ISSN: 2456-7760

THE ROLE OF THE SUSTAINABILITY REPORT IN PROVIDING NON-FINANCIAL INFORMATION – EVIDENCE FROM SAUDI ARABIA

Dr.Mohamed Wedad Alardi

Associate Professor of Accounting College of Business – Rabigh King Abdulaziz University

Dr.Sultan Mohamed Omar Altass

Assistant Professor of Accounting & Finance College of Business – Rabigh
Vice Dean of Quality and Accreditation King Abdulaziz University

Abstract

Purpose:

This Study investigates with the deficiency of financial reports in providing non-financial information, which has become one of the most important information that users need. It also examines the role of the sustainability report as one of the voluntary disclosure mechanisms in providing non-financial information and its impact on supporting relevance level of information contained in the financial reports as well as the impact on supporting financial reports ability to communicate effectively with its users.

Methodology:

To verify the validity of the study hypotheses, this study conducted experimental investigation on companies listed on the Saudi Exchange Index MSCI Tadawul 30, for the period of three years 2017, 2018 and 2019

Practical Results:

The results of experimental Study showed a low rate of availability of non-financial information in the financial statements of companies listed with an MSCI Tadawul 30 index. The results also showed that the sustainability report supported by proposed development has an important role in increasing the level of relevance of the information contained in the financial reports to the needs of its users.

Authenticity/ Value:

The research significance is further established through the study by IFAC discussion of the necessity to consider sustainability as an essential pillar of the financial reporting process, as it is a primary driver of the value creation process within the company. Sustainability reports will also allow the following:

- Understanding the establishment performance and its economic, environmental, and societal impacts.
- Awareness of risks and opportunities surrounding operations.
- Identifying the problems that concern stakeholders.
- Understanding the nature of the broader concept of sustainability and what it requires of understanding the impact of operations on national economic performance.

Keywords: Global Reporting Initiative (GRI), Voluntary Disclosure, Non-Financial Information, Sustainability Report.

1-Introduction:

The financial reporting model, in its current state, suffers from several shortcomings, which are represented in (***Robert, Block, 2011)***:

- Financial reports do not analyze the non-financial aspects of the deals.
- Financial reports announce issues that have actually happened without focusing on the future but focusing on the past.
- Disclosure of non-actual values of assets, even if a reduction test is performed, then an increase is not allowed except in certain cases.
- Lack of recognition of internally generated intangible assets, which represent the most important drivers of value in many modern business establishments.

Current forms of financial statements show an increase in companies' tendency to disclose non-financial information (narrative) and other disclosures that are not based on accounting standards. The main objective of providing said information is to reach full disclosure that includes both financial and non-financial information to enable users from making the wiser decisions based on what this information offer to reduce many shortcomings relevant to the provided information based on accounting standards. As the efficiency of the reports is increased by enhancing disclosure, which is consistent with the requirements for developing financial reports that shall guarantee (***KPMG, 2018***):

- Effective communication with stock markets.
- Analysis of incoming information in financial statements.
- Development of administrative report to include many non-financial information in information inconsistencies between the management and reports users.
- Not focusing on disclosure of financial information only, but rather providing a complete picture of performance by providing non-financial information.

In the same regard, the study conducted by the International Federation of Accountants (***IFAC***) has confirmed that despite what has been achieved of financial reports development, the usefulness of these reports to their users has not improved significantly due to the low materiality of most information provided in these reports. The study asserted, in light of a survey by the members organizations, the need for raising the quality levels of financial reports through informing of any non-financial indicators relevant to the main work fields to serve as a guide for users; ensuring that the broader context of the information users need is met (***IFAC, Feb 2009***). Additionally, a study by Institute of Chartered Accountants in England and Wales (***ICAEW***) identified the characteristics of the financial information that fulfill investors need as follows ***(ICAEW, Jan 2011)***

- Useful and enhance users understanding.
- Available at the appropriate time.
- Include a description of the company strategy, purpose, and the risks surrounding it.

- Include an explanation for the role of the Board of Directors to supervise opportunities and risk management strategies.
- It can be accessed in an appropriate and integrated manner with other information to obtain a complete picture of the company.
- Include using Key Performance Indicators (***KPIs***); for what these indicators provide, whether it is in the form of financial or non-financial disclosure, of a more complete picture of performance as well as how to manage and execute felicity strategy.

