THE JOINT EFFECT OF BOARD INDEPENDENCE AND CSR COMMITTEE ON CSR DISCLOSURE: EVIDENCE FROM ITALIAN LISTED COMPANIES

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Abstract

Sustainability has become one of the key hubs around which the actions conducted by international economic operators revolve. This new perspective, perhaps better defined as "requirement", given its specific weight in the global context, needs analysis of firms' behaviours with regard to sustainability disclosure and the corporate governance (CG) mechanisms influencing the information released. Board of directors and CSR committee are critical CG mechanisms in that sense. This paper aims at investigating the relationship between specifics board characteristics and corporate social responsibility (CSR) disclosure. More specifically, the study investigates the relation between board independence and CSR disclosure, and how this relationship is moderated by the presence of a CSR committee. The analysis has been conducted on a sample of 119 Italian non-financial listed companies. The results obtained, using OLS regression method, show the existence of a positive and significant relationship between board independence and CSR disclosure. Moreover, the findings reveal that the presence of a CSR committee positively moderates the previous relationship, showing the complementary role played by board independence and CSR committee. These results have critical implications for boards, managers, regulators, and policymakers operating to define better corporate governance mechanisms, highlighting the importance of the joint effect of board independence and CSR committee in improving firms' CSR disclosure practices. Our study also has relevant implications for researchers, evidencing the need to study the complementary effects of different CG mechanisms, rather than the single effect, on influencing CSR disclosure.

Keywords: Board Independence, Corporate Social Responsibility Disclosure, CSR Committee

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1. INTRODUCTION

CSR disclosure has become a strategic tool for enhancing companies' image, consensus, trust, and social legitimacy and thus for corporate performance (Bushman & Smith, 2001). As stated by literature, corporate communication plays an important CG function and it can directly or indirectly affect performance through the accounting information released (Bushman & Smith, 2001). Very often researchers focused their attention on the relationship between CG and disclosure (Bushman & Smith, 2001; Healy & Palepu, 2001; Li & Qi, 2008; Prado-Lorenzo, Gallego-Alvarez, & García-Sánchez, 2009; Sanchez, Sotorrío, & Díez, 2011; Garas & ElMassah, 2018; Zaid, Wang, & Abuhijleh, 2019). Most scholars investigated the composition and functioning of the board of directors, considered one of the main CG mechanisms affecting both the level and the quality of the information released (Brennan & Solomon, 2008; Michelon & Parbonetti, 2012; Rao & Tilt, 2016b). In particular, independent directors, that is those directors who do not entertain and have not recently entertained, even indirectly, relations with the issuer or with subjects linked to the issuer, which may condition their autonomy of judgment, as provided by article 3 of Corporate Governance Code, seem to be more willing into enlarging the audience of companies' stakeholders, as well as into encouraging companies to disclose more information about their social and environmental behaviours.

However, in studying the determinants of CSR disclosure, it is important to investigate how different CG mechanisms interact each other in affecting corporate disclosure (Jain & Jamali, 2016; Chang, Oh, Park, & Jang, 2017; Oh, Chang, & Kim, 2018; El-Bassiouny & El-Bassiouny, 2019; Orazalin, 2019; Ullah, Muttakin, & Khan, 2019), in order to understand whether there are interdependencies between different CG mechanisms.

In light of these considerations, this paper, considering two different CG mechanisms such as board independence and the presence of a CSR committee, focuses on the role of the latter as a factor useful to improve the commitment of the board of directors with respect to sustainability aspects.

We conducted the analysis on a sample of Italian non-financial listed companies and found that the relationship between board independence and CSR disclosure is positively moderated by the CSR committee.

The main contribution of this study is to explain the effectiveness of the board of directors' independence on CSR disclosure by investigating how the previous relationship is moderated by the presence of the CSR committee.

The remainder of the paper is organized as follows. The next section reviews the literature to form the basis for hypotheses development. Section 3 describes the sample selection process, the research design, and methodology. Section 4 reports analysis results. Section 5 presents the discussion. Finally, Section 6 presents the conclusions of the study, limitations, and future researches opportunities.

