Entreprise Review Volume 15, Number 01 (2026), PP. 51-68 PISSN: 2335-1438 * EISSN: 2600-6685

Corporate Social Responsibility Disclosure and Financial Reporting Quality in Algerian Companies: A Conceptual Review

Rouikha Adel*[1], Adjila mohamed[2], Saidani Mohamed Said[3]
[1]Faculty of Economics, Commercial and Management Sciences, University of Ghardaia (Algeria)
(rouikha.adel@univ-ghaardaia.dz)
[1]Faculty of Economics, Commercial and Management Sciences, University of Ghardaia (Algeria)
(adjila_78@yahoo.fr)
[1]Faculty of Economics, Commercial and Management Sciences, Amar Telidji University of Laghouat (Algeria)
(ms.saidani@lagh-univ.dz)

Received: 08/06/2026 ; **Accepted:** 31/07/2026 ; **Published:** 08/09/2026

Abstract:
This paper provides a conceptual review of the relationship between corporate social responsibility (CSR) disclosure and financial reporting quality, with particular emphasis on emerging market environments and Algerian companies. In recent years, CSR disclosure has become an important component of corporate transparency and accountability, especially in developing economies where regulatory frameworks and governance mechanisms are still evolving. Drawing on legitimacy theory and stakeholder theory, the study examines how CSR disclosure practices may contribute to improving transparency, reliability, and credibility in financial reporting.
The review discusses the main theoretical foundations of CSR disclosure and analyzes the role of corporate governance mechanisms, stakeholder engagement, and transparency practices in strengthening reporting quality. The paper also highlights several institutional and regulatory challenges facing Algerian companies, including limited disclosure practices, weak reporting infrastructure, and evolving governance standards. In addition, the study synthesizes findings from previous international research and identifies important research gaps related to CSR disclosure and financial reporting quality in emerging economies.
The paper also incorporates an exploratory analysis of CSR disclosure practices among selected Algerian companies using a CSR Disclosure Index (CSRDI). The findings indicate a moderate level of CSR disclosure, with governance-related information representing the strongest dimension and environmental disclosure remaining comparatively limited. The paper concludes that effective CSR disclosure practices may enhance corporate governance, reduce information asymmetry, and support long-term organizational sustainability. Finally, the study proposes a conceptual framework that may provide useful guidance for future empirical research in the Algerian context.

Keywords: Corporate Social Responsibility; Financial Reporting Quality; CSR Disclosure; Algerian Companies; Emerging Markets; Corporate Governance.
Jel Classification Codes : M14 ; M41 ; G34 ; Q56

ملخص: تقدم هذه الورقة مراجعة مفاهيمية للعلاقة بين الإفصاح عن المسؤولية الاجتماعية للشركات (CSR) وجودة التقارير المالية، مع التركيز بشكل خاص على بيئات الأسواق الناشئة والشركات الجزائرية. لقد أصبح الإفصاح عن المسؤولية الاجتماعية للشركات في السنوات الأخيرة عنصراً مهماً في شفافية الشركات ومساءلتها، لا سيما في الاقتصادات النامية حيث لا تزال الأطر التنظيمية وآليات الحوكمة في طور التطور. واستناداً إلى نظرية الشرعية ونظرية أصحاب المصلحة، تبحث الدراسة في كيفية مساهمة ممارسات الإفصاح عن المسؤولية الاجتماعية في تعزيز الشفافية والموثوقية والمصداقية في التقارير المالية. وتناقش المراجعة الأسس النظرية الرئيسية للإفصاح عن المسؤولية الاجتماعية، وتحلل دور آليات حوكمة الشركات، وإشراك أصحاب المصلحة، وممارسات الشفافية في تعزيز جودة التقارير. كما تسلط الورقة الضوء على العديد من التحديات المؤسسية والتنظيمية التي

* Corresponding autor

تواجه الشركات الجزائرية، بما في ذلك محدودية ممارسات الإفصاح، وضعف البنية التحتية لإعداد التقارير، وتطور معايير الحوكمة. وبالإضافة إلى ذلك، تلخص الدراسة النتائج المستخلصة من الأبحاث الدولية السابقة وتحدد فجوات بحثية مهمة تتعلق بالإفصاح عن المسؤولية الاجتماعية وجودة التقارير المالية في الاقتصادات الناشئة. وتتضمن الورقة أيضاً تحليلاً استكشافياً لممارسات الإفصاح عن المسؤولية الاجتماعية لدى عينة من الشركات الجزائرية باستخدام "مؤشر الإفصاح عن المسؤولية الاجتماعية للشركات (CSRDI). وتشير النتائج إلى مستوى متوسط من الإفصاح عن المسؤولية الاجتماعية، حيث تمثل المعلومات المتعلقة بالحوكمة البُعد الأقوى، بينما يظل الإفصاح البيئي محدوداً نسبياً. وتخلص الورقة إلى أن ممارسات الإفصاح الفعالة عن المسؤولية الاجتماعية قد تعزز حوكمة الشركات، وتقلل من عدم تماثل المعلومات، وتدعم الاستدامة التنظيمية طويلة الأمد. وأخيراً، تقترح الدراسة إطاراً مفاهيمياً يمكن أن يوفر توجيهاً مفيداً للأبحاث التجريبية المستقبلية في السياق الجزائري.

الكلمات المفتاحية: مخاطر المناخية؛ قطاع المصرفي؛ استقرار المالي؛ تحليل ببليومتري؛ تمويل مستدام.

تصنيف جال: Q56 ; G34 ; M41 ; M14

I- Introduction :

I.1 Importance of CSR Disclosure and Financial Reporting Quality :

In recent years, corporate social responsibility (CSR) has become an important issue for businesses, investors, regulators, and society in general(Vishwanathan et al., 2019).

Companies are increasingly expected to demonstrate commitment to sustainable practices, ethical behavior, and social accountability. These expectations come from different stakeholder groups, including shareholders, employees, customers, and civil society organizations. As a result, CSR is no longer viewed only as a voluntary activity, but also as an important element of corporate reputation and long-term organizational legitimacy(Pucheta-Martínez et al., 2018).