In response to the need to provide non-financial information, it has emerged voluntary disclosure appeared as a result of the company's interaction with the market mechanisms, which is the case that usually requires the availability of more information than is provided based on accounting standards in order to reach the goal of the disclosure system, which is to provide users with fair and non-misleading information representing economic transactions honestly, which contributes to the fulfillment of the market hypothesis. Efficiency where the information is easily available and free of cost to ensure a rapid response to the needs of users ***(Luminita Enache et al ,2020) (Johua Ronen et al, 2002)***, ***(Marco Di Maggio, Marco Pagano,2018) (Daniel A. Cohen, 2003)***, In light of the increasing interest in providing a lot of information in addition to the information contained in the financial reports, a recent trend has represented in the formation of the Integrated International Reporting Council (***IIRC***) in August 2010 by world leaders in investment, major companies, global accounting bodies (***IFAC– IASB- FASB***), and academics; with the aim of setting a new method to present financial reports. This method is represented in preparing Integrated Reports to fulfill users' needs in the 21st century on financial and administrative bases in a manner that reflects the interdependence of the entity's performance. **IIRC had then confirmed that integrated reports** are reports that consist of financial and non-financial information about the organization's strategy, control, performance, and expectations in a manner that reflect the environmental, social, and economic context in which it operates and provides a clear and accurate representation of how shareholder values are achieved and how to maintain them. The need for this report stem from many changes in the way business is performed including globalization, the need for more transparency and accountability, resources scarcity, as well as the increasing need of stock markets for non-financial information. IIRC is currently working toward preparing a framework that control the integrated reporting process, in order to facilitate the preparation of the integrated report and the wide range of information needed by stakeholders it contains. **Therefore, an integrated report** is a tool that ensure enhancing the current disclosure level and enriching the reports preparation process, and the principles and concepts that control its preparation goes hand-in-hand with accounting standards ***(Ezeoha Bright Amacha1et al, 2017) (Sumon Das, et al, 2015) (IIRC, Sep 2011).***

2-Literature review:

Accounting information represents the basis on which decisions in the financial markets are based, as this information represents the strength of those who own it because of its direct and indirect impact on investor decisions and thus the effect on the level of capital market efficiency, which means that the activation of financial markets needs to provide level financial reports.

Disclosure that includes providing the information that users need ***(Lambert, Christian, Verrecchia, 2007) (Itay Goldstein and liyan Yang,2017)***, The concept of disclosure is defined as communicating with stakeholders by providing information about the events and activities of the company, including the relations between it and the parties influencing the company in order to allow investors to make decisions Conscious investment ***(EU, CEPS, 2003),*** many studies have addressed the current deficiency in accounting disclosure and concluded that the causes of deficiencies are determined in two types of problems:

First problem: Complex financial reporting:
The International Federation of Accountants (***IFAC***) emphasized that one of the most important difficulties that negatively affect users' understanding of the company's financial performance through financial reports is the problem of the complexity of those reports and the consequence of this complexity of concealing information that users need, and the absence of that information pushes users to obtain it from sources. The alternative that provides the information they need, but without any guarantee of the reliability of the information of those sources or the extent of honest expression of their information ***(CFA, 2013) (IFAC, 2010)***.

Second problem: **Information asymmetry between management and users of financial reports:**

ICAEW emphasized that the failure of accounting disclosure in financial reports to send signals about the approaching occurrence of financial crises is a result of the asymmetry of information between information available to management and information provided to users of financial reports, which necessitates strengthening the current disclosure with many information, especially information about risks and non-financial information, in order to support the efficiency Financial Markets ***(ICAEW, 2013)(CFA, 2013)***.

