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Examining the Relationship between Corporate Governance and Corporate Sustainability Disclosure in Jordan with the Moderating Role of Family Ownership/Control

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Abstract

This study aims to design a new framework explaining the relationship between corporate governance (CG) mechanisms and sustainability to discover the presence of a relationship between family-owned corporations and the factors that knit sustainability in these firms. This study addresses the investigation of sustainability disclosure (dependent variable) by inspecting the Corporate Governance (CG) elements (independent variables) in the presence of family ownership/control as a moderator in the prospect model; the data is retrieved from annual reports (published in years 2017-2019) belonging to non-financial companies listed in Amman Stock Exchange (ASE). CG elements include board size, board independence, women on board, and multi-family board membership (when two different members of the board belonging to two different untied families are anticipated other companies' board membership), The significance of the study resides in its inspection of the current status of achieving sustainability disclosure for the non-financial Jordanian firms listed in the Amman Stock Exchange (ASE). Family ownership, low women representation on boards, and other corporate governance-related issues are tacked in stance with achieving sustainability disclosure among the Jordanian firms. This focus was carried out by defining two dummy variables: the multi-family board's membership and the overlapping of committee membership. The data is analyzed using Smart-PLS after filling the theoretical gap on how family-owned firms have unique characteristics that undermine the presence and exposure of corporate sustainability.

Keywords: Corporate Governance, Sustainability Disclosure, Family Ownership/Control, Non-financial Jordanian Firms, Agency Theory, Legitimacy Theory.

Introduction

Sustainability is one of the key terms in economics and social sciences, referring to objective, subjective metrics and factors that affect the development or growth of a company, corporation, or country's economy. It also serves as an environmental, social, and economic(Lozano, 2015; Manning et al., 2019). Based on research (Moore et al. 2017; Ihlen

and Bartlett 2011; Amran et al. 2013; Ganesan et al. 2017), a formal definition of sustainability is defined as "after a defined period, the corporates' implementation strategies continue to be delivered and/or individual behavior change (i.e., employee, manager, customer) is maintained; the program and individual behavior change may evolve or adapt while continuing to produce benefits for individuals/Corporate". In such a definition, the five constructs aim to cover multidimensional perspectives of sustainability through linking time, with an effort of change at different levels, and the result of inducing benefits from such a process (Grahovar, 2010).

Sustainability disclosure is a promising and rising trend in developing countries (Amran et al., 2013). However, this is partly due to the appreciation by some developing countries' governments of the value of sustainability, and, as a result, these governments have played a supporting role in ensuring that the country remains attractive to both local and foreign investors (Ganesan et al., 2017). Businesses utilize sustainability reporting to account for their commitments, to establish a good reputation, and to develop trust-based relationships with their stakeholders (Grahovar, 2010). Despite decades of research on sustainability reporting and corporate governance (Hahn and Kühnen, 2013).

Sustainability disclosure is a standard practice in developed countries, regulated by laws and legislations. The Environment, Social, and Governance (ESG) scores are a popular method for measuring sustainability disclosure, with developed countries expected to have higher ESG scores compared to developing ones. These scores reflect sustainability fundamentals, including environment, society, and economics(Tang and Zhong, 2019).

From a narrower perspective, corporates' diligence in maintaining sustainability disclosure proved to have fruitful consequences. Moore et al (2017), stated that while the key to profit-based companies is to address the needs of the customer, they are also expected to meet a wide array of stakeholder's needs and challenges, Companies are liable for their stakeholders, such as manufacturers, consumers, shareholders, workers, government, non-governmental organizations, green organizations, and trade unions (Ihlen and Bartlett, 2011). To maintain profitability, the firms work hard on the road toward sustainability, which as defined earlier, is related to provoking at the worker's level and management level as well; this implies that sustainability is coherent with conceiving the strategic goals of the corporation whilst governing the operational level of the firm.

Board size, board independence, women on board, multi-family-board-membership, family ownership, are all variables that have been extracted as CG elements and many of them were deployed to find out the presence of sustainability disclosure. Such investigations proved the undoubtable influence of CG elements as indicators of sustainability disclosure and the efficacy of sustainability reporting.

