD_{ij}$ **= Environmental, Social, Governance, and Corporate Social Responsibility Voluntary Disclosure Index for each of the 8 categories.**

***N* = Total items for each category as follows:** (1) Environmental issues (*N* = 15); (2) Corporate social responsibility (*N* = 13); (3) General community welfare activities (*N* = 7); (4) Employee information (*N* = 17); (5) Corporate governance information (*N* = 12); (6) Shareholder capital information (*N* = 10); (7) Shareholder rights information (*N* = 9); and (8) Product/service and customer information (*N* = 16).

X_{ij} = Content analysis; FRQ and ESG/CSR voluntary disclosure are measured by the dummy variable. 1 = if the item is disclosed; 0 = if the item is not disclosed, so that:

$0 \leq FRQ \leq 1$ (maximum $\sum X_i = 59$)

$0 \leq ESGVD / CSRVD \leq 1$ (maximum $\sum X_i = 99$)

8.1 Index of Financial Reporting Quality: Voluntary Disclosure

High financial reporting quality (FRQ) is indicated by the transparency, reliability, and accuracy of the financial information disclosed in the financial annual reports, including note disclosures. High-quality reporting delivers relevant, decision-useful information that objectively depicts the economic realities of a company's activities during the reporting period. Appendix (1) lists the FRQ voluntary disclosure items included in the index (5 categories, 59 binary disclosure items). The index was calculated for the FRQ disclosure using five categories: (1) Financial information; (2) Operational information; (3) Financial performance; (4) Future information; and (5) Stock value information.

Each FRQ voluntary disclosure item is scored "1" if the firm discloses the information and "0" otherwise.

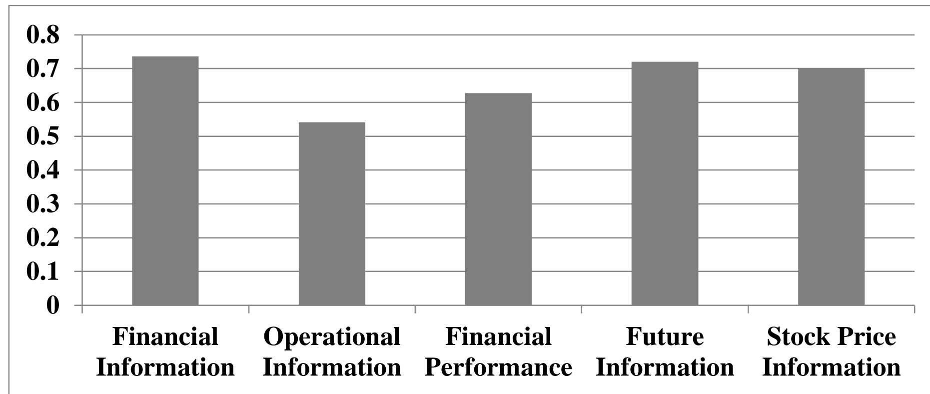

Figure (2): The Five Categories Included in Financial Reporting Quality Index

Category A: Financial Information

Figure (3) depicts the financial data covered in the financial reporting quality index. The timely release of all information about a company that may influence an investor's decision is referred to as disclosure in the financial industry. It discloses positive and negative news, data, and operational information that have an influence on its business.

Disclosures under IFRS 7, Financial Instruments, include both qualitative and quantitative information about the relevance of financial instruments to an entity and the nature and level of risks arising from such financial instruments. Voluntary disclosure of financial information, ESG factors, and CSR is becoming increasingly important for investors. Companies are recognizing that their environmental and social impacts can have a significant effect on their bottom line and long-term viability. Voluntary disclosure in these areas provides investors with the transparency and information necessary to make informed decisions and can help companies attract and retain socially responsible investors. Additionally, companies that prioritize ESG and CSR often see benefits such as improved reputation, increased employee satisfaction, and better stakeholder relationships.

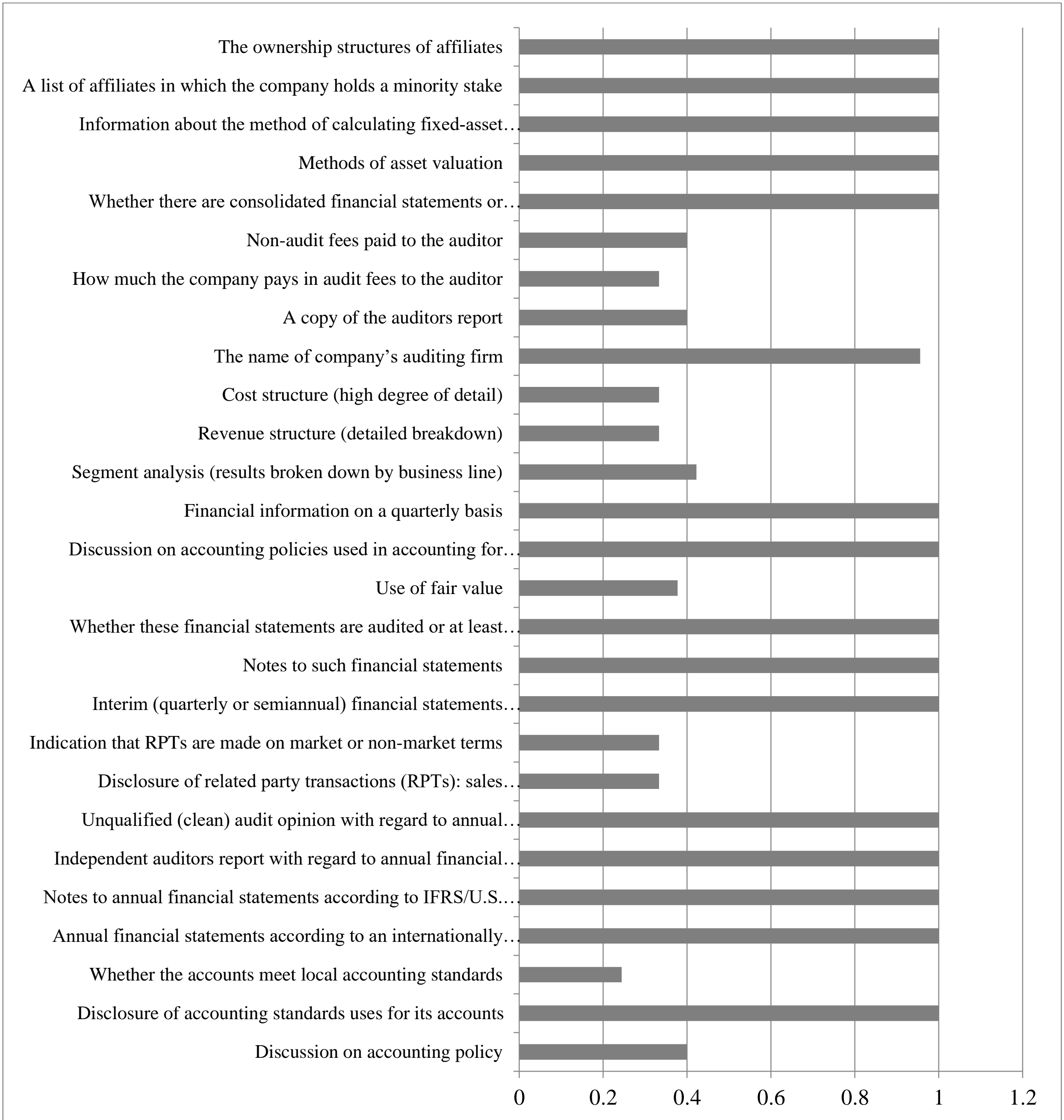

Figure (3): The Financial Information Included in Financial Reporting Quality Index

Category B: Operational Information

Figure (4) depicts the operational data covered in the financial reporting quality index. Financial reports present historical data, but they also reveal how a firm spends its revenues, if they are reinvested in the company, and whether the company can maintain future growth. Operational reports provide business insight on a company's efficiency. Finance uses operational information to keep track of specific financial data and process inefficiencies, as well as to make decisions for the immediate or near future. As a result, real-time, precise information is required for comprehensive operational reporting, quick decision-making, and better operational efficiency. Companies can avoid potentially costly disruptions by continuously monitoring and addressing social and environmental risks through good ESG reporting and disclosure practices, while also identifying unsustainable (and thus costly) regions inside the organization and its supply chain. Corporations can help enhance collaboration, awareness, and positive action across company lines and functions by building a cross-functional ESG process, producing a 'virtuous cycle' of better operational efficiency.

Organizations are expected to provide transparent information on their operations, such as their supply chain practices, energy consumption, and waste management. Additionally, companies are encouraged to disclose their ESG and CSR practices by reporting on topics such as diversity and inclusion, employee safety and wellness, and community engagement. Such transparency can build trust with stakeholders and help organizations become more socially responsible and sustainable.