<u>The provision of non-financial information is one of the most important approaches to developing financial reports</u>, Hussain emphasized that measuring and evaluating performance is the key to long-term success, which shows the need for performance measurement systems that are compatible with developments and changes in the business environment to allow a good understanding of the administrative performance and the competitiveness of the enterprise and the extent of progress in implementing the followed strategy, which is what financial information does not provide such as earnings per share. EPS and the return on investment (ROI), which confirms the need to develop performance measurement systems to ensure the evaluation of the financial and non-financial dimensions by adding non-financial measures to the financial information, especially with non-financial information being one of the most important information needed to develop financial reports ***(Md Mostaque Hussain, 2005)(Dániel Gergely Szabó et al, 2015)(Dipankar Ghosh, Anne WU, 2006)(Abdelmoneim A. Awadallah, et al, 2018).***
The important role of non-financial metrics has led to the development of financial reports by predicting future financial performance to be considered as leading indicators, where quality measures are relied on to show the rate of profit margin growth as well as reliance on customer satisfaction to indicate future growth rates of profits, which confirms the need to support The spread of this information to companies, especially with what it guarantees to demonstrate the

Vol. 5, No.06; 2021

ISSN: 2456-7760

long-term effects of current decisions. ***(Christian Hofmann, 2001)(Michael Erkens et al, 2015),*** and Lacker Ittner also emphasized that modern performance measurement systems are given less importance to financial measures, and this was accompanied by an increase in the trend. For relying on non-financial information, however, it is still important to continue linking the information, both financial and non-financial, in order to obtain an integrated picture of the company's performance (***Christopher Ittner, David Lacker, 2003)(Timothy Wang, 2019)***, and in another study by Authors Ittner, Lacker They found that expanding the use of non-financial information contributes to the development of financial reports through ***(Christopher Ittner et al, 2000)(Soenke Sievers, 2013)***:

1- Overcoming the short term of financial measures, where non-financial information is closely related to long-term strategies,

2- Helping to provide information on intellectual capital that financial reports ignore to recognize.

3- The vital role in predicting financial performance in the future, for example customer satisfaction has positive effects on sales, as well as spending on research and development negatively affects financial results because it is included as an expense and is not capitalized except under complex conditions, but non-financial information contributes to clarifying the consequences of these expenditures. Future returns estimated at $ 6 for every dollar of current investment

4- Providing information about the results and effects of administrative procedures and decisions, considering the non-financial information as measures less affected by external influences and more accurate measures of the internal performance of the company and therefore it is useful for managers (to know the results of their work to maximize performance) as well as for investors.

5- The vital role of non-financial measures when developing or implementing strategy as well as when making strategic decisions, non-financial information plays an important role ***(Alnoor Bhimani, Kim Lang field - Smith, 2007) (ECGI,2013)(Alnoor Bhimani et al, 2013)***:

A- Helping to activate strategies, whether in the development or implementation stages.
B- Helping to make strategic information more clear and thus impactful

Positive for strategic decision-making.

C- Helping to show the progress in implementing the set strategies.

Voluntary disclosure represents the mechanism used to develop accounting disclosure as an input to the development of financial reports in relying on voluntary disclosure practices, as the mandatory accounting disclosure provided by relying on international financial reporting standards carries a small level of disclosure between the company and its investors, which makes it imperative to support this level of disclosure by resorting to Voluntary disclosure as a practice aimed primarily at ***(Hubert de la Bruslerie et al, 2014)***:

1- Providing users with more relevant information that allows them to go beyond the information contained in the mandatory disclosure

2- Providing information included by explaining the interrelation between the two types of mandatory and optional disclosure

3- Contribute to increasing the quality of information through the strategic role that the voluntarily disclosed information achieves, complementing the mandatory disclosed information.

4- Reducing the level of information asymmetry between management and users of financial reports. This is achieved through the fact that voluntary disclosure is a dynamic, long-term process.

Authors believes that the sustainability report represents one of the most important voluntary disclosure mechanisms for providing non-financial information as it is With increasing interest in providing non-financial information and other information that works to meet the needs of the users of the reports and the abundance of mechanisms aimed at achieving the greatest extent to meet the needs of the users of the reports, and given that the preparation of integrated reports is still under preparation and training, a modern concept has emerged in this regard, which is the concept of sustainability and accountability over it. The study by ***IFAC*** has addressed demonstrating the concept of sustainability as a concept rooted in wider concept, and **that sustainability refers to** continuous development that fulfill present requirements without prejudice to the future. Its report will aim to call upon the current generations to take immediate measures to avoid the risk resulting from unfixable environmental damages ***(IFAC, 2006),*** **Sustainability reports will include providing information on economic impacts (especially what is not provided by financial reports), in addition to providing information on the environmental and social impacts of the company activities and the extent of its effect on the realized values of the stockholders. In this regard, take into account that the concepts of sustainability and social responsibility may not be used as synonymous**, as sustainability include the report on growth in various forms with financial, social, and natural capital; while social responsibility focuses on the short term for charitable activities, compliance with applicable laws and improvement of working conditions ***(ECGI, 2019) (Priyanka Aggarwal, 2013)***, many studies defining the dimensions of the concept of sustainability by stating that the report on sustainability includes three dimensions that interest in maximizing the value achieved for the shareholders. These dimensions are (***IFAC, 2011***) ***(Musfialdy1et al 2015)(Kathleen Rupley, et al, 2017) (FEE, 2011)***:

- Feasibility
- Social Responsibility
- Environmental Responsibility

Given the desire to organize the process of providing sustainability information, the ***Global Reporting Initiative (GRI)*** was established in 1997. It is a financial organization that works side by side with IIRC and **aims to set the principles governing the preparation of the**

sustainability report to ensure the consistency of its contents, reliability and comparability, and to provide guidance on how organizations disclose non-financial information, especially information on sustainability. GRI has issued the principles governing the preparation of the sustainability report in two versions, the first G3 and the second G3.1, including principles for preparing the report on sustainability, protocols for the indicators used in the report, sectoral appendices for specific industries, in addition to technical protocols. The importance of having principles or a framework governing the preparation of the sustainability report is evidenced by what the European Commission experts have settled on in their discussions about non-financial information. During which they concluded that interest in the sustainability report has become a global phenomenon in companies, especially the major ones, wherein these companies focus on the concept of sustainability and consider it as an essential tool for organizing companies and adding value to ensure continued existence as an entity ***(Muideen Awodiran, 2019)*** (***IASB, Deloitte, 2017***) ***(Crisóstomo, Lima et al,2016) (Asit Bhattacharyya, 2014)*** (***IFAC, 2006***).

3-Hypotheses Development:

1/3: The importance of providing non-financial information to users of financial reports:

In a study prepared by KPMG, it was emphasized that many users of financial reports do not read these reports because they are very complex and do not meet their basic information needs. Thus, the result of our work is being ignored and the main reason for this is that the world has become more complex and the accounting response to this complexity has been slow, which led to the emergence of additional models for providing information. This shows the need for the accounting profession to set a new starting point depending on the fact that users aim to know what is greater than financial performance (***KPMG, Samuel, A. Dipiazza, 2011***)***(Amitav Saha et al, 2017)(Mosca, Chiara et al, 2020)***, **In the context of seeking to overcome the problem of complex financial reporting, the SEC 21st Century Disclosure Initiative Committee** concluded that maintaining fair, orderly and effective markets while ensuring investor protection can only be achieved by maintaining full and fair disclosure and providing information in a timely and easy-to-access manner ***(21 st Century Disclosure System, 2009***). Achieving the components of previous development requires striving towards increasing the transparency and quality of financial reports through (***KPMG, Samuel A. Dipiazz, 2011***):

- Continue the application of governance requirements, although they are not a guarantee against failure.
- Continue the development of reports to become more comprehensible.
- Seeking more integrated business reports by including financial, environmental and social aspects.
- Reporting on which KPIS is more able to show the progress in performance, provided that the indicators are not limited to financial indicators only.

A study by ***IFAC*** has recommended the following (***IFAC, 2009***):

- Continuing dialogue with stakeholders as an essential input to ensure the real development of financial reports.

- Seeking to limit the increasing complexity of financial reports.
- Providing non-financial information as Top Priorities for more improvement.
- The need for disclosing non-financial indicators.
- The need to develop current risks disclosures and how they are managed.
- Seeking integration between financial reports and sustainability reporting.

These recommendations have been confirmed in the study by ICAEW that dealt with the assertion of the futility of the economic idea known as the invisible hand, which achieves a balance of supply and demand for information within the stock markets. Therefore, it can be said that the market will achieve balance and desired results even if it was incomplete. The study presented models for additional reports, including the Sustainability Report, and emphasized the users' need for the information contained therein to ensure (***ICAEW, 2010***):

- Improving financial disclosure.
- Increasing stock markets efficiency.
- Describing risks and presenting their management strategy.
- Demonstrating how non-financial factors affect the financial information included in the financial reports.