A recent study by Hussain et al (2018), evaluates sustainable development performance using manual content analysis on US company sustainability reports. It examines the impact of corporate governance frameworks on sustainability aspects in the Global Reporting Initiative (GRI) context. The method identifies frameworks that facilitate three-fold efficiency and demonstrates that some mechanisms only match unique sustainable dimensions. The results support a new approach to understanding corporate governance impacts on sustainability

and aspects of sustainability. The implications are to promote sustainable policies through specific corporate governance mechanisms and improve standardization in the ongoing GRI system, which extensively examines the economic aspect of sustainability.

This study examines the alignment of Jordanian companies with sustainability disclosure due to the country's economic challenges. The unemployment rate is 19%, and the GDP was 1.8% in 2018. The financial crisis and external shocks, including the Syrian Civil War, slowed growth to a yearly 2.5% between 2009 and 2018. New strategies and reforms are needed to address these issues. (Hausmann et al., 2019). This realization imposed by sophisticated geopolitical dilemmas and challenges emerges in the requirement to attain sustainability for the economy in Jordan as well as for each corporation.

ASE, a state-owned company, was established in 1999 and has since grown to include 234 companies by 2014. As of 2019, the market had 240 trading days, with an average daily volume of less than USD 10 million and five million shares traded by 2020 contracts. The financial sector is the largest contributor, followed by the industrial and service sectors. Jordan's industry relies heavily on services sectors, as they form the backbone of its economy. Amman Stock Exchange (ASE) joined the Sustainable Stock Exchange Initiatives in 2017, aiming to improve Jordan's Corporate Sustainability Disclosure (CSD) activities. The ASE encourages businesses to use the internet and corporate websites for operational monitoring, enhancing transparency and ensuring easy access to necessary information for stakeholders.

Current Situation in Sustainability Disclosure

Covering sustainability in research literature has received a strong momentum over the last decade as the notion of sustainability is not only related to the awareness of creating a prosperous business environment but also the ability to disclose how sustainability was adapted and been met by the upper management (Hörisch et al., 2014; Hussain et al., 2018; Orazalin and Mahmood, 2019). In Jordan, the lack of compulsory sustainability disclosure requirements poses one of the most challenging issues for Corporate Governance (CG). This voluntary existence of sustainability disclosure propagates the views of corporate management trends in Jordan. As a consequence, normally corporate directors tend to fulfill the needs for relevant sustainable disclosure; this problem generally leads to an increasing susceptibility to anti-environmental conduct and then to increasing knowledge of human rights and culture among the public (Alawneh et al., 2019; Ministry of Planning and International Cooperation Jordan, 2017).

Amman Stock Exchange Chairman of the Board, Mr. Nader Azar, has emphasized the importance of sustainability disclosure in corporate reporting, stating that it can be separately released from the annual financial report and is linked to Corporate Social Responsibility (CSR) and affects the environment, social, and economic components of sustainability (ALghad Ad, 2018).

In the same regard, Jordanian companies suffer from a lack of obey to comply with the corporate governance code. In his statement, Mr. Azar reported that around 30 companies in the Jordanian ASE –with up to 1 Billion US Dollars in total capital- have been economically depreciated as these companies failed to reflect on CG code implementation (ALghad Ad,

2016). This study carries out this issue as one of the research gaps and problems that should be given attention and further investigation to find out the reasons that drive the management of these companies to neglect CG coding implementation and thus resulting in weaker resilience toward economic changes (Zahid et al., 2020; Srivastava, 2015; Hafsi and Turgut, 2013). This is influenced by many firms' internal and external factors such as the structure of the firms and their management and boards' formation, the lack of legislations and regulations that make sustainability disclosure compulsory, and the inconsistent representation of women as board members compared to firms in other countries (Alotaibi, 2019; Saidat et al., 2019).

From a theoretical perspective, examining the set of CG elements that can influence sustainability disclosure is the focal issue of the study as CG elements dictate corporate behavior and management's efficacy in an objective manner. Conventionally, the CG elements are regarded as the key to supporting the achievement of sustainability and the board's willingness for sustainability disclosure. According to the European Bank for Reconstruction and Development CG on transition economies report about conditions in Jordan, Jordanian companies suffer from extensive weakness in implementing CG code; in more details, board structure formation is weak compared to optimal practices. Among the ten longest listed companies in ASE, six out ten companies do have individual members sitting on the board; moreover, the board members are required to be shareholders with minimum share size, which is not feasible and to the interest of best-known practices. Six out of ten long-listed companies disclose the qualification of their board members and only two out of ten long-listed companies do have independent directors (Cigna and Meziou, 2017).