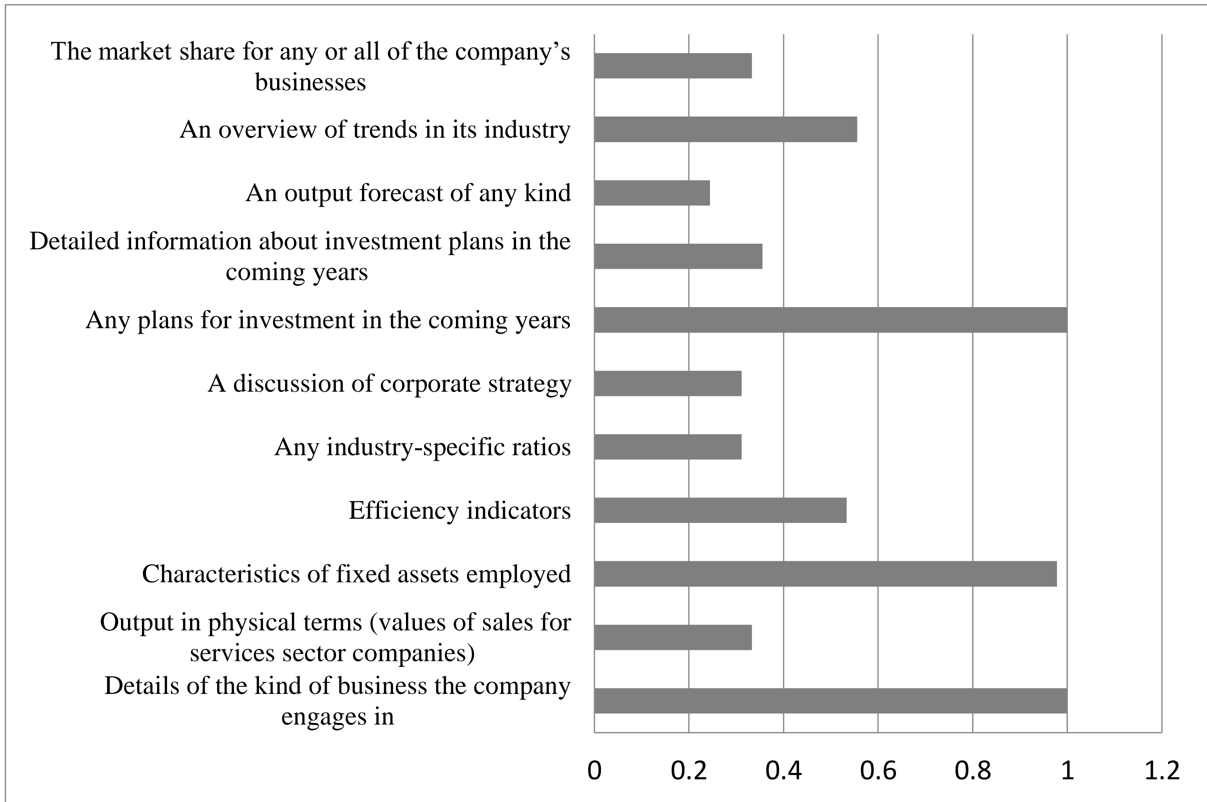

Figure (4): The Operational Information Included in Financial Reporting Quality Index

Category C: Financial Performance Information

The financial performance data included in the financial reporting quality index is depicted in Figure (5). A financial performance report is a summary of a company's financial performance that assists various investors and stakeholders in making investment decisions. The financial performance of a corporation can inform investors about its overall financial health. It's a snapshot of its economic health and management's performance, providing insight into the future, including whether its operations and profits are on track to increase, as well as the outlook for its stock. Investors and shareholders examine the statement that displays the firm's financial performance. Before investing, they examine a company's financial health and profitability.

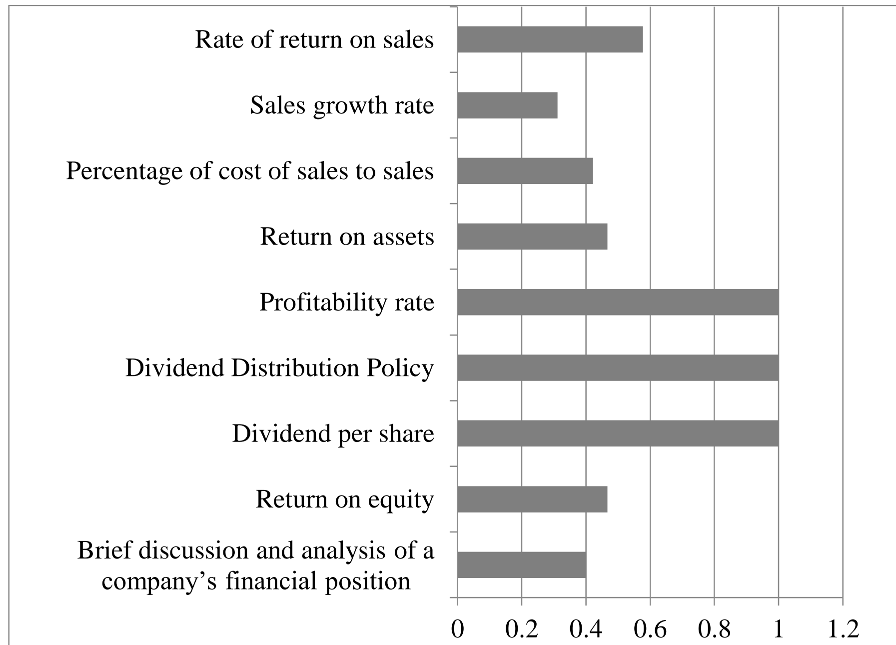

Figure (5): The Financial Performance Included in Financial Reporting Quality Index

Category D: Future Information

Figure (6) depicts the future information covered in the financial reporting quality index. High- quality financial reporting provides information that analysts, investors, and other stakeholders can use to accurately assess a company's current performance and prospects. The accuracy of financial reporting is critical for users to make sound judgments; furthermore, the quality of financial reporting decreases information asymmetry and hazards. In this sense, the quality of the accounting information shows the companies' correct performance and has increased utility for forecasting future earnings. The financial statement contains an instrumental variable that can provide information about the company’s future returns. In this sense, corporations' ambition is to maximize money, which is the primary goal of a profit-based organization. Furthermore, financial statement experts will be concerned about the companies' ability to estimate and forecast future returns.

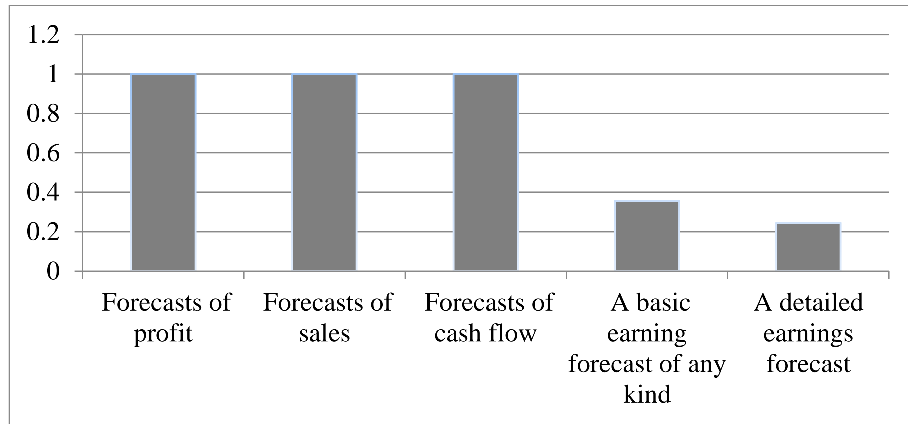

Figure (6): The Future Information Included in Financial Reporting Quality Index

Category E: Stock Value Information

Figure (7) depicts the stock value information included in the financial reporting quality index. Non-financial disclosures, in addition to financial disclosures, influence the movement of a firm's stock price. Investors utilize financial reporting information, particularly profit numbers, to anticipate future earnings and dividends and to value stocks. As a result, the quality of earnings and accruals determines market share price movement. Managers also utilize the level of financial reporting (disclosures level) as an instrument to reduce information risk and hence increase the market price of the firm's share. Voluntary disclosure of information enhances the overall liquidity of the firm's stock in the capital market, i.e., an improvement in the firm's stock liquidity after raising the degree of disclosure. Managers must disclose all information, whether positive or negative. If investors are aware that the manager possesses information but do not know what it is, they will presume that the manager will announce it if it is desirable. As a result, if investors notice that the manager is unwilling to disclose the information, they will assume the worst-case scenario and offer prices in such a way that the company's stock market value declines, whereas corporations currently try to maximize their value. As a result, the manager's motive to keep the company's stock market prices from declining will result in higher voluntary disclosure.

Companies that disclose ESG and CSR information can attract socially responsible investors and potentially increase their stock value. These disclosures can also signal a company's commitment to responsible business practices, which may improve their reputation and appeal to consumers. By contrast, companies that fail to disclose information about ESG and CSR may be viewed as less trustworthy and face reputational or financial risks. Thus, social and environmental disclosure can have a significant impact on a company's stock value.