2. LITERATURE REVIEW

Literature has hypothesized and verified empirically that a higher level of independence of the boards of directors can positively influence the level of non-financial disclosure, particularly in terms of sustainability disclosure (Jo & Harjoto, 2011; Johson & Greening, 1999). In fact, it has been shown that a more independent board of directors has the possibility of performing a more efficient monitoring function. As a consequence, board independence is considered an important and effective CG mechanism (Khan, Muttakin, & Siddiqui, 2013; de Andres & Vallelado, 2008; Rao, Tilt, & Lester, 2012; Said, Zainuddin, & Haron, 2009). The presence of independent directors helps to ensure that company's activities are directed to the interests of its shareholders reducing potential conflicts that may arise between majority and minority shareholders, as suggested by agency's theory (Jensen & Meckling, 1976), but also to reduce any conflicts between shareholders and other stakeholders (de Andres & Vallelado, 2008). Based on what is proposed by the Resources dependence theory of Salancik and Pfeffer (1978), independent administrators have a greater capacity to attract key resources for business performance through the creation of contacts and external relations with different categories stakeholders that can improve the company's reputation (Certo, Daily, & Dalton, 2001). According to Johnson and Greening (1999), independent directors, representing various stakeholders and knowing the critical contingencies with which companies have to deal, may be more likely to meet sustainability standards to avoid sanctions, fines, and negative exposure resulting in a loss of reputation. Independent directors have closer relations with stakeholders and know their expectations better (Ibrahim & Angelidis, 1995); they know better the environment and are usually more efficient in controlling external contingencies (Fernández-Gago, Cabeza-García, & Nieto, 2016). Thus, the boards of directors with higher levels of independence will better motivate companies to engage in CSR activities (Haniffa & Cooke, 2005; Khan, 2010; Fernández-Gago, Cabeza-García, & Nieto, 2018). This is due to the reputational effect that companies behaviours have on independent directors, which is even stronger, as higher is the number of relationships they have with external stakeholders (Zahara & Stanton, 1988). Therefore, compliance with the law and the conduct of socially responsible behaviour is of great interest, and boards with more independent directors are more likely to ensure them (Rao et al., 2012).

Also, Wang and Dewhirst (1992) discovered that external administrators are likely to be more stakeholder-oriented and more aware of their expectations. Johnson and Greening (1999) found empirical support for their hypothesis that the presence of external administrators is positively associated with the company's social performance.

The theoretical argument behind these results is that being more dedicated to stakeholder expectations, independent directors will increase their prestige and role in the company and will, therefore, be more likely to encourage the company to undertake CSR activities.

Previous considerations led scholars to sustain and empirically verify that the presence of independent external administrators is a determining factor for the dissemination of CSR information (Chen & Jaggi, 2000; Cheng & Courtenay, 2006; Prado-Lorenzo et al., 2009). Amran, Lee, and Devi (2014), for example, stated that greater board independence encourages the company to assume a higher level of accountability and transparency, facilitating higher levels of disclosure on sustainability.

So based on these considerations we hypothesize that:

Hypothesis 1 (H1): There is a positive relationship between board independence and CSR disclosure.

Many previous papers, investigating the relationship between CG mechanisms and CSR disclosure, analysed how a specific CG mechanism individually influences CSR disclosure. However, Aguinis, Boyd, Pierce, Short, Dalton, and Dalton (2011) as well as Jain and Jamali (2016) suggested the use of a multi-level approach, in order to understand the interdependence between different CG mechanisms. This paper goes further in this line of research by investigating how the previous relationship is moderated by the presence of a CSR committee.

In recent years, the number of companies that established a CSR committee within the board of directors increased (Birindelli, Dell'Atti, Iannuzzi, & Savioli, 2018). The CSR committee is a subcommittee of the board of directors, delegated to manage sustainability and social responsibility issues from the perspectives of risks, strategic opportunities, and commitments to stakeholders (Michals, 2009). Considered its ability to fulfil stakeholder needs, the establishment of a CSR committee responds to the statements of stakeholder theory (Baraibar-Diez & Odriozola, 2019, Salvioni & Gennari, 2019).