In the same context, the figures for gender diversity of the board membership show that women form only 14.55% of the boards that have women as members (Al-Rahahleh, 2017); only four companies out of ten appointed women on board and only two companies have two women on the same board. In total, six women (out of a total of 112 members) are on board of those companies that disclose their board composition (in the ten longest listed companies). On the other hand, board independence has three definitions in the literature, which is adapted by the CG codes around the World; in Jordan, the companies don't report, what board independence definition is carried out in the sustainability disclosure report, and only two out of ten longest-listed companies disclosure their independent board members and only one company reported the independent board member who was also a member in the audit committee (Cigna and Meziou, 2017).

This study focuses on non-financial firms due to their big role in the structural formation of Jordanian firms, which constitute the majority of Jordanian firms listed in the ASE market (Hussain et al., 2018; Naldi et al. 2015). Furthermore, this study measures CG elements and their relation to sustainability disclosure. Additionally, this study outlines the effect of the family-ownership factor on strengthening or weakening the impact of CG elements on sustainability disclosure; it is agreeable that family ownership persists in many models as an intrinsic factor that defines the structure of the firm and the hidden politics that shape the complex intervening relations (sometimes conflicted relations due to conflict of interest) between the owners (principals) and the management (agent) as named by the agency theory (Mohammed et al. 2019; Ross, 1973).

Research Objectives

The objectives of this study are -

1. To design a new model that is capable of explaining and exploring the relationship between a set of extracted CG elements and sustainability disclosure.
2. To investigate the relationship between the new two variables “multi-family board membership”, and “overlapping committee membership” with sustainability disclosure.
3. To examine the moderating effect of family ownership/control in the relationship between CG elements and sustainability disclosure.

Literature Review

Sustainability Disclosure (Dependent Variable)

Three constructs are related to sustainability disclosure (economic, social, and environmental); these constructs carry out the hidden meaning embedded in the explanations for the factors that affect sustainability disclosure. CG elements comprise some of the most crucial factors that affect sustainability and sustainability disclosure; therefore, this subsection grasps the work done on CG elements related to maintaining sustainability and assuring sustainability disclosure reporting.

Sustainability is perceived through various quantitative and qualitative constructs, including economic, demographic, environmental, and managerial perspectives. Achieving sustainability is influenced by internal and external factors like a firm's Corporate Governance, stakeholders' interests, organizational behavior, leadership resonance, and management structure, which impact decision-making and authorization processes. Corporate Governance (CG) elements are of significant indicating factor to the current status of sustainability (Hussain et al. 2018).

Different studies carried out the analysis of different CG elements and their significance with sustainability. One study (Chang et al. 2017) related to the special nature of Korean companies that forced researchers to distinctively study board size, social ties, and educational diversity. The study (Chang et al., 2017) discovered a non-linear relationship between different CG constructs and Corporate Social Responsibilities (CSR), which allowed Korean companies to be listed in the Dow Jones sustainability index (index shows the companies that maintain sustainability disclosure).

Another study by Ortiz et al (2016), aimed to find that corporate governance (CG) plays a crucial role in enhancing company competitiveness and promoting environmental sustainability. Legislative burdens discourage independent directors and board chairs from promoting sustainability, while normative pressure positively impacts it. However, little research has been conducted on how environmental structural forces can regulate the interaction between corporate and environmental protection structures.

In another study Yadava and Sinha (2016), a comparison between the leading Indian public and private sector corporations contrasted the sustainability results. The study found that economic aspect coverage outperformed the social and environmental aspects. Sampled businesses demonstrated no variation in their economic results monitoring activities. However, significant variations were found in their environmental and social monitoring activities.