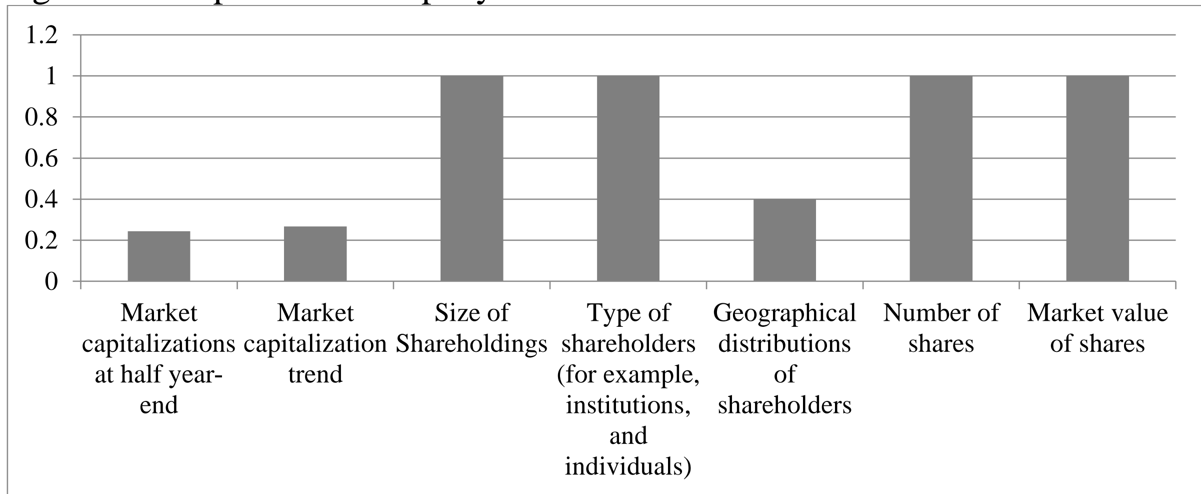

Figure (7): The Stock **Value Information Included in Financial Reporting Quality Index**

8.2 Index of ESG/CSR Voluntary Disclosure

Companies disclose their ESG/CSR risks and activities voluntarily. This is typically in the form of an annual report, which may also be referred to as a sustainability report or an ESG/CSR report. ESG and CSR reporting is the systematic publication of information about a company's social performance. The term "social performance" is used broadly to refer to social, environmental, and governance issues that are not normally addressed by financial performance measurements. CSR refers to the sustainability methods that organizations’ use to ensure that their operations are conducted ethically. ESG, on the other hand, are standards used to assess a company's overall sustainability. Figure (8) shows the eight categories included in ESG/CSR as follows: (1) Environmental issues; (2)

Corporate social responsibility; (3) General community welfare activities; (4) Employee information; (5) Corporate governance information; (6) Shareholder capital information; (7) Shareholder rights information; and (8) Product/service and customer information.

Appendix (2) lists the ESG/CSR voluntary disclosure items included in the index (8 categories, 99 binary disclosure items). Each ESG/CSR voluntary disclosure item is scored "1" if the firm discloses the information and "0" otherwise.

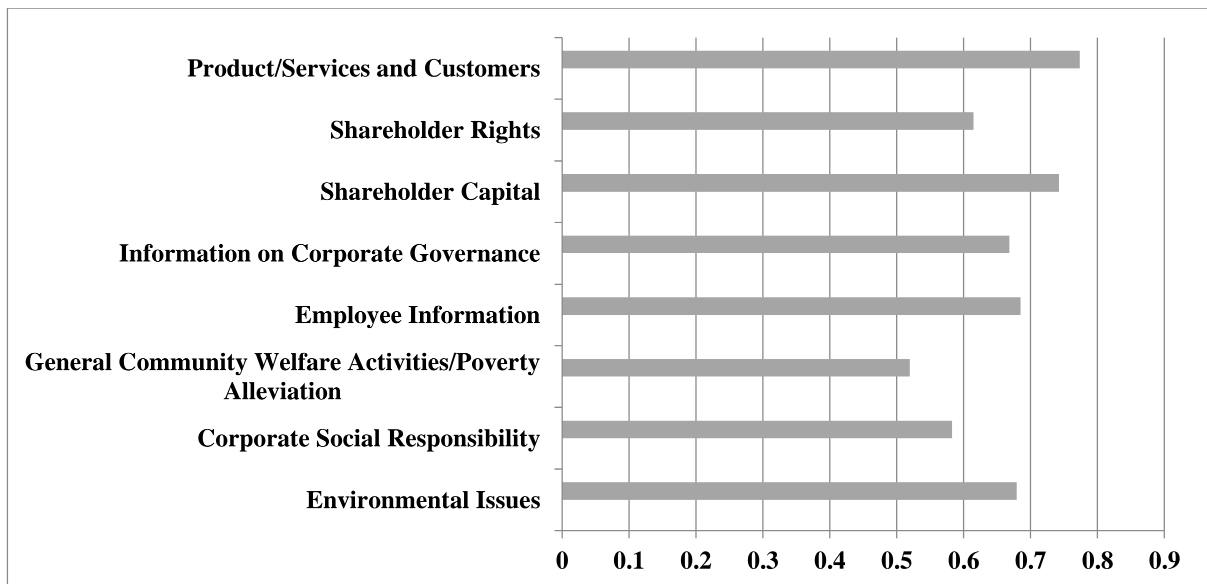

Figure (8): The Eight Categories Included in ESG/CSR Index

Category A: Environmental Issues

Figure (9) depicts the environmental issues included in the ESG/CSR index. Environmental reporting and disclosure practices are used to inform stakeholders about the environmental impact of an organization's actions. The reporting might be either financial or non-financial in nature. Environmental transparency can motivate firms to innovate and create new ways to lessen their environmental impact. This can lead to the creation of more sustainable and efficient products, processes, and technologies.

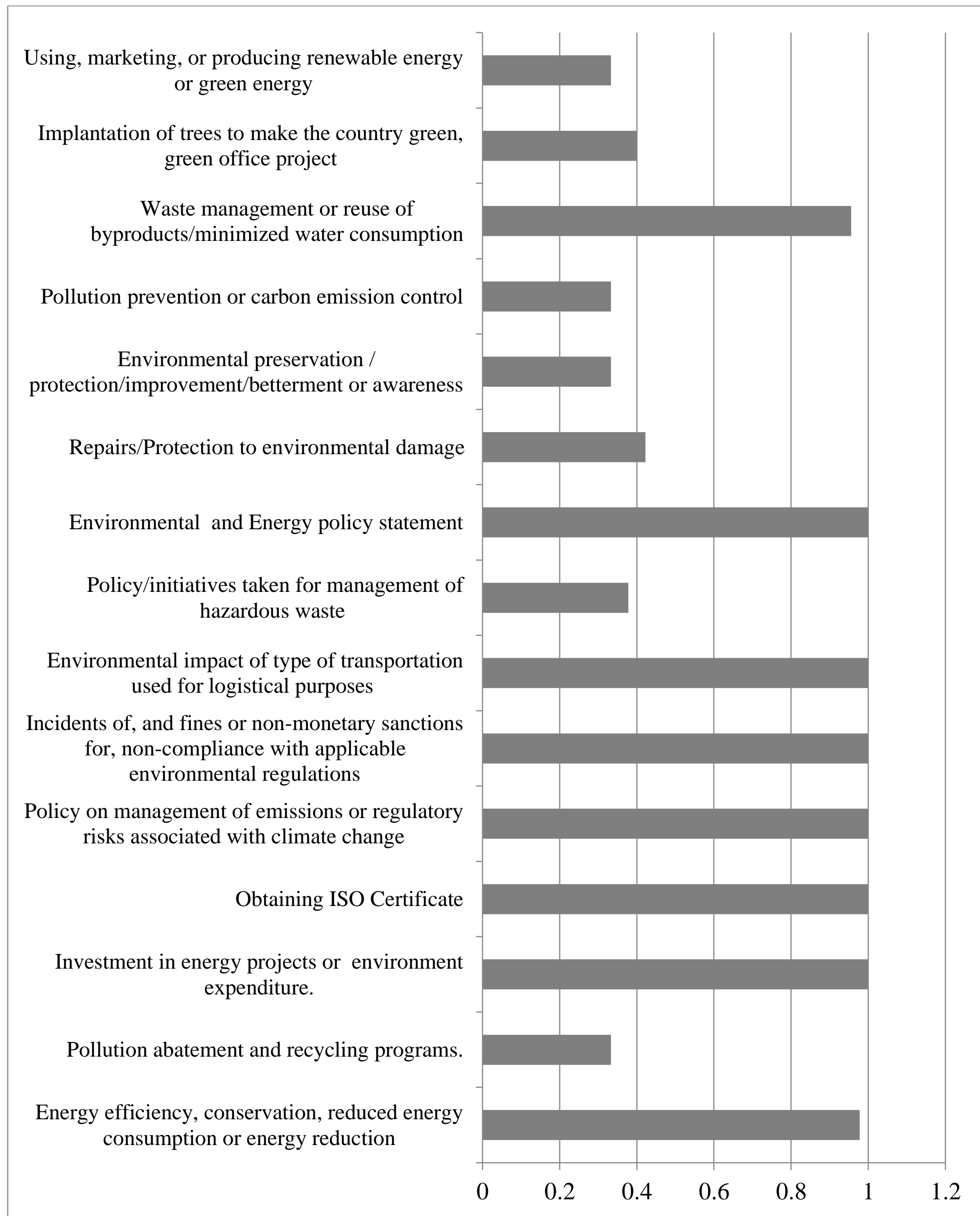

Figure (9): The Environmental Issues Included in ESG/CSR Index

Category B: Corporate Social Responsibility Information

Figure (10) depicts the corporate social responsibility items included in the ESG/CSR index. CSR reporting refers to a company's systematic disclosure of information about its social performance. The disclosure of CSR initiatives has a greater association with the community's perception of the firm and its sustainability. A firm will grow only if it has a beneficial impact on the community, the resources, and all stakeholders.