At the same time, financial reporting quality has become a major concern in discussions related to corporate governance and transparency. High-quality financial reporting helps investors, regulators, and other stakeholders make informed decisions based on reliable and relevant information. Financial reporting quality generally reflects several important characteristics, including reliability, transparency, and relevance (Crous et al, 2021). Reliability means that financial information accurately reflects the company's economic activities, while transparency refers to the clarity and accessibility of disclosed information. Relevance, on the other hand, ensures that reported information addresses issues that are important for stakeholder decision-making.

The relationship between CSR disclosure and financial reporting quality has attracted growing academic attention in recent years. Companies that engage in transparent CSR disclosure are often perceived as more committed to accountability, ethical practices, and long-term value creation. Consequently, CSR disclosure may contribute to improving overall reporting credibility and reducing concerns related to opportunistic managerial behavior.

I.2 Emerging Markets and the Algerian Context

Although many previous studies have examined CSR disclosure and reporting quality in developed economies, emerging markets continue to receive less attention in the literature (Alkayed et al, 2022). These markets operate within different institutional and regulatory conditions that may influence disclosure practices and reporting quality. Algeria, as a developing North African economy, represents an interesting context for examining these issues.

Several challenges continue to affect corporate disclosure practices in Algeria. These include relatively less developed regulatory and enforcement mechanisms, concentrated ownership structures, limited experience in sustainability reporting, and growing pressure to balance economic development with social and environmental responsibilities. In addition, companies operating in emerging markets often face higher levels of information asymmetry and lower stakeholder confidence compared to firms in more developed economies.

The Algerian corporate environment reflects many of these characteristics. Companies listed on the Algerian Stock Exchange operate within evolving governance and disclosure frameworks and continue to face challenges related to transparency and reporting practices (Muttakin et al, 2018). Despite the increasing importance of CSR disclosure internationally, limited research has examined its relationship with financial reporting quality in the Algerian context. This creates an important research gap and highlights the need for further academic attention to CSR and reporting practices in Algeria.

I.3 Purpose and Scope of the Review

This review examines the theoretical and empirical literature related to the relationship between CSR disclosure and financial reporting quality. The study focuses particularly on the role of CSR practices in improving reporting transparency, governance effectiveness, and organizational accountability. Rather than presenting a complete empirical investigation, the paper develops a conceptual framework based on legitimacy theory and stakeholder theory and complements the conceptual discussion with an exploratory analysis of CSR disclosure practices among selected Algerian companies. The review also synthesizes findings from previous international studies while discussing issues that may be particularly relevant to North African economies.

II. Conceptual Foundations and Theoretical Framework

II.1 Corporate Social Responsibility Disclosure: Definition and Dimensions

Corporate social responsibility (CSR) disclosure refers to the communication of information related to a company's environmental, social, and governance activities to external stakeholders. These disclosures are commonly presented in annual reports, sustainability reports, or separate CSR reports. Based on international frameworks such as the Global Reporting Initiative (GRI), CSR disclosure generally includes environmental, social, and governance dimensions (Baraibar-Diez & Odriozola, 2019; Christensen et al., 2021).

Environmental disclosure usually covers issues such as resource management, emissions, environmental protection initiatives, and pollution control practices. Social disclosure focuses on employee welfare, labor practices, community engagement, and human rights issues. Governance disclosure includes information related to board structure, executive compensation, ethical conduct, and risk management procedures.

Table (1): CSR Disclosure Dimensions and Indicators.

CSR Disclosure Dimension	Key Indicators	Global Framework (GRI)	Algerian Context Applicability
Environmental	Emissions, resource management, pollution control, waste management	GRI 300 Series	Limited adoption
Social	Labor practices, employee welfare, human rights, community engagement	GRI 400 Series	Emerging practices
Governance	Board structure, executive compensation, ethical conduct, risk management	GRI 200 Series	Still developing

The source: Developed by the author based on GRI standards and previous literature.

CSR disclosure is not only a compliance requirement but also reflects how companies interact with stakeholders and respond to social expectations. Previous studies show that the extent and quality of CSR disclosure differ across companies and countries depending on institutional pressures, stakeholder expectations, and market conditions (Alkayed et al., 2022; Bae et al., 2018; Xu et al., 2023). In emerging economies such as Algeria, where CSR disclosure regulations are still developing, voluntary disclosure plays an important role in improving transparency and strengthening stakeholder confidence.

II.2 Financial Reporting Quality: Dimensions and Measurement

Financial reporting quality refers to the ability of financial statements and related disclosures to provide reliable, relevant, and transparent information about a company's financial performance and position (Kaawaase et al., 2021; Gardi et al., 2023). High-quality financial reporting is essential because it helps investors, regulators, and other stakeholders make informed economic decisions.

Several characteristics are generally associated with financial reporting quality. Reliability refers to the extent to which financial information accurately reflects the company's actual economic activities. Transparency concerns the clarity and accessibility of disclosed information, while relevance means that reported information is useful for decision-making. Comparability also represents an important characteristic because it allows users to compare financial information across companies and accounting periods(Kaawaase et al., 2021; Gardi et al., 2023).

Table (2): Main Dimensions of Financial Reporting Quality.

Quality	Specific Indicator	Definition	Importance in

Dimension			Reporting Quality
Reliability	Earnings quality	Accuracy of reported financial information	High
Transparency	Voluntary disclosure levels	Non-mandatory information provided	Moderate to High
Relevance	Information usefulness	Materiality for stakeholder decisions	High
Comparability	Cross-period consistency	Financial metrics across time periods	Moderate

The source : Developed by the author based on previous literature.

In accounting research, financial reporting quality is usually measured through several indicators. Common measures include earnings quality, accrual quality, voluntary disclosure levels, and audit quality indicators (Gardi et al., 2023). These indicators capture different aspects of reporting credibility and transparency. The multidimensional nature of financial reporting quality highlights its role in reducing information asymmetry and increasing confidence in financial reporting practices.

II.3 Theoretical Foundations: Legitimacy and Stakeholder Frameworks

Legitimacy theory suggests that organizations seek to maintain legitimacy by aligning their activities and disclosures with societal expectations and values. From this perspective, CSR disclosure can be viewed as a strategy used by companies to demonstrate their commitment to ethical, social, and environmental responsibilities (Garas & ElMassah, 2018). Companies may increase CSR disclosure when facing social or environmental pressures or when operating in industries exposed to public attention and criticism (Liu et al., 2023).