The purposes of a CSR committee are to systematically plan, implement, and review sustainability policies and activities (Liao, Luo, & Tang, 2015). As a consequence, the presence of a CSR committee is considered a proxy of the board's orientation towards sustainable development (Hussain, Rigoni, & Orij, 2018).

The relevance of a CSR committee is recognized also by several guidance and CG codes. However, in CG codes the establishment of a CSR committee is mainly not explicit and included as other board committees (Baraibar-Diez & Odriozola, 2019). In Italy, for example, the CG code suggests companies belonging to the FTSE-Mib index of Milan Stock Exchange to establish a committee dedicated to the supervision of sustainability issues in the comment to the article 4 "Establishment and functioning of board committees" (CGC, 2018).

With respect to sustainability disclosure, the CSR committee has to ensure the quality of the sustainability reporting policies of the company (Michelon & Parbonetti, 2012). According to Fuente, García-Sanchez, and Lozano (2017), the release of information on sustainability issues is the most important purpose of the CSR committee. For this reason, the presence of a CSR committee is viewed as an effective mechanism useful for improving both the quantity and the quality of CSR disclosure provided to stakeholders (Garcia-Sanchez, Gómez-Miranda, David, & Rodríguez-Ariza, 2019a).

Many authors have investigated the relationship between the presence of a CSR committee and the disclosure released on sustainability issues, hypothesizing a positive association between these variables. Several studies found a positive relationship between CSR committee and sustainability disclosure (Cucari, Esposito De Falco, & Orlando, 2018; Fuente et al., 2017; Mahmood, Kouser, Ali, Ahmad, & Salman, 2018; Pucheta-Martínez, & Gallego-Álvarez, 2019) or environmental disclosure (Konadu, 2017; Liao et al., 2015). On the contrary, few researchers found a weak or non-significant relationship (Michelon & Parbonetti, 2012; Rupley, Brown, & Marshall 2012).

All previous studies measured the presence of a CSR committee using a dummy variable, equal to 1 if the company has a CSR committee and 0 otherwise. Moreover, all previous studies mainly considered the CSR committee as an independent variable in larger models. Exclusively García-Sánchez, Gómez-Miranda, David, and Rodríguez-Ariza (2019b) used the CSR committee as a mediator variable in the relationship between board independence and GRI-IFC performance standards. This paper differs from previous researches because it considers the presence of a CSR committee as a moderating variable, that can affect the relationship between board independence and CSR disclosure.

The basic idea is that, in affecting the sustainability disclosure, board independence, and the CSR committee act as complementary mechanisms. As a consequence, the propensity and effectiveness of independent directors to stimulate a higher level of CSR disclosure could increase if the company has established a CSR committee within the board. Most previous studies investigating the relationship between board of directors and CSR disclosure included in their empirical models different board characteristics as independent variables, such as board independence, gender diversity, board size, role duality, the presence of a CSR committee, and so on. However, to the best of our knowledge, no studies have been conducted to analyse how different board characteristics interact with each other in affecting CSR disclosure. In this paper, we try to fill this gap by investigating how board independence and the presence of a CSR committee interact with each other in affecting CSR disclosure. The aim is to understand whether these board characteristics act as substitute or complement in affecting corporate disclosure.

On the basis of previous consideration, in this study, we measure the presence of a CSR committee using a dummy variable, equal to 1 if companies have a CSR committee and 0 otherwise, and hypothesize that the relationship between board independence and CSR disclosure is moderated by the presence of a CSR committee. More specifically, we state the following hypothesis:

Hypothesis 2 (H2): The presence of CSR committee positively moderates the relationship between board independence and CSR disclosure, in the sense that companies with a CSR committee have a stronger positive relationship between board independence and CSR disclosure.