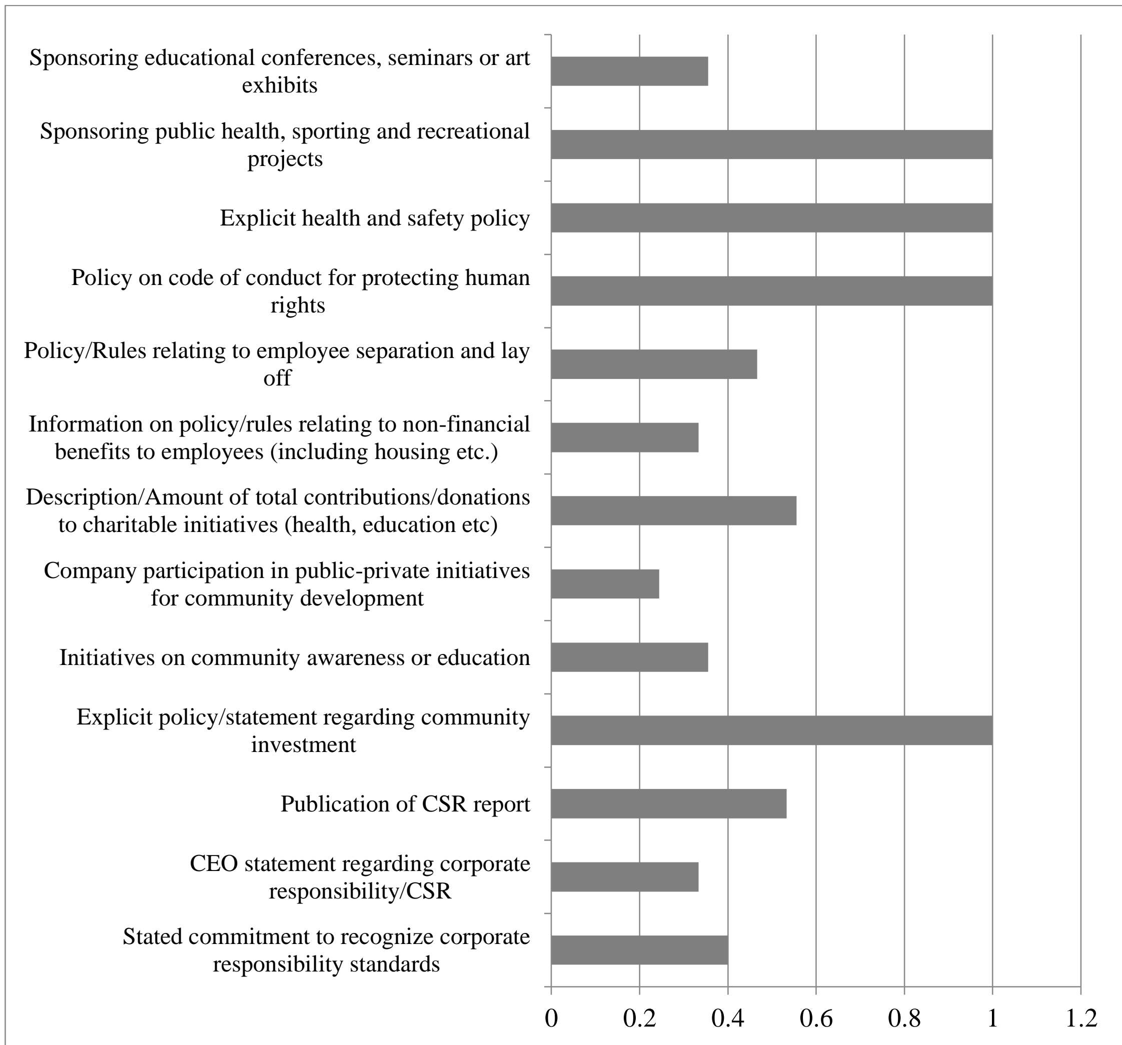

Figure (10): The Corporate Social Responsibility Issues Included in ESG/CSR Index

Category C: General Community Welfare Activities Information

The general community welfare activity categories covered in the ESG/CSR index are depicted in Figure (11). Corporate social responsibility disclosure reveals information about what companies have done for the community. It also demonstrates the disclosure of firms' actions on what they have contributed to society's welfare and what they would do in the future for the welfare and interests of society.

This report highlights the community welfare activities carried out by the company, which have been aimed at improving the lives of the people in its immediate environment. The company is committed to societal issues such as ESG and CSR. As part of its core values, the company prides itself on promoting environmental sustainability by reducing carbon emissions and promoting recycling. The company also actively engages in social activities, including the provision of health care, education, and community development initiatives. The company is committed to voluntary disclosure of its ESG activities as part of its corporate social responsibility.

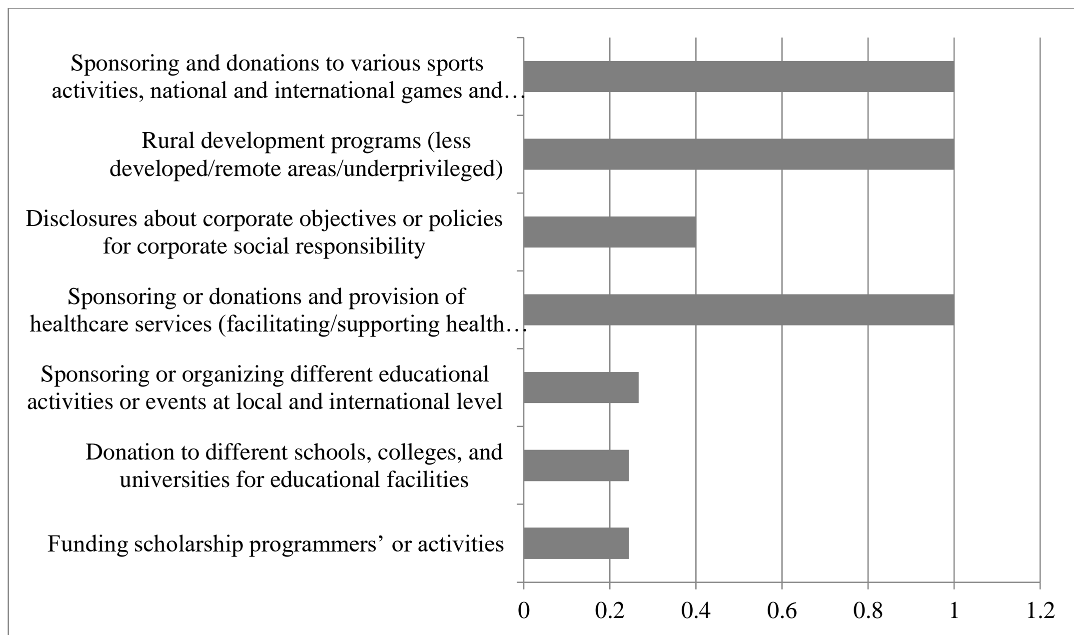

Figure (11): The General Community Welfare Activities Issues Included in ESG/CSR Index

Category D: Employee Information

Figure (12) depicts the employee data included in the ESG/CSR index. Employee decision-making is heavily influenced by ESG/CSR. Companies with better ESG/CSR scores report higher levels of employee satisfaction. Employees are realizing that they have the option of working for organizations that complement their interests and social well-being. CSR not only encourages a higher caliber of job candidates, but it can also encourage employees to become more involved and invested in their work. ESG/CSR can increase employee retention, morale, loyalty, and motivation. ESG and CSR strengthen organizational culture and give employees a sense of purpose. Everything begins with corporate culture. Tying culture to business goals provides employees with a common goal to strive towards, which leads to a better sense of purpose. Achieving ESG/CSR success can have major benefits for an organization, such as increased staff engagement and retention, a stronger company reputation, and easier access to financing.

Employee information and ESG disclosure are important aspects of CSR. Employee information disclosure is a means to provide the public with information about a company's workforce, including diversity, workforce demographics, and employee benefits. The ESG disclosure, on the other hand, encompasses a company's commitment and responsibility to society and the environment. This voluntary disclosure can help investors, stakeholders, and consumers make informed decisions about a company's ethics and sustainability practices.