Stakeholder theory extends this perspective by emphasizing that companies are accountable to several stakeholder groups rather than shareholders alone. These groups include employees, customers, investors, communities, regulators, and other parties affected by corporate activities. According to this theory, CSR disclosure allows firms to communicate their responsiveness to stakeholder expectations and improve relationships with different groups (Velte, 2021).

Table (3) : Theoretical Frameworks Comparison.

Theory	Core Premise	Key Focus	Implications for CSR
Legitimacy Theory	Organizations align with societal expectations	Maintaining organizational legitimacy	CSR as compliance strategy
Stakeholder Theory	Companies accountable to multiple stakeholders	Managing relationships with diverse groups	CSR as accountability mechanism

The source: Developed by the author based on previous literature.

Both legitimacy theory and stakeholder theory support the idea that companies engaging in stronger CSR disclosure practices are more likely to maintain higher levels of transparency and accountability in their financial reporting. Previous studies indicate that firms with greater CSR engagement often demonstrate better financial reporting quality and lower levels of earnings manipulation (Boulhaga et al., 2022).

III. Relationship Between CSR Disclosure and Financial Reporting Quality:

III.1 How CSR Disclosure May Improve Financial Reporting Quality

The relationship between CSR disclosure and financial reporting quality can be explained through several interconnected mechanisms.

Table (4): Mechanisms Linking CSR Disclosure to Financial Reporting Quality.

Mechanism	Process	Impact on Reporting Quality	Theoretical Support
Structured Governance	CSR committees → internal monitoring → oversight	Enhanced controls; reduced fraud	Board independence studies
Transparency Culture	ESG information collection → standardized disclosure	Reduced information asymmetry	Transparency literature
Stakeholder Engagement	Continuous stakeholder communication	Increased accountability pressure	Agency theory
Signal of Quality	CSR disclosure → perceived managerial quality	Enhanced credibility	Signaling theory

The source : Developed by the author based on previous literature.

First, companies that adopt strong CSR practices usually develop more structured governance systems, including CSR committees, internal monitoring procedures, and stakeholder communication mechanisms. These governance practices may also contribute to improving financial reporting oversight and internal control effectiveness (Hamrouni et al., 2019). Previous studies indicate that board independence, board expertise, and effective audit committees are often associated with both stronger CSR disclosure and better financial reporting quality.

Second, organizations that place greater emphasis on CSR disclosure generally tend to promote a broader culture of transparency. Companies that regularly collect and communicate environmental, social, and governance information often apply similar standards of transparency to financial reporting processes. This may reduce information asymmetry and improve the credibility of corporate disclosures overall (Zhou et al., 2022).

Another important factor relates to stakeholder engagement. CSR disclosure usually involves communication with different stakeholder groups, including investors, employees, customers, and local communities. Such engagement creates additional accountability pressures on management and may encourage firms to maintain more transparent and reliable reporting practices (Velte, 2021).

CSR disclosure may also function as a signal of managerial quality and ethical commitment. Companies that voluntarily disclose social and environmental information are often perceived as more committed to long-term sustainability and responsible management practices. As a result, stakeholders may view their financial disclosures as more credible and trustworthy (Cho et al., 2019).

III.2 Corporate Governance as a Moderating Factor

Although CSR disclosure may contribute positively to financial reporting quality, the strength of this relationship often depends on the effectiveness of corporate governance mechanisms. Factors such as board independence, audit committee effectiveness, institutional ownership, and internal control quality can influence the credibility and usefulness of CSR disclosure practices (Kaawaase et al., 2021).

Strong governance structures may reinforce the positive impact of CSR disclosure by ensuring that disclosed information reflects actual organizational practices rather than symbolic

communication. Independent boards and effective audit committees, for example, may improve both CSR reporting quality and financial reporting reliability (Al Fadli et al., 2020).

In contrast, weak governance systems may create situations where companies disclose CSR information mainly for reputational purposes without implementing meaningful practices internally. This situation, often described in the literature as "decoupling," can reduce the credibility of both CSR and financial disclosures (Sánchez et al., 2021). The risk of such practices may be higher in emerging markets where governance standards and regulatory enforcement remain relatively weak (Ordóñez-Castaño et al., 2021).

Table (5): Summary of Previous Studies on CSR Disclosure and Financial Reporting Quality.

Authors	Context	Main Focus	Main Findings
Vishwanathan et al. (2019)	International	CSR and firm performance	Positive relationship between CSR and transparency
Lin & Qian (2023)	China	CSR and reporting quality	CSR improves reporting credibility
Alkayed et al. (2022)	Jordan	CSR disclosure determinants	Governance affects disclosure quality

The source: Developed by the author based on previous literature.

The previous studies summarized above generally indicate a positive relationship between CSR disclosure and financial reporting quality. However, the nature and strength of this relationship may differ across institutional environments, governance structures, and market conditions, particularly within emerging economies.

IV. CSR Disclosure and Financial Reporting in Emerging Markets

IV.1 Institutional Context and Constraints

Emerging markets face several challenges that affect the development of CSR disclosure and financial reporting practices. One of the main challenges relates to the absence of comprehensive and mandatory CSR reporting frameworks in many developing economies (Christensen et al., 2021). In Algeria, CSR disclosure regulations are still evolving and remain less developed compared to those adopted in the European Union and other advanced economies. This situation creates differences in reporting practices across companies and limits the consistency of disclosed information(Christensen et al., 2021).

Table (6): Challenges vs. Opportunities Matrix – Algeria.

Dimension	Key Challenges	Available Opportunities	Strategic Importance
Regulatory	Underdeveloped CSR frameworks	Alignment with international reporting standards	High
Institutional	Weak enforcement mechanisms	Audit quality improvements	High
Structural	Concentrated ownership	Institutional investor participation	Medium
Resource	Limited technical expertise	International capacity building	Medium
Market	High information asymmetry	Financial market development	High

The source: Developed by the author based on previous literature.