Finally, the study asserted that GRI principles represent the unique model and the followed referral in many major companies in various countries when preparing sustainability reports, there are many studies that have dealt with the importance of providing non-financial information to users of financial reports. Yang, Dhaliwal, Li, Yong study include discussed the progressive increase in preparing social responsibility reports in American companies compared to the low numbers of these companies at the beginning of the 1990s. The study attributed the increase in social responsibility reporting to the growing global influence of companies and also to the intense scrutiny of the stock markets on the company's impact on society, especially after the loss of confidence associated with the global financial crisis. The study has addressed the cost of capital as a main variable when funding the company as well as when make decisions. The study dealt with demonstrating that providing non-financial information within the optional disclosure will reduce the cost of capital through **(*Dan Dhaliwal et al, 2011*)*(López-Fernández et al, 2014)(Richard Lu, 2014)***:

- To reduce risks relevant to the company in the stock market.
- Transparency of information and what it leads to reducing the likelihood of making a bad choice.

In confirmation of the above European Sustainable study confirmation of the need to provide non-financial information, the European Commission issued a study that addressed the importance of this information and discussed the possibility of a legal obligation to disclose this information or explain the reason for not disclosing it. The study identified the non-financial information that most satisfies the needs of users, as follows (***European Sustainable, 2011***):

- Information on stakeholders' involvement.
- Information on risk management.
- Information on risk assessment methods.

- Information on the social and environmental responsibility of the company.
- Reporting on the sustainability of the company and the positive and negative effects resulting from the economic, environmental, social activities related to company sustainability.

The need for a framework that regulate providing non-financial information:

A study issued by European Sustainable Investment Forum (Eurosif) the importance of disclosing non-financial information in European companies as a main demand for investors to ensure reaching an actual through financial reports. However, this clashes with the fact that the current non-financial disclosure, especially when reporting on sustainability, is a selective, inconsistent, and non-comparable disclosure, which limits its benefit to users. While the disclosure of this non-financial information has become a trend that is growing steadily, which has led many countries, such as France, Sweden and the United Kingdom, to issue binding laws and principles that ensure companies are obligated to provide non-financial information that reflects economic, environmental and social challenges. The study confirmed that the fourth European Accounting Directive issued by the European Commission stipulates the necessity of disclosure of key performance indicators and other non-financial information. The study addressed the following recommendations (***Eurosif, 2011***):

- Create a high-level working group with the participation of IIRC and GRI to prepare a governance framework for the provision of non-financial information.
- The most requested non-financial information in the stock markets is the information that composes sustainability reports which include providing information on:
  - Social responsibility policies.
  - Risks and opportunities.
  - Environmental policies.
  - The company's risk management strategies.
  - Performance indicators that are most relevant to performance.

Accordingly, the importance of providing non-financial information is evident as a basic gateway for developing financial reports., but current position refers that

Disclosure has become like an old house that must be updated or rebuilt, and emphasized that the effectiveness of disclosure is related to meeting users' needs for information as well as focusing on achieving a high level of transparency in order to reach the similarity between two perspectives: the shareholder perspective and the management perspective The similarity here means the similarity in the information available to both of them ***(SEC, Lori J. Schock, 2007)***, as confirmed by the study of SEC states that the financial reports in their current status do not express the needs of the users and are surrounded by a state of difficulty, lack of understanding and the inability to benefit from its components, and the main reason for this is that the complexity of activities in the business environment has not been accompanied by a similar development in the financial reports and therefore the actual needs of the users have not been met. The committee emphasized that the development of financial reports would only take place if the actual needs of users were identified. The committee’s study included a statement that any proposed development of the reports Finance should ensure that the quality of the financial statements is improved by providing ***(SEC, 2008):***

- Non-financial information.
- Information on performance measures, both financial and non-financial, as an essential tool for understanding business.
- Analyze the management of the data.
- Long-term information on management plans, opportunities, and risks.