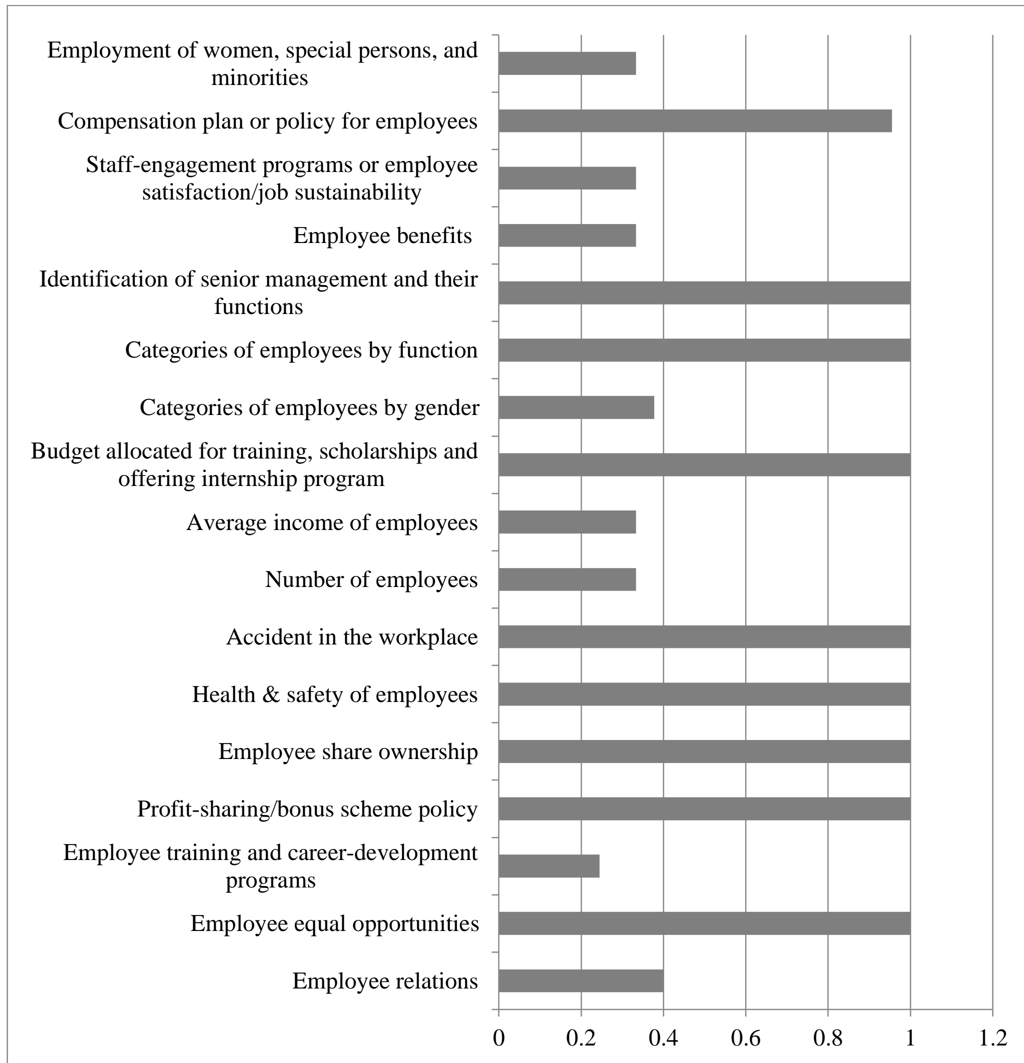

Figure (12): The Employee Information Included in ESG/CSR Index

Category E: Corporate Governance Information

Corporate governance is the set of rules, procedures, and processes that govern a company's decision-making and control. ESG and CSR voluntary disclosure are initiatives taken by companies to disclose information on their impact on the environment, society, and governance practices. ESG and CSR disclosure helps companies build trust and credibility with stakeholders and investors by demonstrating their commitment to

sustainable and ethical business practices. It also provides transparency to stakeholders about the company's opportunities and risks.

Figure (13) depicts the corporate governance information included in the ESG/CSR Index. Corporate governance regulations and codes should be based on disclosure and transparency. Financial and operating results should be disclosed by business organizations to ensure that their shareholders and other stakeholders understand the nature of the organization's operations, its existing state of affairs, and its future orientation in terms of developments. By revealing and making open its corporate governance rules and procedures, the company provides regulators and stakeholders with an understanding of how the company functions and its financial situation. This boosts public trust and credibility in the organization. Governance practices have an impact on company performance and are a significant factor in analysts' risk assessments for both individual companies and markets. Better corporate governance has the potential to improve the efficiency of organizations and markets, lower the cost of capital, and foster innovation, according to policymakers.

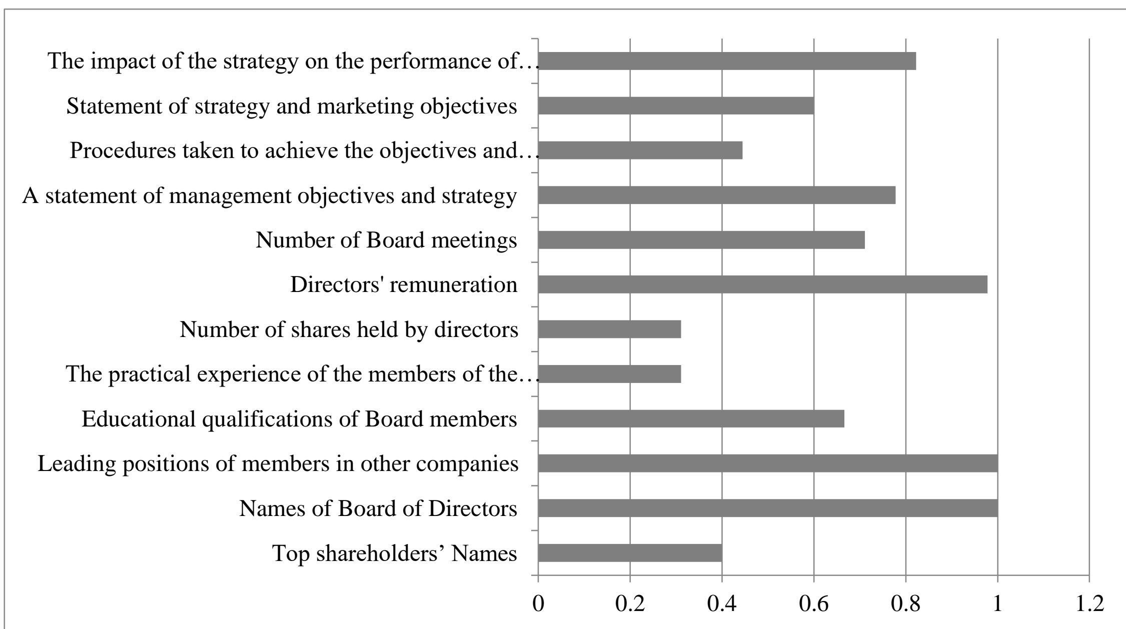

Figure (13): The Corporate Governance Information Included in ESG/CSR Index

Category F: Shareholder Capital Information

Figure (14) depicts the shareholder capital data included in the ESG/CSR index. A shareholder is any organization, corporation, or individual that owns stock in a company. A corporation's shareholder may own as few as one share. Shareholders are vulnerable to capital gains (or losses) and/or dividend payments since they are residual claims on a company's profits. The disclosure of shareholdings provides clarity into the degree of control that specific owners have over a publicly traded corporation. It usually refers to voting rights, although it can also refer to the total number of shares outstanding and the total issued capital. Shareholder information offers current holdings information for each company, split down by the type of securities (financial instruments) held.

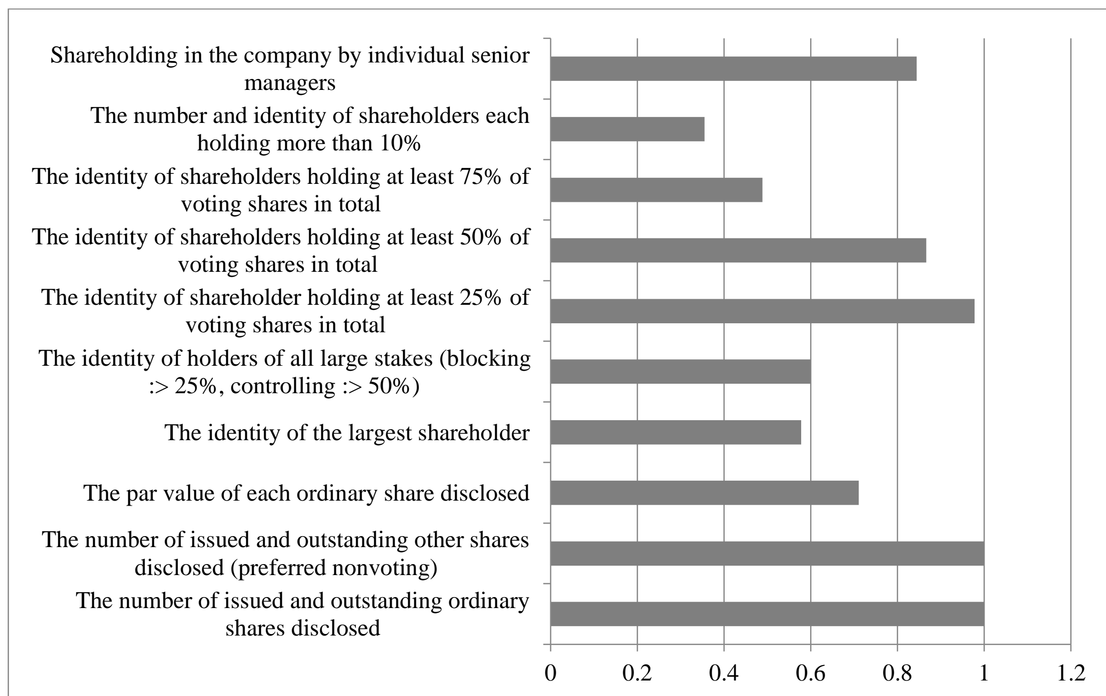

Figure (14): The Shareholder Capital Information Included in ESG/CSR Index

Category G: Shareholder Rights Information

Figure (15) depicts the shareholder rights data included in the ESG/CSR index. Shareholder rights and obligations are critical in corporate governance since shareholders own the company and have the power to elect directors and approve corporate decisions. Shareholders have the right to receive information, attend meetings, and offer resolutions. The basic rights of a shareholder include the right to vote, the right to look over the financial records of the business, the right to transfer ownership, the right to issue, liability limited by ownership, the right to profit, the right to claim liquidation, and the right to sue for illegal activities.