3. METHOD

3.1. Sample selection and data source

The original sample consisted of all 374 Italian companies listed on the Milan Stock Exchange at the end of December 31, 2017. Financial and insurance companies were excluded from the original sample, as well as all the companies that did not provide non-financial information. We also excluded some companies for which we could not find governance structure or financial information data. The final dataset was composed of 119 listed companies. We collected accounting and financial data from the Orbis – Bureau Van Dijk. Data on the CG structure were gathered from the CG reports of each company.

To collect data on CSR disclosure, we content analysed (Krippendorff, 2013) the sustainability report annually produced and released by companies.

3.2. Variables

Dependent variable. Our dependent variable is CSR disclosure (*CSRDisc*). The coding procedure was organized as follows. First, we identified the items of CSR disclosure required by the Directive 95/2014. We focused on the requirement to release non-financial key performance indicators related to environmental, social, and employee matters, human rights, and anti-corruption matters. Once identified CSR disclosure items, we analyzed each sampled company sustainability report and collected information for each item. We assigned a score of 1 to each non-financial key performance indicators released. *CSRDisc* was measured by counting the number of non-financial key performance indicators released.

Independent and moderating variables. Board independence (*BoInd*) has been measured as the ratio between the number of independent directors appointed by minority shareholders and the total number of board members. We agree with part of the literature that considers this as the best proxy for board independence, especially in the Italian context, characterized by high ownership concentration. In these contexts, in fact, it is common that the control power of independent directors is limited by the presence of one or more blockholders, that play an active role in the management; indeed, it is not unusual for them to have a seat in the board or to assume the role of CEO (Brunello, Graziano, & Parigi, 2000; Connelly, Hoskisson, Tihanyi, & Certo, 2010). We computed the moderating variable (*CSRCom*) using a dummy variable equal to 1 if there are a CSR committee and 0 otherwise.

Table 1. Description of variables and measurement

Variable	*Description*	*Measurement*	*Source*
Dependent variable			
CSRDisc	CSR disclosure	Number of non-financial key performance indicators related to environmental, social and employee matters, human rights, and anti-corruption matters.	Sustainability report
Independent and moderating variables			
BoInd	Board independence	Ratio between independent directors appointed by minorities and the total number of boards directors.	CG report
CSRCom	CSR committee	Dummy variable that assumes the value of 1 if the CSR committee is present and 0 otherwise.	CG report
*BoInd*CSRCom*	Interaction term	Interaction between two CG mechanism.	
Control variables			
BoSize	Board size	Number of directors.	CG report
BoExec	Board executive	Percentage of executive directors on the total number of directors.	CG report
BoMeetings	Board meetings	Number of board meetings during the year.	CG report
RoleDual	Role duality	Dummy variable equal to 1 if the board chairman has also the role of CEO and 0 otherwise.	CG report
Multidirect	Multidirectorship	Total number of directors holding positions in other companies.	CG report
Big4	Big four auditor company	Dummy variable assuming value 1 if the company has as its auditor one of the big fours, otherwise 0.	CG report
Size	Size	Natural logarithm of total assets.	Orbis
Lev	Leverage	Long-term debt divided by total assets.	Orbis
TobinQ	Tobin's Q	Natural logarithm of the ratio between the market value the balance sheet value of assets.	Orbis
FinDisc	Financial disclosure	Quantity of voluntary financial information disclosed by companies, through various financial number of financial key performance indicators released.	Annual report
SustSensSect	Sustainability sensitive industry	Dummy variable equal to 1 if the company operates in a sustainability sensitive sector, 0 otherwise.	Orbis

3.3. Descriptive statistics

Table 2 shows the descriptive statistics of variables.