A more recent study by Haque and Ntim, (2020) used to demonstrate the role of agency and legitimacy theories, respectively (Ross, 1973; Guthrie and Parker, 2012) to describe the social interaction and legit work conducted by corporations in realizing sustainability disclosure. The study mentioned that the literature lacks research on corporate governance and total sustainability disclosure (economic, environmental, and social) in developing, particularly South Asian, countries. The study conducted cross-country research on South Asian countries' CG elements and total sustainability disclosure practices. The study found that total sustainability disclosure has a positive significant relationship with foreign shareholding, institutional shareholding, board independence, and board size. On the other hand, director shareholding has a negative significant relationship with total sustainability disclosure. Consequently, CG elements have empowered the correct signaling to the market by neglecting information asymmetry and ensuring clear signals from different owners and top management.

Corporate Governance (Independent Variable)
From a corporate sector standpoint, corporate integrity was exacerbated by the company's breakdowns and controversies in the 1980s and 1990 such as Rothwell's and Bond Business in Australia and Guinness in the UK (Tricker and Tricker, 2015). More strict regulatory requirements were introduced to seek and curtail inappropriate business behavior and explain the responsibilities and duties of employees. Boards are supposed to accept stronger accountability roles for directors also agreed to control management effectively. With this strong focus on legal enforcement, corporate governance has been described as enforcement (Edwards et al., 2012).

Over the last two decades, functional codes and guidelines have been established in many countries. As a result, the definition of corporate governance (CG) was expanded into reference and behavioral elements (Lohrey et al. 2019; Edwards et al., 2012). The adaption of CG elements is characterized by a systematic nature, namely' the legal, partnership, structures and procedures inside and by which control is exerted and controlled inside businesses, which suggests that the focus is increased beyond' weak' aspects.

Corporate governance coding is essential whether the type of corporate is public, or private; however, the structure and ownership of any investigated corporate define the proper coding; the ownership of corporate can be government ownership, private individual ownership (such as single investors), and institutional ownership (Al-Sartawi and Sanad, 2019). The type of corporation also determines the control of CG level, which results in creating the type of model that can represent the corporate and describe its managerial and operational characteristics; the CG controls are further investigated in the following subsections.

Corporate Governance makes it possible for shareholders and other stakeholders to build long-term value for themselves (Randøy et al., 2006). Four influential CG systems–the British, German, Latin and Japanese–affect companies ' control of legal, institutional and cultural structures and form how businesses operate management (Oxelheim and Randøy, 2001). Many nations, however, follow different customs and best interest schemes (Rajharia and Sharma, 2014). The field of enforcement and monitoring, the Anglo-American method of the CG is often considered to be the most rigorous and superior of business results (Oxelheim

and Randøy, 2001). Throughout the UK, listed companies are regulated by the United Kingdom's CG Code (FRC, 2018). The Code (2018) encourages the concept of "enforcement or justification," which either complies with or deviates from the Code, but must clarify reasons behind this deviation (Seidl et al 2013).

Since the late 20th century (Hawkins, 1997), the practice of CGs has undergone a major transition, as have increased regulatory scrutiny and shareholder agitation, owing to many business failures and scandals in recent decades (Bezemer et al. 2012). Other developments that bring into question the CG's traditional style are the voting habits of the boards, the use of emerging technology, the introduction of standardized international reporting standards, and increased global competition. The role of boards is one of the changes within the conventional CG structure. In comparison to the 1970s and 1980s when management boards were used to pursue occasional guidance and direction, boards are now accountable to their stakeholders (Rao and Tilt, 2015).

In Jordan, the newest version of Jordan Corporate Governance Code (JCGC, 2017) support some changes from previous versions. Moreover, companies listed in ASE have become obligated to disclose their annual reports and thus use JCGC code to disclose different reports, including CSR and sustainability disclosure (Alkilani et al. 2019). However, the commitment for such obligation is very weak among most of the listed companies; in addition, Amman Stock Exchange Directory published in 2018 a separate guideline dedicated to the approach of preparing and issuing sustainability disclosure report (ASE, 2018).

Board Structure

Woman on Board

The demographic factors constitute the most basic CG control; these elements can be inspected when looking at the board of director's diversity, different committee structures, and even at the managerial or external levels of corporate hierarchy. Goyal and his fellows emphasized that demographic elements should be deeply analyzed and are not only restricted to gender and ethnicity constructs; but also, demographics should underline the academic and experience features of the board members; in other words, the board formation process should implicate the true diversity representation of the society of business being conducted at the level of ownership (Goyal et al., 2019).