Another important issue concerns ownership structure. Many emerging markets are characterized by concentrated ownership, where a small number of shareholders maintain significant control over corporate decisions (Bae et al., 2018). In such environments, companies may face lower external pressure to improve transparency because major shareholders already have access to internal information. As a result, the role of CSR disclosure in reducing information asymmetry may become less effective.

Resource limitations also represent a significant challenge for companies operating in emerging economies. Many firms face difficulties related to technical expertise, sustainability reporting systems, and financial resources required for effective CSR disclosure practices (Alkayed et al., 2022). In the Algerian context, these challenges may be more visible among small and medium-sized enterprises that often lack specialized reporting capabilities and governance infrastructure.

In addition, information asymmetry remains relatively high in many emerging capital markets (Muttakin et al., 2018). Investors and stakeholders may have limited access to reliable corporate information compared to developed markets. Under these conditions, voluntary CSR disclosure may help companies improve stakeholder confidence and strengthen transparency practices. However, limited external verification and weaker institutional oversight may sometimes reduce the credibility of disclosed information.

Table (7): Comparative Regional Context - CSR Maturity.

Region/Country	CSR Regulatory Framework	Governance Standards	Financial Market Development	Disclosure Culture
European Union	Mandatory and advanced	Well-established	Highly developed	Strong
Jordan	Emerging	Developing	Developing	Moderate
Algeria	Evolving	Gradually developing	Developing	Relatively limited
Tunisia	Emerging	Developing	Developing	Moderate

The source: Developed by the author based on previous literature.

IV.2 Opportunities for Reform in Algeria

Despite these challenges, emerging economies such as Algeria also possess important opportunities for improving CSR disclosure and financial reporting practices. One important opportunity relates to ongoing regulatory reforms and the modernization of corporate governance frameworks. As regulatory institutions continue to develop, CSR disclosure requirements may gradually become more integrated into financial reporting systems and governance regulations (Liu et al., 2023).

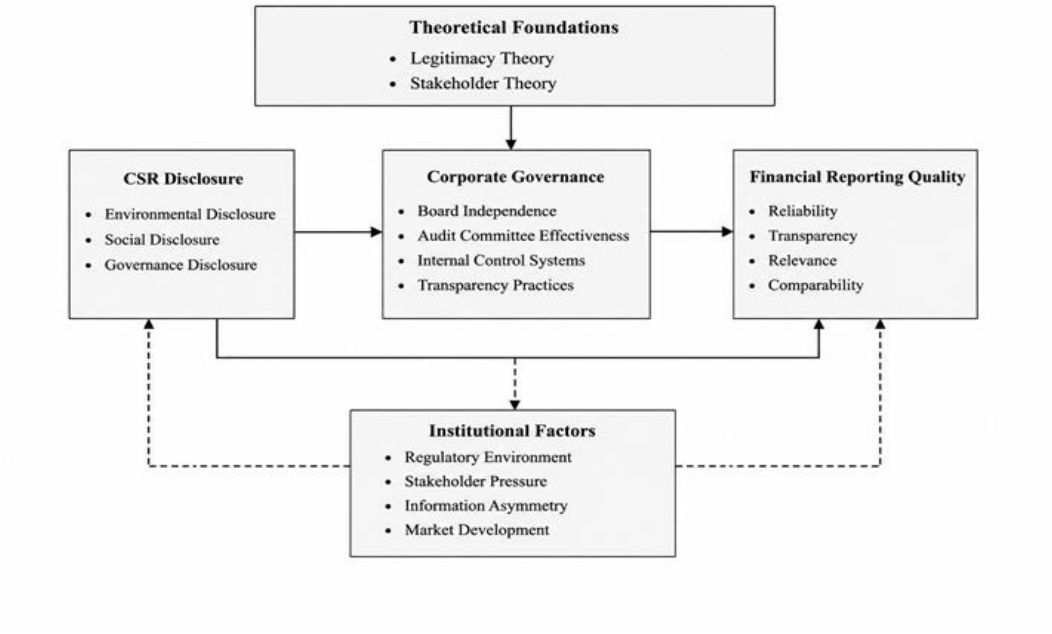
Another opportunity concerns institutional development. Improvements in audit quality, investor protection mechanisms, and financial market oversight can strengthen the effectiveness of CSR disclosure practices. Stronger institutional environments may encourage companies to adopt more transparent reporting practices and improve the credibility of both financial and non-financial disclosures (Dong et al., 2022).

International economic integration also creates additional incentives for Algerian companies to improve CSR disclosure quality. Companies seeking partnerships with foreign investors or access to international markets are increasingly expected to align with international sustainability and governance standards. In this context, international engagement may encourage firms to adopt more comprehensive disclosure practices even in the absence of extensive domestic regulatory requirements (Biswas et al., 2018).

V. Conceptual Framework: Integrating CSR Disclosure, Corporate Governance, and Reporting Quality

The following conceptual framework illustrates the relationship between CSR disclosure, corporate governance, and financial reporting quality within the context of emerging markets and Algerian companies. The framework is developed based on legitimacy theory and stakeholder theory and highlights the role of institutional factors in shaping disclosure and reporting practices.

Figure (1): Conceptual Framework of CSR Disclosure and Financial Reporting Quality.



The source :Developed by the author based on previous literature

The proposed conceptual framework illustrates the interrelationship between CSR disclosure, corporate governance, and financial reporting quality within the context of emerging markets and Algerian companies. The framework suggests that CSR disclosure may contribute to improving financial reporting quality both directly and indirectly through stronger governance practices. It also highlights the influence of institutional factors such as regulatory environment, stakeholder pressure, market development, and information asymmetry on disclosure and reporting practices. Overall, the framework provides a theoretical basis for understanding how governance and institutional conditions may shape the relationship between CSR disclosure and reporting quality in developing market environments (Kaawaase et al., 2021; Gardi et al., 2023).

V.1 Framework Overview and Mechanisms

The relationship between CSR disclosure and financial reporting quality can be explained through an integrated governance perspective. In many organizations, CSR disclosure contributes to improving transparency, accountability, and stakeholder communication practices. These practices may positively influence the overall quality of corporate reporting (Kaawaase et al., 2021; Gardi et al., 2023).