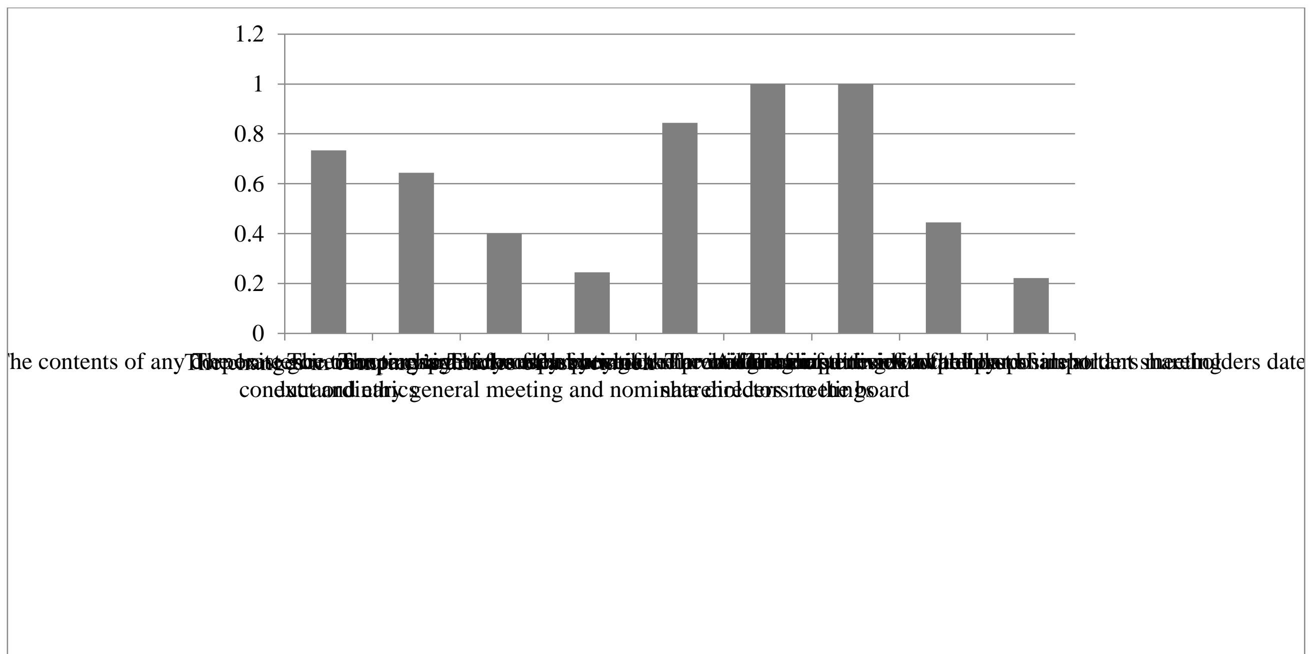

Figure (15): The Shareholder Rights Information Included in ESG/CSR Index

Category H: Product/Services and Customers Information

Figure (16) depicts the ESG/CSR index's products, services, and customer information. Product and service information enhances the consumer experience, regardless of industry. Buyers are continuously looking for more information about your products and services in order to resolve any buying objections. The more conclusively you can reply to

their inquiries, the more satisfied they will be. One of the key goals of ESG/CSR is to inform customers well enough about the products or services and demonstrate their strength in comparison to other similar items so that it can help improve the firm's products or services and marketing. It is also critical to demonstrate the true facts about the products and services and understand their flaws. It all comes down to information disclosure. A satisfying disclosure should include phases of development that progress from cognition to concepts about a given product or service. Furthermore, ESG and CSR should use a customer information system (CIS), which is a system used by an organization to aid employees in rapidly obtaining customer information. Users' satisfaction with the system will lead to an increase in work productivity and allow employees to fully utilize the advances in technology.

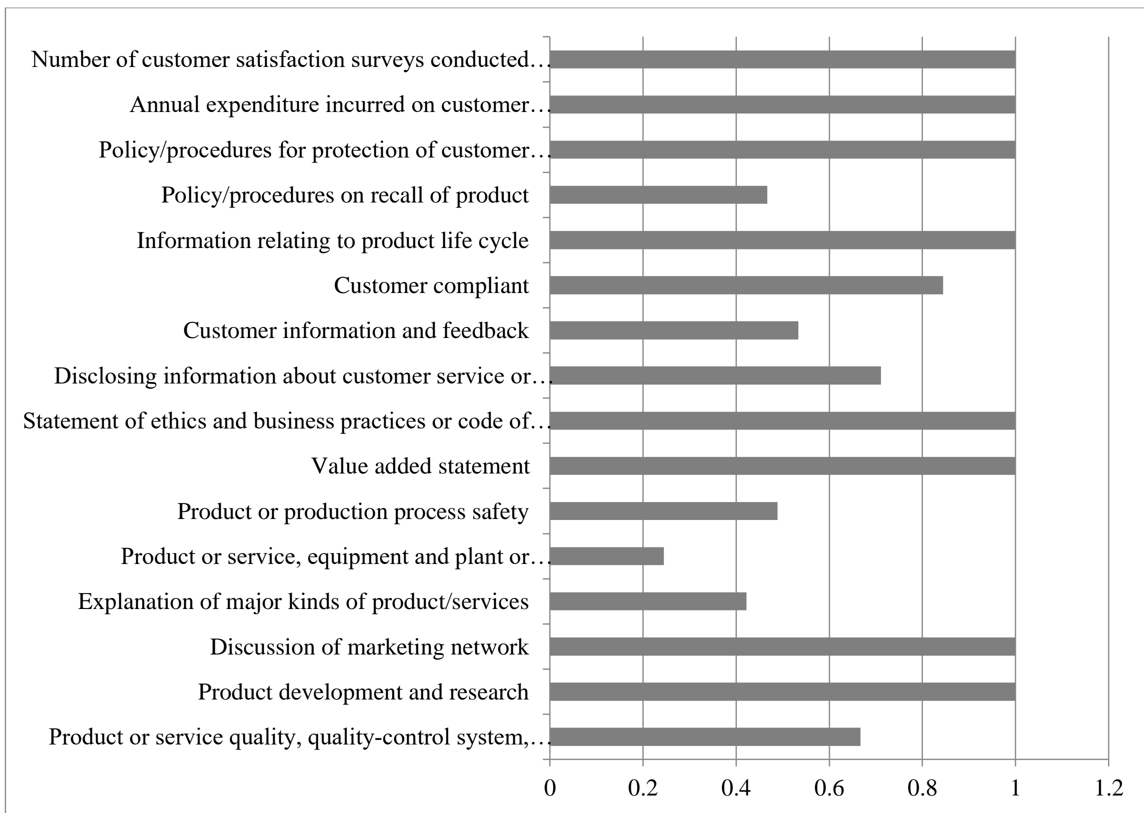

Figure (16): The Product/Services and Customers Information Included in ESG/CSR Index

Conclusion

Voluntary disclosure is the presentation of information by a company's management that is thought to be relevant to the decision-making users of its annual reports and goes beyond GAAP standards and regulations and Securities and Exchange Commission rules. In the theoretical foundations of accounting, great emphasis has been placed on the quality and importance of financial information disclosure. This research investigates the role of disclosure quality in financial reporting and how it is influenced by ESG/CSR voluntary disclosure. Furthermore, this study looks at how the extent of sustainability disclosure affects business value, stock value, and tax avoidance across 45 companies from 2016 to 2022.

ESG/CSR reporting's primary purpose is to offer investors, consumers, and other stakeholders a clear and transparent view of a firm's overall sustainability goals and performance. High-quality reporting provides decision-makers with useful information that is faithful, relevant, and reliable and represents the economic reality of the firm's activities during the reporting period as well as the firm's financial position at the end of the fiscal period.

According to the findings, ESG/CSR reporting enables organizations to detect, analyze, and manage business risks, which can help protect an organization's long-term sustainability and resilience and have a substantial impact on its operations and reputation. As a result, the firm's worth, stock value, and financial reporting quality are all impacted.

The company intends to emphasize management quality by utilizing ESG/CSR. Furthermore, strong ESG/CSR performance improves a company's reputation among shareholders and other stakeholders. Firms employ corporate financial reporting quality to send a positive signal to investors. The data also imply that when managers manage earnings through tax avoidance, they may provide less information voluntarily as a negative signal to stakeholders as a way to mask this situation and enhance their corporate image.

Voluntary ESG/CSR disclosure not only boosts business reputation but also leads to increased capacity for sustainable growth, which in turn increases firm value and stock price value. We contend that voluntary disclosure of forward-looking non-financial information can increase the efficiency and efficacy of a company's ESG/CSR efforts, which could eventually lead to improved financial sustainability performance.