There exist three definitions for board diversity; the first definition checks the observable and the less observable controls of diversity; the first definition states "The board diversity can be defined as per observable criteria such as nationality, age, gender and through relatively less visible criteria such as educational, functional and occupational backgrounds of board members" (Kang et al., 2007). The second definition focuses on the structure of the organization and its impact on board diversity; the definition says "Structural diversity is associated with the attributes such as size, leadership structure (duality of chairman and CEO), founder leader as director, the presence of international directors and their number" (Srivastava, 2015). The third definition Ararat et al (2015), considers diversity in conducting tasks (whether diversity is maintained when conducting tasks); the definition iterates on diversity as "Diversity is based on demographics background, nationality, gender, age, educational, functional and occupational backgrounds. Task-related diversity is related to educational or functional background while non-task-related diversity includes gender, age,

race and nationality". These three definitions view the same demographic dimensions from different perspectives, which enriches the research study claiming demographic diversity as one of its most important constructs when talking about CG elements.

Board Size

Simply, the board size is defined as the number of board members in an organization. The board size is an essential CG component being investigated regularly as one of many CG elements to evaluate organization's performance, management efficacy, resources providence (external resources), and other top-level management decision-making and strategic planning duties. Studies Ali (2018), have revealed that the board size of an organization positively affects the organization's performance as an inferred relationship between organization size and board size and a moderating effect of industry type.

Nevertheless, recent studies have phased in different directions to tie in the board size with other metrics such as theorizing the use of board size in modeling different economic schemes. One study has based its work on the agency theory and emphasized that the larger the board size; the lesser power garnered by the CEO on the upper management, which should reflect positively the effectiveness and the quality control of the upper management. (Kakanda and Salim, 2017).

Arguably, a third trend in deciding and justifying the board size dilemma; has supported the linkage between the board size and the firm's size (Vu and Nguyen, 2017). Regardless, of the board size dilemma, studies agreed that a solidified relationship between board size and sustainability disclosure persists. In other words, one study illustrated a positive relationship between board size and environmental disclosure (Jizi, 2017); another study mentioned that board size is associated with degree of influence on sustainability disclosure Baba, Manaf, and Bahrain, (2017); this outcome is supported by Janggu et al. (2014), who found that size of the boards is positively and significantly related to sustainability disclosure. Additionally, CSR is also associated with board size (Velte, 2017; Wang, 2017).

Board Independence

The definition of board independence implies the guarantee of proportional independence among the directors selected to member in the board of directors; in other words, the directors should have a free hand to effectively practice their duties without negative influences from the owners or shareholders since the board of directors mediates the top management and owners of the organization.

When more independent directors avoid engaging directly in the management of the company due to a lack of ownership of stocks or ties to commercial dealings with the company, the board would be more independent. There would also be no conflict of interest with any of the firm's stakeholders (Nas and Kalaycioglu, 2016). An independent board implies a potentially higher degree of accountability and improve the sustainability disclosure level (Wang, 2017).

The agency theory solves the conflict of interest among board members by insisting on the independence of board; the theory indicates that more independence should accommodate board member interests and preserve the efficacy of management; a clearer line between

ownership and management can be guaranteed when satisfying board independence (avoid agency problems) (Naseem et al., 2017). Similarly to board size, Baba et al., 2017; Wang, 2017) found that board independence is positively significant with sustainability disclosure. Furthermore, results suggested that positive relationship exists between board independence and voluntary information disclosure (Ahmad et al. 2017). Meanwhile, Jizi, (2017) showed a positive relationship of independent directors related to CSR disclosure. An independent board has a higher tendency to disclose CSR information (García-Sánchez and Martínez-Ferrero, 2017).

Another study Garcia-Sanchez et al (2019), found directors, drive the creation of a CSR committee to advise them on social and environmental issues, and, promote the use of the Global Reporting Initiative guidelines and the International Finance Corporation Performance Standards (jointly, the GRI-IFC). Furthermore, a new research study (Bird et al. 2018) noted that non-compliant organizations lacking a plurality of autonomous management are experiencing a stronger reduction in business output volatility than compliant businesses. Group independence is in particular adversely related to volatility in (1) monthly stock returns, (2) ROA, (3) Tobin's Q, (4) analyst forecast inaccuracy, (5) accounting accruals, (6) extraordinary items, (7) capital expenditures, (8) cash holding and (9) acquisition operation size. The study argued that improved discretion of the Board reduces the CEO's control over the Board and limits corporate risk management, thereby minimizing company output differing from firms with more diverse boards.