The framework proposed in this study suggests that CSR disclosure may improve financial reporting quality through two main pathways. The first is a direct pathway, where greater CSR engagement encourages transparency, strengthens stakeholder accountability, and promotes more responsible disclosure practices within the organization. Companies that adopt transparent CSR reporting are often more likely to maintain credible and reliable financial reporting systems (Cho et al., 2019; Boulhaga et al., 2022).

The second pathway is indirect and operates through corporate governance mechanisms. Organizations that invest in CSR activities often strengthen governance structures such as board oversight, audit committee effectiveness, internal control systems, and risk management procedures. These governance mechanisms may also contribute to improving financial reporting integrity and reducing opportunistic managerial behavior (Al Fadli et al., 2020; Kaawaase et al.,

2021).

Accordingly, the framework highlights the complementary relationship between CSR disclosure, corporate governance, and financial reporting quality rather than treating them as separate organizational practices (Pucheta-Martínez et al., 2018; Gardi et al., 2023).

V.2 Application to the Algerian Context

The proposed framework may provide useful insights for improving corporate reporting practices in Algeria. One important priority concerns strengthening governance structures within Algerian companies, particularly board independence, audit committee effectiveness, and internal control systems. These mechanisms may support improvements in both CSR disclosure and financial reporting quality.

Another important issue relates to regulatory development. Algerian regulatory authorities may benefit from adopting more integrated disclosure frameworks that connect sustainability disclosure requirements with financial reporting standards. Such integration could improve reporting consistency and increase stakeholder confidence in corporate disclosures.

Capacity development also remains essential. Many Algerian firms may require additional technical support and professional training related to CSR measurement, sustainability reporting, and governance practices. Strengthening institutional and professional capabilities could improve the quality and credibility of disclosed information.

Finally, continued development of financial markets and institutional investor participation may create stronger incentives for companies to improve disclosure quality and transparency practices. Increased market monitoring and stakeholder pressure may encourage firms to adopt more reliable CSR and financial reporting systems.

VI. Exploratory Analysis of CSR Disclosure Practices in Algerian Companies

To strengthen the conceptual framework developed in the preceding sections, this section presents an exploratory empirical analysis of CSR disclosure practices among a selected sample of Algerian companies. While the primary contribution of this article remains theoretical, this analysis provides preliminary evidence grounded in the Algerian context, illustrating the extent to which corporate social responsibility information is disclosed and its potential implications for financial reporting quality.

VI.1 Methodology and Sample Selection

A purposive sample of seven (7) Algerian companies was selected based on the availability of publicly accessible annual reports, corporate websites, or sustainability disclosures. The sample encompasses firms operating across diverse sectors, including pharmaceuticals, banking, insurance, and agri-food, thereby offering a broad representation of Algerian corporate disclosure practices.

The selected companies are:

- Saidal Group (pharmaceuticals)
- Alliance Assurances (insurance)
- Banque CPA — Crédit Populaire d'Algérie (banking)
- Banque BDL — Banque de Développement Local (banking)
- Biopharm (pharmaceuticals)
- Cevital Group (agri-food/industry)
- Sonatrach (energy)

VI.2 Construction of the CSR Disclosure Index

A CSR Disclosure Index (CSRDI) was developed based on the three dimensions of CSR identified in Section III of this paper: Environmental, Social, and Governance (ESG). Each dimension comprises a set of observable indicators derived from the existing literature (GRI Standards, ISO 26000) and adapted to the Algerian reporting context.

A binary scoring method was adopted:

- 1 = Information is disclosed in the company's available reports or website

- 0 = Information is not disclosed or not found

Table 8 presents the indicator checklist used for scoring across the three CSR dimensions.

Table (8): CSR Disclosure Indicator Checklist

Dimension	Indicators	Max Score
Environmental	Waste management policy; GHG emissions reporting; Environmental certifications (ISO 14001); Water usage; Energy efficiency initiatives	5
Social	Employee training programs; Health & safety policy; Gender diversity reporting; Community engagement; Labour relations/collective agreements	5
Governance	Board composition disclosure; Anti-corruption/ethics policy; Risk management framework; Internal audit disclosure; Transparency in financial reporting	5
TOTAL		15

The Source: Developed by the author based on the Global Reporting Initiative (GRI Standards), ISO 26000 guidelines, and previous CSR disclosure literature.

The CSRDI score for each company is calculated as follows:

CSRDI = (Number of Disclosed Items / Total Number of Items) × 100

VI.3 Results: CSR Disclosure Scores

Table 9 presents the CSR disclosure scores obtained for each company across the three dimensions, along with total and percentage scores.

Table (9): CSR Disclosure Index — Results by Company (2023)

Company	Environmental (/ 5)	Social (/ 5)	Governance (/ 5)	Total (/ 15)	CSRDI (%)
Sonatrach	4	4	4	12	80%
Saidal Group	3	4	3	10	67%
Cevital Group	3	3	3	9	60%
Biopharm	2	3	3	8	53%
Banque CPA	1	3	4	8	53%
Banque BDL	1	3	3	7	47%
Alliance Assurances	2	2	3	7	47%
Average	2.29	3.14	3.29	8.71	58%

The source: Authors' compilation based on publicly available company reports and websites (2023)

VI.4 Discussion of Findings

VI.4.1 Dominant and Weak CSR Dimensions

The results indicate that Governance disclosure is the most frequently reported CSR dimension, with an average score of 3.29 out of 5 (65.8%). This is consistent with the institutional context in Algeria, where regulatory frameworks — particularly those governing banks and insurance companies — impose minimum transparency and governance reporting requirements. Entities such

as Banque CPA and Banque BDL are subject to Bank of Algeria prudential regulations that mandate certain disclosures related to risk management and internal control.

Social disclosure follows closely, with an average score of 3.14 out of 5 (62.8%). Labour-related information, including health and safety policies and employee welfare programs, is relatively prevalent, reflecting compliance with the Algerian Labour Code and social dialogue mechanisms embedded in state-owned enterprises.