Limitations and Recommendations for Future Research

The research has limitations as it only uses data from 2016 to 2022 for 45 non-financial companies listed on the Egyptian Stock Exchange (EGX 100). This was the most recent data available at the time of the research. Future research may increase the sample size by including all companies listed on the Egyptian Stock Exchange.

The results of this research have provided some new insights into the impact of integrated ESG and CSR voluntary disclosures on financial reporting quality, stock and corporate value, and tax avoidance. Furthermore, this research provided the following important recommendations for future studies:

1. Further research can be done on different sectors such as insurance, banking, and other financial institutions. The researcher also recommends testing the hypotheses on a larger sample.
2. The researcher also recommends that it be possible to examine how the research variables are affected by different environments and developing countries other than Egypt. It is also possible to provide comparative studies between different countries.
3. This research identifies the need to highlight the importance of integrated, voluntary ESG and CSR disclosures and their critical role in economic growth, institutional success, risk and failure mitigation, operation, and financial improvement.
4. Other areas that influence companies' voluntary and mandatory disclosure practices can also be studied, such as financial and non-financial integrated reporting, where governance variables are tested as potential determinants of disclosure of integrated reporting elements and also measure and weigh the benefits and costs of voluntary disclosure.
5. Other factors, such as investment efficiency and ownership structure, can also be tested as determinants of voluntary disclosure, whether relevant to sustainability or integrated reporting.

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Appendix 1

Index of Financial Reporting Quality Disclosure (5 Categories - 59 Binary Disclosure Items)

Category A: Financial Information (27 Items)	
1	Discussion on accounting policy.
2	Disclosure of accounting standards uses for its accounts.
3	Whether the accounts meet local accounting standards.
4	Annual financial statements according to an internationally recognized accounting standard (IFRS/U.S. GAAP).
5	Notes to annual financial statements according to IFRS/U.S. GAAP.
6	Independent auditors report with regard to annual financial statements according to IFRS/U.S. GAAP.
7	Unqualified (clean) audit opinion with regard to annual financial statements according to IFRS/U.S. GAAP.
8	Disclosure of related party transactions (RPTs): sales to/purchases from, payables to/receivables from related parties.
9	Indication that RPTs are made on market or non-market terms.
10	Interim (quarterly or semiannual) financial statements according to an internationally recognized accounting standard (IFRS/U.S. GAAP).
11	Notes to such financial statements.
12	Whether these financial statements are audited or at least reviewed.
13	Use of fair value.
14	Discussion on accounting policies used in accounting for intangible assets.
15	Financial information on a quarterly basis.
16	Segment analysis (results broken down by business line).
17	Revenue structure (detailed breakdown).
18	Cost structure (high degree of detail).
19	The name of company's auditing firm.
20	A copy of the auditor's report.
21	How much the company pays in audit fees to the auditor
22	Non-audit fees paid to the auditor.
23	Whether there are consolidated financial statements or whether only the parent or holding company is audited.
24	Methods of asset valuation.
25	Information about the method of calculating fixed-asset depreciation.
26	A list of affiliates in which the company holds a minority stake.
27	The ownership structures of affiliates.
Category B: Operational Information (11 Items)	
1	Details of the kind of business the company engages in.
2	Output in physical terms (values of sales for services sector companies)
3	Characteristics of fixed assets employed.
4	Efficiency indicators.
5	Any industry-specific ratios.
6	A discussion of corporate strategy.
7	Any plans for investment in the coming years.

8	Detailed information about investment plans in the coming years.
9	An output forecast of any kind.
10	An overview of trends in its industry.
11	The market share for any or all of the company's businesses.
Category C: Financial Performance Information (9 Items)	
1	Brief discussion and analysis of a company's financial position.
2	Return on equity.
3	Dividend per share.
4	Dividend Distribution Policy
5	Profitability rate.
6	Return on assets.
7	Percentage of cost of sales to sales.
8	Sales growth rate.
9	Rate of return on sales.
Category D: Future Information (5 Items)	
1	Forecasts of profit.
2	Forecasts of sales.
3	Forecasts of cash flow.
4	A basic earnings forecast of any kind.
5	A detailed earnings forecast.
Category E: Stock Value Information (7 Items)	
1	Market capitalizations at half year-end.
2	Market capitalization trend.
3	Size of Shareholdings.
4	Type of shareholders (for example, institutions, and individuals).
5	Geographical distributions of shareholders.
6	Number of shares.
7	Market value of shares.

Appendix 2

Index of ESG/CSR Disclosure (8 Categories - 99 Binary Disclosure Items)

Category A: Environmental Issues (15 Items)	
1	Energy efficiency, conservation, reduced energy consumption or energy reduction.
2	Pollution abatement and recycling programs.
3	Investment in energy projects or environment expenditure.
4	Obtaining ISO Certificate.
5	Policy on management of emissions or regulatory risks associated with climate change.
6	Incidents of, and fines or non-monetary sanctions for, non-compliance with applicable environmental regulations.
7	Environmental impact of type of transportation used for logistical purposes.
8	Policy/initiatives taken for management of hazardous waste.
9	Environmental and energy policy statement.
10	Repairs/protection to environmental damage.
11	Environmental preservation / protection/improvement/betterment or awareness.
12	Pollution prevention or carbon emission control.
13	Waste management or reuse of byproducts/minimized water consumption.
14	Implantation of trees to make the country green, green office project.
15	Using, marketing, or producing renewable energy or green energy/utilizing waste materials or other sources for energy production.
Category B: Corporate Social Responsibility (13 Items)	
1	Stated commitment to recognize corporate responsibility standards.
2	CEO statement regarding corporate responsibility/CSR.
3	Publication of CSR report.
4	Explicit policy/statement regarding community investment.
5	Initiatives on community awareness or education.
6	Company participation in public-private initiatives for community development.
7	Description/amount of total contributions/donations to charitable initiatives (health, education etc.).
8	Information on policy/rules relating to non-financial benefits to employees (including housing etc.).
9	Policy/Rules relating to employee separation and lay off.
10	Policy on code of conduct for protecting human rights.
11	Explicit health and safety policy.
12	Sponsoring public health, sporting and recreational projects.
13	Sponsoring educational conferences, seminars or art exhibits.
Category C: General Community Welfare Activities (7 Items)	
1	Funding scholarship programmers' or activities.
2	Donation to different schools, colleges, and universities for educational facilities.
3	Sponsoring or organizing different educational activities or events at local and international level.
4	Sponsoring or donations and provision of healthcare services (facilitating/supporting health sector).
5	Disclosures about corporate objectives or policies for corporate social responsibility.
6	Rural development programs (less developed/remote areas/underprivileged).
7	Sponsoring and donations to various sports activities, national and international games and events.

Category D: Employee Information (17 Items)	
1	Employee relations.
2	Employee equal opportunities.
3	Employee training and career-development programs.
4	Profit-sharing/bonus scheme policy.
5	Employee share ownership.
6	Health & safety of employees.
7	Accident in the workplace.
8	Number of employees.
9	Average income of employees.
10	Budget allocated for training, Scholarships and Offering internship program.
11	Categories of employees by gender.
12	Categories of employees by function.
13	Identification of senior management and their functions.
14	Employee benefits (retirement, medical, stock option schemes, loans, recreational, helping the employees to improve their education).
15	Staff-engagement programs or employee satisfaction/job sustainability.
16	Compensation plan or policy for employees.
17	Employment of women, special persons, and minorities.
Category E: Corporate Governance Information (12 Items)	
1	Top shareholders' Names.
2	Names of Board of Directors.
3	Leading positions of members in other companies.
4	Educational qualifications of Board members.
5	The practical experience of the members of the Board of Directors.
6	Number of shares held by directors.
7	Directors' remuneration.
8	Number of Board meetings.
9	A statement of management objectives and strategy.
10	Procedures taken to achieve the objectives and strategy of the company.
11	Statement of strategy and marketing objectives.
12	The impact of the strategy on the performance of the company.
Category F: Shareholder Capital Information (10 Items)	
1	The number of issued and outstanding ordinary shares disclosed.
2	The number of issued and outstanding other shares disclosed (preferred nonvoting).
3	The par value of each ordinary share disclosed.
4	The identity of the largest shareholder.
5	The identity of holders of all large stakes (blocking :> 25%, controlling :> 50%).
6	The identity of shareholder holding at least 25% of voting shares in total.
7	The identity of shareholders holding at least 50% of voting shares in total.
8	The identity of shareholders holding at least 75% of voting shares in total.
9	The number and identity of shareholders each holding more than 10%.
10	Shareholding in the company by individual senior managers.