Based on the above arguments, we hypothesis that:
H1: There is a deficiency in providing non-financial information in reports of companies listed on Saudi Stock Exchange Index

2/3: Sustainability report as an entry point for providing non-financial information:
In a meeting of the twenty senior members of IFAC, which was held on 23-24 June 2009, it was concluded that the accounting profession plays a fundamental role to overcome the current financial crisis, and accordingly many measures must be taken to ensure the implementation of this endeavor, where it was agreed on (***IFAC, 2009***):

- The quality of financial reports must be supported by providing the required competencies for their preparation.
- Supporting and developing global means and standards to achieve the sustainability report.
- Supporting and developing the efforts aimed at providing non-financial information according to what circumstances demonstrate of increasing demand by users as a support for financial information.

A study on the benefits that non-financial information provides to markets confirmed that the information most requested from users is environmental and social information, and this was demonstrated through the Bloomberg database of indicators that show the performance of companies. Environmental and social indicators were among the 20 most requested metrics as indicators leading to the provision of information. On the extent of the company's sustainability, the environmental and social impacts of its activities, and the extent to which opportunities and risks are managed and exploited (***Robert G.ECC les et al, 2011***) ***(Sumon Das, et al, 2015) (Zeeshan Mahmood, et al, 2019).***

How to disclose sustainability:
In light of the users' need for sustainability information, this evidently demonstrate the importance of identifying how to report said information. This was addressed in a study by Deloitte & Touche; which confirmed that sustainability disclosure represents one of the most important roles of organizations, including the report on performance in the environmental, social, and governance aspects. The performance here does not only refer to financial performance but to the comprehensive impact on the wider economic community by using KPIS, which represent the main variable for disclosure of sustainability due to its high ability to express the economic, social, and environmental impacts. ***(David Hess, 2014) (Moore, Walter B. et al,2016)*** (***Deloitte, 2019***).

What is sustainability report?

ISSN: 2456-7760

Regarding stating nature of the sustainability report, it was stated in a study by the Global Reporting Initiative (GRI) that the sustainability report represents a demand of companies, workers, employees and investors. **The purpose of preparing** it is to try to measure the performance of the enterprise towards achieving the goal of sustainable development (without prejudice to the right of future generations) and to disclose this performance and to bear responsibility before internal and external parties ***(Stefania Veltri et al, 2012 (Abhishek N., et al, 2020),*** The report must clarify a balanced and rational representation of the enterprise's performance and its contributions, positive or negative, and the extent to which the enterprise has been affected or affected by the adoption of a sustainable development strategy and comparing performance with other companies (***GRI, 2016***). In order to meet the users' needs for sustainability information, it must be taken into account that there are many basic components that companies must take into account in order to ensure the accuracy of the sustainability report. These components are (***IFAC, 2011***):

1. The need to integrate sustainability concept inside the company.
2. Sustainability reports contain financial and non-financial information.
3. Training accountants on sustainability reporting.
4. Sustainability activities and their impact on the company value.
5. Sustainability reporting and meeting need of stakeholders.

The importance of establishing a framework that govern preparing sustainability reports and defines its main contents is the main problem associated with preparing a sustainability report, according to what has been mentioned in many studies as follows:

The European Commission Study

The study confirmed that with the increase in the trend towards sustainability reporting, the business community faces the problem of multiple reporting formats, which makes comparing them confusing as there is no governing framework for preparing these reports. Therefore, there must be a framework that defines how the information will be included in the report and the indicators used to disclose the components of the report, which gives the report a lot of relevance and reliability, especially with what the framework will guarantee of the text to provide the following information (***Fee, 2011***):

- The relationship between sustainability and financial performance.
- The risks relevant to executing work strategies and how to manage them.
- The opportunities and risks faced by the company.
- Non-financial information relevant to performance.

- **Deloitte Study**

The study confirmed the existence of various government authorities that oblige companies to report on sustainability. In other words, the companies' report is often linked to government pressure or from stakeholders, which creates a gap between the management of the institution and the stakeholders. The desire to reduce the effects of this negative gap is the main reason behind the need for a framework that governs the preparation of the sustainability report and defines its components and levels in order to ensure that it is not consistent with the principles of a high-quality report that the study identified with the following (***Deloitte 2019***):

- **Link**: Information on the company's activity that meet the needs of the beneficiaries.
- **Completion**: Providing sustainability information without requiring external sources.
- **Coherence**: Transparent and comparable report.
- **Transparency**: The report includes clear and reviewed able facts.
- **Accuracy**: It will only be achieved with a framework that governs how information is obtained and how it is reported.
- **Reliability**: The disclosed information lasts when examined for re-confirmation, especially if it is reviewed by an external third party.
- **Clarity**: Comprehensible information.
- **Context**: Provide a picture of the organization's broader performance in the economic, environmental and social context.
- **Timing**: Provide the report in a timely manner which allow to rely on it upon decision-making.