Environmental disclosure is the weakest dimension, averaging only 2.29 out of 5 (45.8%). This finding is consistent with prior research on developing economies, where environmental reporting remains nascent in the absence of mandatory sustainability reporting standards (Christensen et al., 2021; Alkayed et al., 2022). Comprehensive environmental disclosures, including GHG emissions reporting and internationally recognized environmental certifications, were generally limited across the sampled companies, suggesting that ecological accountability remains largely voluntary and underdeveloped in the Algerian corporate landscape.

VI.4.2 Inter-Company Comparisons

Sonatrach, as Algeria's largest public enterprise and a major actor in the global energy sector, achieves the highest CSRDI score (80%), reflecting its exposure to international stakeholder expectations and its participation in global energy markets. Conversely, Alliance Assurances and Banque BDL record the lowest scores (47%), pointing to limited voluntary disclosure beyond regulatory minimums.

Overall, the mean CSRDI score of 58% suggests that CSR disclosure in Algeria remains at an intermediate level, with considerable room for improvement, particularly in the environmental dimension. These findings are consistent with previous studies conducted in emerging economies, which report uneven levels of CSR disclosure and continuing challenges related to regulatory and institutional development. (Crous et al., 2021; Alkayed et al., 2022)

VI.4.3 Theoretical Interpretation

The observed disclosure patterns can be interpreted through the theoretical lenses introduced in Section IV. From a Legitimacy Theory perspective (Vishwanathan et al., 2019; Velte, 2021), companies operating in sectors with high public visibility — such as energy and banking — tend to disclose more CSR information to signal responsible conduct and secure societal approval. The dominance of governance disclosure among regulated firms further supports this interpretation, as transparency in governance serves as a legitimating mechanism in contexts of institutional scrutiny.

From a Stakeholder Theory standpoint, companies with diversified stakeholder bases — including international partners, regulators, and civil society — demonstrate higher disclosure scores. This is particularly evident in the case of Sonatrach, which operates in a multi-stakeholder environment requiring accountability to government bodies, employees, local communities, and international counterparts (Cho et al., 2019; Velte, 2021).

These patterns also align with Agency Theory: higher CSR disclosure may reflect managerial efforts to reduce information asymmetry between firm insiders and external stakeholders, thereby contributing to greater financial reporting credibility (Garas & ElMassah, 2018; Kaawaase et al., 2021).

VI.5 Implications for Financial Reporting Quality

The preceding analysis reveals a meaningful relationship between CSR disclosure practices and the broader quality of financial reporting. Drawing on both the theoretical framework and the exploratory evidence, the following implications are identified.

VI.5.1 Practical Implications

Companies that disclose more comprehensive CSR information tend to demonstrate stronger internal governance structures, which are positively associated with the accuracy and completeness of financial statements. For Algerian firms, increasing the depth of CSR reporting — particularly in

the environmental and social dimensions — could signal enhanced managerial accountability and reduce the risk of earnings manipulation. Practically, companies are encouraged to:

- Adopt internationally recognized sustainability reporting frameworks (GRI Standards, UN Global Compact) to structure and standardize their disclosures;
- Integrate CSR reporting into annual financial reports rather than maintaining separate, ad hoc publications;
- Invest in stakeholder engagement mechanisms that generate transparent, verifiable social and environmental data;
- Develop internal capacities for non-financial performance measurement and reporting.

VI.5.2 Theoretical Implications

The exploratory evidence supports several theoretical propositions that may guide future research. First, it confirms that Legitimacy Theory and Stakeholder Theory are complementary rather than competing explanations of CSR disclosure behavior in Algeria: firms respond to both societal pressures (legitimacy) and the differentiated demands of specific stakeholder groups (stakeholder salience) (Vishwanathan et al., 2019; Velte, 2021). Second, the positive association between governance disclosure and overall CSRDI suggests that firms with stronger governance structures — as predicted by Agency Theory — are more likely to engage in transparent reporting practices, thereby reinforcing financial statement reliability (Kaawaase et al., 2021; Gardi et al., 2023). Third, the weak environmental dimension points to an institutional void in the Algerian regulatory framework, suggesting that mandatory environmental reporting requirements could serve as a catalyst for improved corporate accountability (Christensen et al., 2021; Ordóñez-Castaño et al., 2021).

VI.5.3 Limitations

The findings of this exploratory analysis must be interpreted with caution, given several methodological limitations:

- Sample size: The analysis is restricted to seven companies, which limits the generalizability of the results. Future studies should extend the sample to a larger, representative population of Algerian firms;
- Data availability: CSR disclosure was assessed based on publicly available information, which may not reflect the full extent of corporate practices. Non-public reports, internal documents, or direct company surveys were not included;
- Subjectivity of scoring: Despite the use of a binary checklist, the assignment of scores involves a degree of researcher judgment. Future research could improve reliability through inter-rater agreement procedures;
- Cross-sectional design: The analysis reflects a single point in time (2023) and cannot capture longitudinal trends in disclosure practices;
- Absence of financial performance data: The current analysis does not directly link CSRDI scores to financial reporting quality metrics (e.g., accruals quality, earnings persistence), which would require a full empirical study.

VI.5.4 Proposed Empirical Research Framework

To overcome the limitations of this exploratory analysis and test the theoretical propositions advanced in this paper, a full-scale empirical study is proposed. The following framework outlines the research design for a future quantitative study on CSR disclosure and financial reporting quality in Algerian companies.

Table (10): Proposed Empirical Research Framework

Component	Description
Research Objective	To examine the relationship between CSR disclosure quality and financial reporting quality in a sample of Algerian listed and unlisted companies.
Research Hypotheses	H1: Higher CSR disclosure is positively associated with accruals quality. H2: Greater governance disclosure is negatively associated with earnings management. H3:

	Environmental disclosure positively moderates the relationship between CSR and reporting quality.
Dependent Variable	Financial Reporting Quality (FRQ): measured through accruals quality (modified Jones model), earnings persistence, and value relevance.
Independent Variable	CSR Disclosure Index (CSRDI): constructed using an expanded checklist of 30+ indicators across Environmental, Social, and Governance dimensions.
Control Variables	Company size (Log Total Assets); Leverage ratio; Return on Assets (ROA); Industry sector; Audit quality (Big 4 vs. non-Big 4).
Sample & Period	Minimum 60–80 Algerian companies; panel data spanning 2015–2023 (9 years).
Data Sources	Annual reports, financial statements (COSOB, company websites), and Bank of Algeria regulatory disclosures.
Statistical Method	Panel data regression (Fixed Effects / Random Effects); Hausman test for model selection; robustness checks via GMM estimation.
Expected Contribution	First large-scale empirical study linking CSR disclosure to FRQ in an Algerian context, providing policy implications for regulators, auditors, and corporate governance reform.