Multi-family Board Membership

Beginning with the definition of multi-family board membership, which means “the assignment for two or more board members belonging to different completely unrelated families in multiple boards at more than one firm” (Duran and Ortiz, 2019); this notion is generalized to the membership of more than board of directors in more than one firm. In the US, it is adhered that director should stick to lesser than three firms’ board membership; if the independent director is assigned to more than three board memberships; he/she is labeled with a “busy director” term (Ferris et al. 2003; Cooper and Uzun, 2012).

Furthermore, the definition of multifamily board membership is summarized as follows: “the share of board membership between multi-family members of boards”; this definition is expanded to more inclusive intuition when considering multi-family-board membership in the same board of directors. In other words, the board constitutes from directors of more than firms and these firms could be family-owned firms (Eulaiwi et al., 2016).

Different research study controverted over the negative or positive impact of multi-board membership on the corporate’s performance and ability to attain sustainability. In the negative side, studies showed that multi-board membership weakens the board’s monitoring abilities and neglects strategic planning and advisory capacity, distrust creditors and financers, and merely reducing the board’s power to act and influence as an independent entity in the firm’s structure (Falato et al., 2014; Cooper and Uzun, 2012). On the positive side, countries with long history of family-owned and controlled corporations, witnessed better understanding and more appealing view to the presence of multi-board memberships that actually implied the existence of the multifamily board membership (Latif et al. 2013).

In their justification Latif et al (2013), mentioned that family ownership is very common in Malaysia and it is common to practice multiple board membership as a positive attitude in increasing the company's relationship with external entities in addition to a contradictive finding with previous studies where they anticipate an increase in the company value. Moreover, it is discussed that multiple board membership elevates the directors' experience and consultation capabilities as they attain more comprehensive view of their administered firms.

In multi-family board membership, dreams about the company's future, perception of risk and uncertainty, and diverse family socio-emotional interests need to be negotiated constantly among unrelated ownership families (Brigham and Payne, 2015). Lack of agreement among unrelated family may jeopardize the family firm's fate and future. Furthermore, family owners can have the ability to form a coalition and function as a single large shield, exacerbating possible expropriation of minority shareholders (Duran and Ortiz, 2019). Given the difficulties involved, multi-family board membership has specific characteristics compared to single family-ownership, which provide advantages with respect to firm performance.

Family Ownership/Control (Moderator)

It is not of debate to economists that the ownership of firm whether a start-up, entrepreneurship, partnership, or even well-established enterprises, is one of the decisive factors when anticipating the organization's structure, and the power balancing / unbalancing among the top-tier management and the executive board (Chrisman et al. 2015). Family companies were essential for many decades and centuries; however, with globalization and loose of borders between countries; the presence of international companies and even national and complex forms of corporations has become dominant. Nevertheless, family companies still persist in many countries (such as China, Malaysia, Gulf Corporate Countries, and some European Countries), which are characterized as deep culture countries with solidified family-values as well as featured as societies with collectivism rather than individualism (Chua et al., 1999).

Numerous research studies moderated the family-ownership construct with different economic metrics. A recent study (Hajawiyah et al., 2019) investigated the presence of a relationship between the cost of equity capital and CSR with a supervision of family-ownership as a moderator. Family-ownership weakened the need of equity capital for two consecutive fiscal years and was insignificant when introducing it as a moderate between equity capital and CSR.

A motive to understand family-owned companies' behavior for the acquisition of external knowledge and benefiting from such knowledge in running operations and achieve managerial tasks, was of another study interest (Kotlar et al. 2019). The results showed both negative and positive effects of family-ownership to absorb external knowledge and that was based on the influence of two dimensions: 1) emotional attachment, and 2) power concentration, furthermore, the analysis glimpsed the need and possibility to master the tension engendered by family ownership, emphasizing the role of contingencies and temporal factors.