Category G: Shareholder Rights Information (9 Items)	
1	The contents of any corporate governance charter or code of business conduct and ethics.
2	The changes in company's articles of association.
3	The existence of voting rights for each voting or nonvoting share.
4	The transparency of the way by which shareholders convene an extraordinary general meeting and nominate directors to the board.
5	The transparency of the procedure for initiating inquires with the board.
6	The transparency of the procedure for putting forward proposals at shareholders meetings.
7	A formalized dividend policy.
8	The existence of a review of the last shareholders meeting.
9	The existence of a calendar of important shareholders dates.
Category H: Product/Services and Customers Information (16 Items)	
1	Product or service quality, quality-control system, measures, or procedures.
2	Product development and research.
3	Discussion of marketing network.
4	Explanation of major kinds of product/services.
5	Product or service, equipment and plant or technology innovation, development or improvement (R&D).
6	Product or production process safety.
7	Value added statement.
8	Statement of ethics and business practices or code of ethics/statement of internal control.
9	Disclosing information about customer service or customer relationship.
10	Customer information and feedback.
11	Customer compliant.
12	Information relating to product life cycle.
13	Policy/procedures on recall of product.
14	Policy/procedures for protection of customer confidentiality/privacy.
15	Annual expenditure incurred on customer awareness initiatives.
16	Number of customer satisfaction surveys conducted in a year.

Appendix 3
Companies' names of sample size and their industry sectors

No.	Sector	Name of Firm
1	Contracting & Construction Engineering	1. Orascom Construction 2. Nasr Co for Civil Works 3. Giza General Contracting 4. Lift Slab Misr
2	Industrial Goods, Services and Automobiles	5. GB Corp 6. Elsewedy Electric
3	Food, Beverages and Tobacco	7. Cairo Poultry 8. Delta Sugar 9. Ismailia Misr Poultry 10. Obour Land for Food Industries
4	Energy & Support Services	11. Maridive 12. AMOC
5	Health Care & Pharmaceuticals	13. EIPICO 14. Rameda 15. Cleopatra Hospital 16. Ibnsina Pharma
6	Building Materials	17. Sheeni 18. Misr Cement - Qena 19. Lecico
7	Paper & Packaging	20. Rakta
8	Textile & Durables	21. Oriental Weavers 22. SPINALEX 23. Arab Cotton Ginning 24. KABO 25. Dice
9	Shipping & Transportation Services	26. Alex Cont 27. Egytrans 28. AELOAD 29. Canal Shipping Agencies
10	Basic Resources	30. ASCOM 31. Kima 32. Ataqa 33. Egypt Aluminum 34. Abu Qir Fertilizers 35. Ezz Steel 36. Sidi Kerir Petrochemicals - SIDPEC 37. Mopco

		38. Kafr El Zayat Pesticides
11	**Real Estate**	**39. Palm Hills** **40. Egyptians for Housing** **41. Emaar Misr** **42. Orascom Development Egypt** **43. TMG Holding** **44. Heliopolis Housing** **45. New Ismailia Urban Development**

ملخص البحث

هدف البحث: تعمل البورصة المصرية علي تعزيز الاستدامة في أسوال المال محلياً وإقليميا وعالمياً كجزء من رؤيتها واستراتيجيتها لذلك انضمت بورصة الأوراق المالية المصرية إلى مبادرة البورصات ذات المسئولية المجتمعية والتنمية المستدامة في عام 2009. والهدف من هذه المبادرة هو التركيز على المعايير الخاصة بالتنمية المستدامة وزيادة الشفافية والأفصاح والتزام الشركات المدرجة بالبورصة بقضايا الإدارة البيئية والاجتماعية وحوكمة الشركات ، خاصة فى ظل توجه المستثمرين حالياً للربط بين كلاً من المعايير والأداء المالي ومعايير وأداء الأنشطة غير التقليدية للشركة ، بهدف الحفاظ على مستوي أداء بيئي جيد ، ومسئولية مجتمعية متميزة للشركة ، في ظل إتباعها لمعايير الحوكمة الجيدة.

منهج البحث: يقوم هذا البحث بدراسة وتحديد مدي تأثير الأفصاح الطوعي عن المسؤولية الإجتماعية (CSR) وعناصرالاستدامة الثلاثة البيئة والمجتمعية والحوكمة للشركة (ESG) علي كلاً من جودة التقارير المالية وقيمة الشركة وقيمة السهم وممارسة الشركة للتجنب الضريبي وذلك بأستخدام بيانات من عينة مكونه من 45 شركة (315 مشاهدة) من الشركات الغير مالية المدرجة بالبورصة المصرية للفترة من 2016 إلي 2022.

ويشير البحث إلي وجود قصور في التقارير المالية التقليدية حيث تعتبر حالياً غير كافية لتلبية الطلب المتزايد لأصحاب المصلحة على المعلومات بشكل متكامل حيث تحتوي التقارير المالية فقط على إفصاحات مفروضة من قبل المعايير، ولكن القليل من الشركات تذهب إلى أبعد من ذلك لتقديم معلومات إضافية طواعية.

نتائج البحث: أظهرت النتائج الإحصائية وجود علاقة معنوية وطردية بين مستوى الإفصاح الطوعي للحوكمة البيئية والاجتماعية وحوكمة الشركات / المسؤولية الاجتماعية للشركات وجودة التقارير المالية ، وهذا بدوره ينعكس على قيمة الشركة وقيمة الأسهم. وتكشف النتائج أيضاً أن أداء الشركات في المجالات الاجتماعية والبيئية يرتبط سلبًا بالتجنب الضريبي ، مما يعني أن الشركات ذات الأداء المسؤول اجتماعيًا تظهر ميلًا أقل للتهرب أو التجنب الضريبي.

وتوصلت النتائج إلي أنه نظرًا لأن المستثمرين والعملاء يهتمون بشكل متزايد بالتأثير البيئي والاجتماعي للشركات التي يستثمرون فيها، يمكن أن تساعد تقارير ESG/CSR الشركات على بناء الثقة مع أصحاب المصلحة، وبالتالي ، فإن إعداد تقارير ESG/CSR هي فرصة مهمة للشركة لتوصيل أهدافها البيئية والاجتماعية والحوكمة لجذب مستثمرين جدد. وتشير النتائج إلى أن

الإفصاح الطوعى عن ESG/CSR يلعب دورًا مهمًا في الأعمال بما في ذلك تعزيز شفافية الشركة وتحسين صورة الشركة وأدائها وتوفير معلومات مفيدة لاتخاذ قرارات استثمارية أفضل من خلال تقليل عدم تناسق وتضارب المعلومات. أيضًا، تشير النتائج إلى أن تحسين جودة التقارير المالية يمكن أن يسهل ويحسن إمكانية حصول الشركة علي رؤوس الأموال من مصادر التمويل الخارجية والداخلية، وجذب العملاء والموظفين والاحتفاظ بهم. ويمكن أن يؤدي هذا في النهاية إلى تحسين أداء الشركة المالي. وبالتالي ، يتعين على الشركات في السوق المصري مراعاة مصالح جميع أصحاب المصلحة المعنيين ، ليس فقط من خلال التركيز على العوامل الاقتصادية ولكن أيضًا على العوامل الاجتماعية والبيئية والعمل على زيادة الإفصاح الطوعي والشفافية الخاصة بأعمال وركائز الاستدامة الثلاثة البيئة والمجتمعية والحوكمة.

أهمية ومساهمة البحث: يركز البحث علي أهمية تقارير ESG/CSR في تزويد المستثمرين وأصحاب المصلحة الآخرين برؤية واضحة وشفافة لأهداف وأداء الاستدامة الشاملة للشركة حيث توفر التقاريرعالية الجودة معلومات مفيدة وذات صلة لمتخذي القرار وتمثل بصدق عن الواقع الاقتصادي لأنشطة الشركة خلال الفترة المشمولة بالتقرير، وكذلك الوضع المالي للشركة في نهاية الفترة. وفي نفس السياق ، يمكّن إعداد تقارير ESG/CSR المؤسسات من اكتشاف وتحليل وإدارة مخاطر وفرص الأعمال ، والتي يمكن أن تساعد في حماية استدامة المنظمة ومرونتها على المدى الطويل ويكون لها تأثير كبير على عملياتها وسمعتها وتعزيز فرص الربحية والنمو بها. نتيجة لذلك ، تتأثر طردياً وبشكل معنوي قيمة الشركة وقيمة أسهمها وجودة تقاريرها المالية.

وتكمن أهمية نتائج البحث في أنها تشير إلي ضرورة تحديث معايير و/أو قواعد الإفصاح الأختياري وجعله إجباري بما يراعى الشفافية ويتماشي مع المعايير القياسية للحوكمة وهي أحد المعايير الرئيسية للاستدامة ، حيث لا يؤدي الإفصاح الطوعي عن القضايا البيئية والاجتماعية وحوكمة الشركات / المسؤولية الاجتماعية للشركات إلى تعزيز سمعة الأعمال فحسب ، بل يؤدي أيضًا إلى زيادة القدرة على النمو المستدام ، مما يؤدي بدوره إلى زيادة قيمة الشركة وقيمة أسعار الأسهم. وتؤكد النتائج علي أن الإفصاح الطوعي عن المعلومات غير المالية يمكن أن يزيد من كفاءة وفعالية الجهود البيئة والمجتمعية والحوكمة للشركات ، مما قد يؤدي في النهاية إلى تحسين أداء الاستدامة المالية.

الكلمات المفتاحية: الاستدامة (البيئية ، والمجتمعية والحوكمة) ؛ المسئولية الإجتماعية للشركات ؛ الافصاح الطوعي ؛ جودة التقارير المالية ؛ قيمة الشركة ؛ قيمة السهم ؛ التجنب الضريبي ؛ مصر.