Table 2. Descriptive statistics

Variable	*Obs*	*Mean*	*Std. dev.*	*Min*	*Max*
CSRDisc	119	30.9916	15.02455	9	87
BoInd	119	.1065488	.1367396	0	.5714286
CSRCom	119	.1932773	.3965382	0	1
*BoInd*CSRCom*	119	.0365792	.0997626	0	.4444444
BoSize	119	9.882353	2.446639	5	17
BoExec	119	.2626387	.1454495	.0666667	.7142857
BoMeetings	119	9.588235	4.514406	2	29
RoleDuality	119	.2605042	.4407656	0	1
Multidirect	119	5.705882	3.090041	0	13
Big4	119	.9327731	.2514734	0	1
Size	119	13.89938	1.625785	11.03492	18.86306
Lev	119	.1794182	.1421403	0	.6188938
TobinQ	119	.7193755	.7766337	0.02	3.62
FinDisc	119	12.7563	3.422177	4	23
SustSensSect	119	.1932773	.3965382	0	1

CSRDisc shows an average value of 30,99; the minimum and maximum values are respectively 9 and 87. Sampled companies disclosed on average 31 indicators. The high distance between the minimum and maximum values and the standard deviation of 15,02 indicate a variety of behaviours adopted by companies with respect to CSR disclosure. The presence of companies that communicate only 9 indicators puts on evidence of how CSR disclosure is still considered a simple implementation of law requirements. Firms do not attribute to CSR disclosure a strategic role for the CG and relationship with its stakeholders.

Passing to the independent variable, *BoInd* varies considerably among companies, passing from 0% to 57.14%, the average value is 10.65%. This value is relatively low.

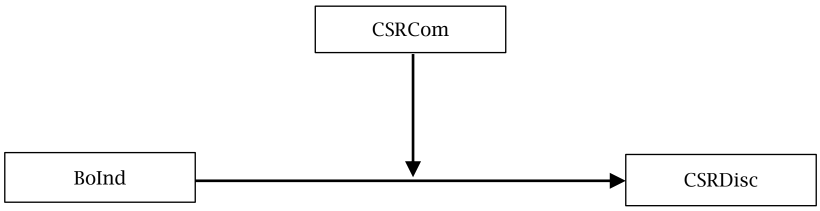
The average value of *CSRCom* shows that only 19,32% of sampled companies have a CSR committee.

With respect to the control variables, *BoSize* average value is 9,88, with a value of 5 and 17 as a minimum and a maximum number of board members, respectively. The average value assumed by *BoExec* is 26,26%, with a minimum value of 6% and a maximum of 71,42%. The value of board meetings (*BoMeetings*) is 9,58 a year, with 2 meetings as the minimum number and 29 as maximum. On average, 26,05% of companies are characterized by *RoleDuality*. A *Big4* is present in 93,27% of companies, and *Multidirect* shows a considerable average value. 19,32% of sampled companies operate in a sustainability sensitive industry. The average value of *FinDisc* is 12,75, with a minimum value of 4 and a maximum of 23. The average *Size* is 13,89%, the average Lev is 17,97%, the average *TobinQ* is 71,93%.

Before doing a regression analysis, we investigated the correlations among model variables (see Table A.1 in Appendix A).

4. REGRESSION ANALYSIS

The following figure shows the research model we used:



We developed the following regression model to test the hypotheses developed:

$$\begin{aligned} CSRDisc = \alpha + \beta_1\, BoInd + \beta_2\, CSRCom + \beta_3\, BoInd * CSRCom + \beta_4\, BoSize + \beta_5\, BoExec + \beta_6 BoMeetings \\ + \beta_7\, RoleDual + \beta_8 Big4 + \beta_9 Size + \beta_{10} Lev + \beta_{11} TobinQ + \beta_{12} FinDisc \\ + \beta_{13}\, SustSensSect + \beta_{14} MultiDirect + \varepsilon \end{aligned} \tag{1}$$

Table 3 shows the results of regression models, providing evidence for the hypotheses developed.

In Model 2 we report the direct effect of independent and control variables on *CSRDisc*. In Model 3 we show the moderating effect of *CSRCom* in the relationship between BoInd and *CSRDisc*. Model 3, based on all the variables, better explains the context under analysis, showing a higher R^2.

Findings of Model 2 confirm our first hypothesis: there is a significant and positive relationship between BoInd and *CSRDisc*. The coefficient of *BoInd* is statistically significant at better than the 5 per cent level for explaining variations in the *CSRDisc* (β = 25.365, p < 0.10). This means that a larger number of independent directors, appointed by minorities, impacts positively on the level of CSR disclosure. Model 3 also confirms our second hypothesis: *CSRCom* is statistically significant (β = 46.95, p < 0.10). Thus, the presence of a CSR committee positively moderates the relationship between BoInd and *CSRDisc*.