This study adapts the following family-ownership definition based on the Jordanian tribal system since the study scope is precisely for Jordanian companies listed in ASE market. The family-ownership is defined as "t*h*e presence of two or more owners sharing the same great third grandparent from either the mother-side or the father-side" (Nabulsi, 1995; Ababsa, 2011). Based on the definition stated earlier and the literature being observed; this study adapts the following main hypothesis to convey the relationship between CG elements and sustainability disclosure in the presence of "Family Ownership" as a moderator of the model.
Conceptual Framework

As mentioned earlier, the proposed model has based its founding structure on both the Agency theory (Ross, 1973) and the legitimacy theory (Deegan, 2002). The sustainability disclosure is hypothesized to be influenced by numerous factors as it involves three different broad dimensions (environmental, social, economic); the theories being adopted emphasize the nature of the proposed model such that the agency theory explains the linkage between achieving sustainability and the social interaction between the agent and the principal, which in turn influences the firm's indicators of performance. It is hereby empirical to relate sustainability disclosure with CG elements that reflect the firm's performance, which is influenced by power balancing, and distribution among board of directors and management (agency theory).

Furthermore, the prospect model moralizes the legitimacy theory in the essence of waging the quality of sustainability and its impact on sustainability disclosure. Sustainability disclosure is lesser associated with firms suffering low performance and thereby low quality of sustainability. On the other hand, highly performed firms feel the pressure to maintain out-beating quality of sustainability, which should result in a voluntarily attaining sustainability disclosure.

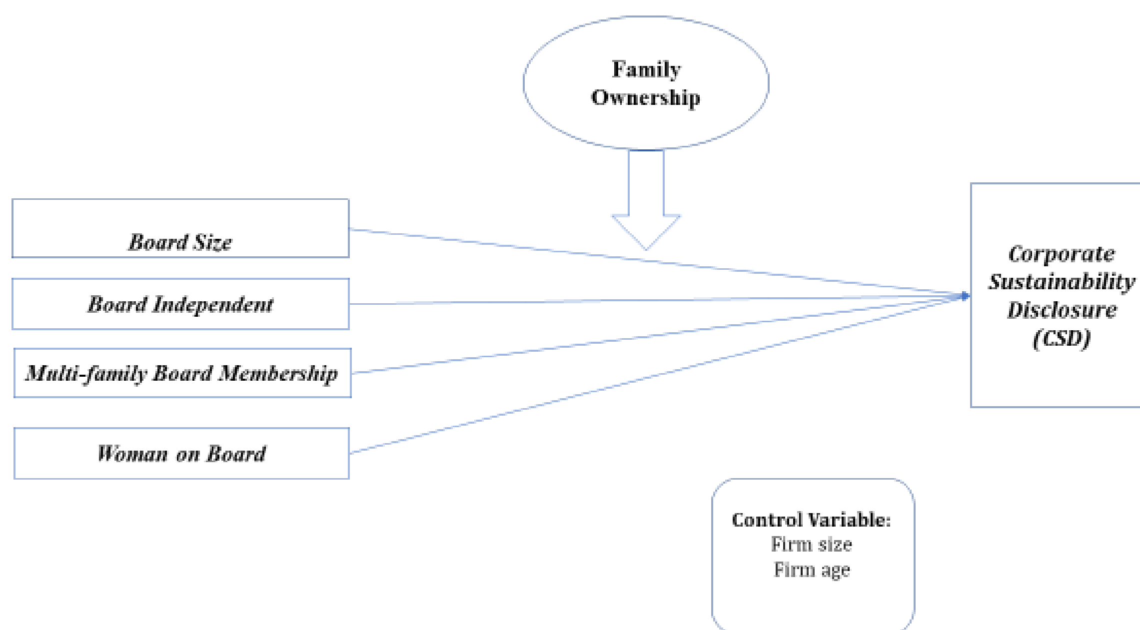

Figure 1 The design of the prospect framework between CG elements and sustainability disclosure.

Conclusion

A comprehensive review of research on the topic of sustainable development and its disclosure, including studies that have offered recommendations on how to improve the transparency of reports on the topic, as well as studies that have examined the factors that influence the accuracy and completeness of such reports.

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