The source: Developed by the author based on previous literature and the conceptual framework proposed in this study

This proposed framework constitutes the logical extension of the present conceptual and exploratory work, establishing a rigorous foundation for future empirical investigation into the determinants and consequences of CSR disclosure in the Algerian context.

VII. Synthesis and Future Research Directions

VII.1 Main Findings from Previous Literature

Previous international studies generally indicate a positive relationship between CSR disclosure and financial reporting quality (Vishwanathan et al., 2019). Companies that engage more actively in CSR disclosure are often associated with stronger transparency practices, better governance structures, and higher reporting credibility. The literature suggests that this relationship may operate through several factors, including governance effectiveness, stakeholder accountability, transparency culture, and managerial commitment to ethical practices.

At the same time, previous research shows that the strength of this relationship depends largely on institutional and regulatory conditions. In emerging markets, the effectiveness of CSR disclosure is often influenced by governance quality, regulatory enforcement, and market development levels (Crous et al., 2021). Weak governance systems and limited regulatory oversight may reduce the credibility of CSR disclosure and create situations where companies disclose social responsibility information mainly for reputational purposes without meaningful organizational commitment.

These findings are particularly relevant for the Algerian context, where CSR disclosure practices and governance systems are still evolving. The literature highlights the importance of developing stronger institutional frameworks capable of improving both financial and non-financial reporting quality.

VII.2 Strategic Priorities for the Algerian Context

Several priorities may contribute to improving CSR disclosure and financial reporting practices in Algeria. First, strengthening corporate governance mechanisms remains essential. Improvements in board independence, audit committee effectiveness, and internal control systems may support greater transparency and reporting credibility.

Second, regulatory modernization may help establish more consistent disclosure practices. Developing integrated standards that connect CSR disclosure with financial reporting requirements could improve reporting quality and reduce inconsistencies across firms.

Third, capacity building is necessary for many Algerian companies and professional

institutions. Additional training and technical support related to sustainability reporting, governance practices, and disclosure systems may improve the quality of corporate reporting.

Finally, continued development of financial markets and institutional investor participation may strengthen market discipline and encourage companies to adopt more transparent disclosure practices.

VII.3 Future Research Directions

Future research may examine several important issues related to CSR disclosure and financial reporting quality in Algeria and other emerging economies. First, empirical studies may investigate the relationship between CSR disclosure quality and different measures of financial reporting quality among Algerian companies.

Second, comparative studies across North African and Middle Eastern countries may provide deeper understanding of how institutional environments influence disclosure practices and governance effectiveness.

Third, qualitative research and case studies may help identify practical challenges facing companies in implementing CSR reporting systems and improving reporting transparency.

Future studies may also examine the issue of "decoupling," where companies disclose CSR information symbolically without implementing substantial governance or sustainability practices internally. In addition, longitudinal studies may evaluate the impact of future regulatory reforms on CSR disclosure quality and financial reporting practices over time.

VIII. Conclusion

Corporate social responsibility disclosure and financial reporting quality are closely connected dimensions of corporate transparency and accountability. Previous international studies generally indicate that companies with stronger CSR disclosure practices tend to demonstrate higher levels of reporting credibility, transparency, and governance effectiveness. However, the effectiveness of CSR disclosure largely depends on governance quality, institutional development, and regulatory conditions within each market environment(Vishwanathan et al., 2019; Boulhaga et al., 2022).

For the Algerian context, this review highlights the importance of adopting an integrated approach that combines improvements in corporate governance, CSR disclosure, and financial reporting practices simultaneously rather than treating them as separate issues. Strengthening governance structures, improving disclosure regulations, and supporting institutional development may contribute significantly to enhancing corporate transparency and stakeholder confidence in Algerian companies.

Although emerging markets such as Algeria continue to face several challenges—including regulatory limitations, concentrated ownership structures, and limited technical capabilities—there are important opportunities for reform and institutional improvement. Continued efforts toward governance modernization, regulatory coordination, and market development may support the establishment of more effective and reliable reporting systems.

The exploratory analysis conducted on a selected sample of Algerian companies further highlights the current state of CSR disclosure practices in the national context. The findings indicate a moderate level of CSR disclosure (CSRDI = 58%), with governance-related information representing the most developed dimension, while environmental disclosure remains comparatively limited. These results suggest that Algerian companies have made progress in governance and transparency practices, but additional efforts are still needed to strengthen environmental and sustainability-related reporting.

This review also provides a theoretical foundation for future research related to CSR disclosure and financial reporting quality in Algeria. Future empirical studies may build on the proposed conceptual framework to examine company-level disclosure practices, governance mechanisms, and reporting quality measures within the Algerian corporate environment. In addition, the findings of this review may assist policymakers and regulatory authorities in developing more integrated corporate disclosure frameworks that support sustainable business development and long-term market confidence.