With respect to the control variables, all models present a statistically significant and positive *Big4* coefficient. This highlights that companies with a *Big4* as auditors present a higher level of CSR disclosure. In fact, as evidenced by our previous researches, auditing companies play an effective monitoring role and positively affect companies' compliance with norms and standards requirements. Auditing companies have built a great image and reputation over the years by its irreproachable operate, as a result, a company with a Big4 as an auditor is more inclined to CSR policy, providing a higher level of disclosure.

Furthermore, *TobinQ* presents a statistically significant and negative coefficient, showing that companies with higher performance are less inclined to disclosure.

Table 3. Regressions

Variables	*Model 1 Control variables*	*Model 2 Direct effect of BoInd*	*Model 3 Interaction effects between BoInd and CSRCom*
BoInd		25.36599** 2.30	16.63098 1.40
CSRCom		5.49617 1.39	-1.640556 -0.30
*BoInd*CSRCom*			46.95361* 1.86
BoSize	0.3274165 0.45	.2633296 0.37	.2889225 0.41
BoExec	-1.15244 -0.10	-.782456 -0.07	.5273684 0.05
BoMeetings	.2369564 0.74	.2027375 0.65	.2267002 0.73
RoleDuality	-11.03565 -1.46	-3.149214 -0.99	-3.590565 -1.14
Multidirect	-.2799809 -0.51	-.0730568 -0.13	.1979654 0.35
Big4	10.40632* 1.81	10.45072* 1.85	10.5996* 1.90
Size	1.547848 1.31	.5817801 0.47	.0620626 0.05
Lev	-6.694213 0.38	5.924825 0.58	4.118439 0.40
TobinQ	-3.649419** -1.95	-3.552866** -1.94	-2.97245 -1.61
FinDisc	-.2967838 -0.70	-.1256326 -0.30	-.1612922 -0.39
SustSensSect	-.5342373 -0.15	-1.368045 -0.39	-1.693069 -0.48
_cons	1.651346 0.10	9.648439 0.59	15.49199 0.94
N	119	119	119
F-Statistic	2.34	2.65	2.77
Probability > F	0.0107	0.0030	0.0016
r^2	0.2091	0.2472	0.2714

*Note: * p<0.10; ** p<0.05; *** p<0.01.*

5. DISCUSSION

Our results show that board independence is a mechanism that affects positively the amount of CSR information released by companies. These results are in line with previous studies (Cuadrado-Ballesteros, Rodríguez-Ariza, & García-Sánchez, 2015; Fernàndez-Gago et al., 2018; García-Sánchez, Cuadrado-Ballesteros, & Sepulveda, 2014; Sanchez et al., 2011) that investigated the role of board independence on companies' disclosure since it plays a relevant monitoring function (Khan et al., 2013; de Andres & Vallelado, 2008; Rao et al., 2012; Said et al., 2009), addressing companies' activities towards a more transparent and accountable behaviour. Independent directors protect the interest of all stakeholders to have more information about activities that companies perform and the results they achieve.

This is mainly due to the reputational effect to which they are subjected. Independent directors, in fact, having more direct relationships with companies' stakeholders, are subjected to their judgements, which push them to better motivate companies to engage in CSR activities (Haniffa & Cooke, 2005; Khan, 2010). Their reputation strongly depends from the ethical and responsible behaviour placed by companies (Zahara & Stanton, 1988), so they stimulate companies to adopt measures that make them operate sustainably and to release information about this to stakeholders (Chen & Jaggi, 2000; Cheng & Courtenay, 2006; Prado- Lorenzo et al., 2009).

Since the relevance that sustainability has progressively assumed in the last decades, consumers, and in general all stakeholders, are paying growing attention to the sustainability of companies' behaviours. This represents for companies, on one side, an opportunity of entering new businesses or expanding their own market share and, on the other, an obligation to disclose more information on their activities, following the Directive 95/2014 requirements.

In this direction, an important role is played by the presence of the CSR committee within the board of directors, which seems to have a stimulating effect on addressing companies' behaviour towards sustainability disclosure. Our findings, in fact, show that the CSR committee plays a moderating role in the relationship between board independence and CSR disclosure, enforcing board independence as a corporate governance mechanism that stimulates companies to disclose more information on the sustainability of their activities.

This means that the independent directors of companies with a CSR committee within the board of directors are encouraged to better perform their role of stimulating CSR behaviours and the related disclosure, compared to companies that did not establish a CSR committee. This confirms the possibility of considering the presence of a CSR committee as a proxy of the board's orientation towards sustainable development (Hussain et al., 2018) and the relevant role it plays in enhancing CSR disclosure, as confirmed by CG codes that suggest the establishment of this committee within the boards of directors, recognizing its effective role into enhancing sustainability disclosure.

This is due to the mission CSR committee has to ensure the quality of the sustainability reporting policies of the company (Michelon & Parbonetti, 2012). So as previous empirical evidence show, it potentially acts also as a standing alone governance mechanism (Cucari et al., 2017; Fuente et al., 2017; Mahmood et al., 2018; Pucheta-Martínez, & Gallego-Álvarez, 2019) into favouring CSR quantity and quality disclosure by companies. However, as our results showed, its effect in that direction is strengthened when it interacts with higher board independence.

In fact, our study showed how the presence of different CG mechanisms can have a multiplicator effect on the quantity of information released by companies. This means that there is interdependence between different CG mechanisms, that requires the use of a multi-level approach, as suggested by Aguinis et al. (2011) and Jain and Jamali (2016).

The presence of CSR committee enhances the monitoring role that the most of literature assigns to independent directors (Khan et al., 2013; de Andres & Vallelado, 2008; Rao et al., 2012; Said et al., 2009), making it even more effective into protecting the interest of shareholders and to avoid information asymmetries. This makes companies behaviour, especially in reference to CSR, more accountable, and transparent for stakeholders. Our results have relevant implications for boards, managers, regulators and policymakers operating to define the better corporate governance mechanisms, showing the key role that CSR committee can play into addressing companies' behaviour towards a more responsible and sustainable model, as required by the Directive 95/2014, and highlighting the importance of the joint effect of board independence and CSR committee in improving firm's CSR disclosure practices. Following the stakeholder approach, companies have to take into consideration all the several interests, economic, social, environmental and human, that gravitate around, because their satisfaction is crucial to success. So, the growing relevance of sustainability issues, in the large sense of the term, influences the corporate strategies, giving the possibility to increase corporate value and success.

6. CONCLUSION

This study contributes to the existing literature in several ways. First, we develop a new CSR disclosure index on the basis of the Directive 95/2014, that could find application in future research related to European firms on this topic. Secondly, our findings evidenced the relevant need to study the joint effects of different CG mechanisms, rather than the single effect, in influencing CSR disclosure. In this way, our study can give a contribution in explaining the divergent empirical results scholars highlighted about the effectiveness of board independence in stimulating CSR disclosure, showing the way to solve the dilemma about the effectiveness of board independence: it is a better CG mechanism when other CG mechanisms are in place, i.e., the CSR committee.

To the best of our knowledge, this is the first study that analyses the moderating role that the CSR committee can play in the relationship between board independence and CSR disclosure for Italian firms. This study can be particularly relevant for some contexts, like the Italian one, where firms' ownership is concentrated in the hands of few shareholders and the efficacy of board independence is reduced. The presence of the CSR committee strengthens the role of board independence, pushing companies towards a more accountable and transparent behaviour.