- Referrals and references:

1- Hamrouni, A., Benkraiem, R., & Boussaada, R. (2019). Corporate social responsibility disclosure and debt financing. *Journal of Applied Accounting Research, 20*(4), 394–415. https://doi.org/10.1108/JAAR-01-2018-0020

2- Al Fadli, A., Jones, G., Sands, J., Beattie, C., & Pensiero, D. (2020). Board independence and CSR reporting: Pre- and post-analysis of JCGC 2009. *International Journal of Law and Management, 62*(2), 117–138. https://doi.org/10.1108/IJLMA-11-2018-0259

3- Gardi, B., Abdullah, N. N., & Ağa, M. (2023). Corporate governance and financial reporting quality: The mediation role of IFRS. *Sustainability, 15*(13), 9869. https://doi.org/10.3390/su15139869

4- Crous, C., Loader, E., & Battisti, E. (2021). Non-financial reporting and company financial performance: A systematic literature review and integrated framework. *EuroMed Journal of Business, 17*(4), 482–501. https://doi.org/10.1108/EMJB-12-2020-0134

5- Baraibar-Diez, E., & Odriozola, M. D. (2019). CSR committees and their effect on ESG performance in UK, France, Germany, and Spain. *Sustainability, 11*(18), 5077. https://doi.org/10.3390/su11185077

6- Zhou, G., Liu, L., & Li, S. (2022). Sustainable development, ESG performance and company market value: Mediating effect of financial performance. *Business Strategy and the Environment, 31*(7), 3372–3387. https://doi.org/10.1002/bse.3089

7- Alkayed, H., Omar, B. F., & Ghazalat, A. N. (2022). Determinants of the extent and quality of corporate social responsibility disclosure in the industrial and services sectors: The case of Jordan. *Journal of Financial Reporting and Accounting, 20*(5), 789–811. https://doi.org/10.1108/JFRA-05-2021-0133

8- Christensen, H. B., Hail, L., & Leuz, C. (2021). Mandatory CSR and sustainability reporting: Economic analysis and literature review. *Review of Accounting Studies, 26*(3), 1176–1248. https://doi.org/10.1007/s11142-021-09609-5

9- Sánchez, I., Guedes, C. A., & Hussain, N. (2021). Assurance of corporate social responsibility reports: Does it reduce decoupling practices? *Business Ethics, the Environment & Responsibility, 30*(4), 585–601. https://doi.org/10.1111/BEER.12394

10- Ordóñez-Castaño, I. A., Ramírez, A. M. F., & Herrera-Rodríguez, E. E. (2021). Voluntary disclosure of GRI and CSR environmental criteria in Colombian companies. *Sustainability, 13*(10), 5405. https://doi.org/10.3390/su13105405

11- Lin, J., & Qian, M. (2023). The impact of environmental disclosure and the quality of financial disclosure and IT adoption on firm performance: Does corporate governance ensure sustainability? *Frontiers in Environmental Science, 11*, 1002357. https://doi.org/10.3389/fenvs.2023.1002357

12- Pucheta-Martínez, M. C., Olcina-Sempere, G., & Bel-Oms, I. (2018). The association between board gender diversity and financial reporting quality, corporate performance and corporate social responsibility disclosure. *Academia Revista Latinoamericana de Administración, 31*(1), 118–136. https://doi.org/10.1108/ARLA-04-2017-0110

13- Muttakin, M. B., Khan, A., & Mihret, D. G. (2018). Corporate political connection and corporate social responsibility disclosures. *Accounting, Auditing & Accountability Journal, 31*(2), 725–744. https://doi.org/10.1108/AAAJ-06-2015-2078

14- Boulhaga, M., Elamer, A. A., & Elbardan, H. (2022). The effect of internal control and corporate social responsibility on conditional accounting conservatism: Evidence from France. *Journal of Corporate Accounting & Finance, 33*(3), 123–138. https://doi.org/10.1002/jcaf.22605

15- Biswas, P. K., Whiting, R. H., & Roberts, H. (2018). The impact of family versus non-family governance contingencies on CSR reporting in Bangladesh. *Management Decision, 57*(11), 2758–2781. https://doi.org/10.1108/MD-11-2017-1072

16- Liu, P., Li, Z., & Liu, P. (2023). External corporate governance and assurance of corporate social responsibility reports: Evidence from China. *Sustainability Accounting, Management and Policy Journal, 14*(5), 1103–1126. https://doi.org/10.1108/SAMPJ-05-2022-0260

17- Vishwanathan, P., Van Oosterhout, H., Heugens, P. P. M. A. R., Duran, P., & Van Essen, M. (2019). Strategic CSR: A concept-building meta-analysis. *Journal of Management Studies, 57*(2), 314–350. https://doi.org/10.1111/joms.12514

18- Garas, S., & ElMassah, S. (2018). Corporate governance and corporate social responsibility disclosures. *Critical Perspectives on International Business, 14*(1), 2–26. https://doi.org/10.1108/CPOIB-10-2016-0042

19- Cho, S. J., Yang, J., & Chung, C. Y. (2019). Study on the relationship between CSR and financial performance. *Sustainability, 11*(2), 343. https://doi.org/10.3390/su11020343

20- Bae, S. M., Kim, J. D., & Masud, M. A. K. (2018). A cross-country investigation of corporate governance and corporate sustainability disclosure: A signaling theory perspective. *Sustainability, 10*(8), 2611. https://doi.org/10.3390/su10082611

21- Dong, S., Ma, R., & Xu, L. (2022). Sustainability reporting quality and the financial sector: Evidence from China. *Meditari Accountancy Research, 30*(6), 1707–1732. https://doi.org/10.1108/MEDAR-05-2020-0899

22- Kaawaase, T., Akankunda, B., Nairuba, C., & Bananuka, J. (2021). Corporate governance, internal audit quality and financial reporting quality of financial institutions. *Asian Journal of Accounting Research, 6*(3), 348–366. https://doi.org/10.1108/AJAR-11-2020-0117

23- Velte, P. (2021). Meta-analyses on corporate social responsibility (CSR): A literature review. *Management Review Quarterly, 72*(2), 627–675. https://doi.org/10.1007/s11301-021-00211-2

24- Xu, W., Xu, S., & Li, M. (2023). Unveiling the "veil" of information disclosure: Sustainability reporting "greenwashing" and "shared value." *PLoS ONE, 18*(1), e0279904. https://doi.org/10.1371/journal.pone.0279904

How to cite this article by the APA method:

Rouikha Adel & Adjila mohamed & Saidani Mohamed Said (2026), **Corporate Social Responsibility Disclosure and Financial Reporting Quality in Algerian Companies: A Conceptual Review**, Entreprise Review, Volume 15 (Number 01), Algeria: University of Algiers 3, PP. 51-68.

The copyrights of all papers published in this journal are retained by the respective authors as per the Creative Commons Attribution License.

Entreprise Review is licensed under a Creative Commons Attribution-Non Commercial license (CC BY-NC 4.0).