However, this study has also some limitations, that require further researches to be overcome. First, the sample includes only Italian companies and the analysis is limited only to one year, so the results may not be extended to other countries. Thus, future studies may use the same variables to analyse other contexts, improving the extensibility of the results. Moreover, this study considers exclusively the quantity of CSR information released and does not consider the quality, that could be analysed by future studies considering the attributes of information disclosed, such as the time orientation, the nature and the type of disclosure. Finally, it considered the overall CSR disclosure, which includes all environmental, social and human capital, human rights and corruption disclosure. It could be interesting in future research to analyse the effect it plays in enhancing each of these disclosure categories.

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APPENDIX A

Table A.1. Correlation matrix

	CSRDisc	***BoInd***	***CSRCom***	***BoInd*CSR Com***	***BoSize***	***BoExec***	***BoMeetings***	***Role Duality***	***Big4***	***Size***	***Lev***	***TobinQ***	***FinDisc***	***Sust sens sect***	***Multi direct***
CSRDisc	1														
BoInd	0.3493*	1													
	0.0001														
CSRCom	0.2535*	0.2973*	1												
	0.0054	0.0010													
*BoInd*CSRCom*	0.3996*	0.5404*	0.7523*	1											
	0.0000	0.0000	0.0000												
BoSize	0.1298	0.0937	0.0411	-0.0006	1										
	0.1595	0.3108	0.6571	0.9949											
BoExec	-0.2183*	-0.1992*	-0.2430*	-0.2710*	0.2111*	1									
	0.0171	0.0298	0.0078	0.0029	0.0212										
BoMeetings	0.1003	0.1003	-0.0356	0.0457	-0.0374	-0.2227*	1								
	0.2779	0.2779	0.7003	0.6215	0.6862	0.0149									
RoleDuality	-0.2428*	-0.2144*	-0.2420*	-0.2010*	-0.2228*	0.1981*	-0.0990	1							
	0.0078	0.0192	0.0080	0.0284	0.0149	0.0308	0.2843								
Big4	0.1883*	0.0420	0.0464	0.0566	0.2074*	-0.2253*	-0.1814*	-0.0700	1						
	0.0403	0.6499	0.6162	0.5407	0.0236	0.0137	0.0484	0.4492							
Size	0.3182*	0.4527*	0.4751*	0.5787*	0.3699*	-0.4003*	0.0554	-0.2864*	0.1903*	1					
	0.0004	0.0000	0.0000	0.0000	0.0000	0.0000	0.5498	0.0016	0.0381						
Lev	0.2001*	0.1369	0.2283*	0.2984*	0.2123*	-0.1891*	0.1211	-0.0644	0.0288	0.3717*	1				
	0.0291	0.1376	0.0125	0.0010	0.0205	0.0394	0.1894	0.4867	0.8057	0.0000					
TobinQ	-0.1984*	-0.0529	0.1140	-0.0901	0.1249	0.1496	-0.2223*	0.1157	0.0912	-0.0174	-0.1767*	1			
	0.0338	0.5680	0.2168	0.3299	0.1759	0.1043	0.0151	0.2103	0.3238	0.8509	0.0546				
FinDisc	0.0670	0.0200	0.1724*	0.1990*	0.0684	-0.0662	0.0203	-0.0137	0.2073*	0.3466*	-0.0069	-0.0297	1		
	0.4688	0.8294	0.0608	0.0300	0.4598	0.4741	0.8263	0.8821	0.0237	0.0001	0.9406	0.7482			
SustSensSect	0.0998	0.2643*	0.1916*	0.2879*	-0.0375	-0.2129*	0.2153*	-0.0966	-0.0386	0.3038*	0.0921	-0.0488	0.0787	1	
	0.2800	0.0037	0.0369	0.0015	0.6855	0.0201	0.0184	0.2961	0.6771	0.008	0.3190	0.5983	0.3948		
Multidirect	0.0279	-0.0471	0.1367	-0.0846	0.5682*	-0.3011*	-0.0750	-0.1673*	0.0725	0.2253*	0.0830	0.2002*	0.0140	-0.0570	1
	0.7635	0.6112	0.1382	0.3601	0.0000	0.0009	0.4177	0.0690	0.4333	0.0138	0.3697	0.0291	0.8799	0.5384	

*Note: * p<0.10; ** p<0.05; *** p<0.01.*