- Adams & McNicolas Study

The study dealt with the assertion that preparing a sustainability reporting without a framework will lead to (***Carol Adams et al, 2007***):

- Lack of knowledge about best practices related to sustainability.
- Lack of understanding of how to achieve sustainability.
- Not knowing how to integrate sustainability into the company's strategic planning.
- Lack of experience in how to engage stakeholders.
- Lack of experience in how to define key indicators.
- Lack of understanding of the difference between financial and economic indicators.

However, with a framework, the above will be overcame, the components of the reporting improved, and key indicators more relevant to decisions.

Within the framework of the above, it becomes clear the importance of having a framework governing the process of preparing the sustainability reporting so that it defines the main contents and indicators that are reported, which is what the Global Reporting Initiative (GRI), which was founded in 1997 in cooperation between a network of experts and stakeholders, with the aim of improving the framework for the preparation of the sustainability reporting which gave it (***GRI, 2019***): -

- Wide credibility among stakeholders.
- The ability to develop distinct and comprehensive principles for most of the users of the sustainability reporting.
- The ability to report risks and opportunities within an understandable framework of consistent language and clear and agreed upon standards.

The European Commission emphasized the vital role that the GRI principles plays in 60 European, Asian and African countries when preparing the sustainability reporting, relying on two generations of these principles, as it prepared its first version G3 in 2000 and released in 2002 and the second version G3.1 in March 2006. and in 2011 and 2016, the endeavor to update and complete the guidelines to reach the newest generation began, and the study confirmed that the GRI principles are appropriate for all sectors and allow for gradual application and thus gradually improving the report on sustainability (***FEE, 2011***).

The Global Reporting Initiative's include following standards (***GRI, 2016***):

First-Universal Standards (100 series):

GRI 101: Foundation:

GRI 102: General Disclosures:

GRI 103: Management Approach:

Second Topic-specific Standards

Many studies have dealt with the importance of relying on GRI principles when preparing the sustainability report, these studies dealt with GRI principles as universally accepted as a reference in preparation of sustainability report, these studies also dealt with the principles of ***GRI*** and its impact on improving non-financial disclosure and it was concluded that relying on the principles of ***GRI*** when preparing the sustainability report will ensure the following ***Carol A. Adams et al, 2009*)(*Roger L.Burritt et al, 2010*) *(Dr. M L Ashoka, et al, 2019) (Aifuwa, H.O., 2020):***

- Providing reliable and comprehensive information on socio-economic and environmental impacts.
- Creating equal opportunities among stakeholders.

Enabling facilities to provide the information required of them

<u>Sustainability reports at Saudi Arabia:</u>

The number of Saudi companies that voluntarily disclosed their annual sustainability reports in the GRI database is 19 companies of a variety of size and sector, he Kingdom announced 13 programs to achieve the Kingdom's 2030 vision, dealing with these programs and the importance and necessity of raising companies 'awareness of the concept of sustainability in its three dimensions and the need to disclose and incorporate it in the reports, which helps in achieving vision 2030 In line with the goals at the local and international levels, which coincided with the Saudi Ministry of Commerce issuing national standards for preparing companies' sustainability reports.

Based on the above arguments, we hypothesis that:

H2: A sustainability report prepared based on GRI principles is an approach to support the level of relevance of information provided to financial reports users.

<u>3/3: The proposed development of the *GRI* framework</u>

In light of the foregoing, the extent of global spread of sustainability report preparation is evident based on the principles of ***GRI***, which is the trend supported by the Authors because of the ability of these principles to provide a large amount of non-financial information, which financial reports are currently failure to provide it, in this part of the research, the Authors tries to propose an attempt to develop the framework of ***GRI***, and the attempt to develop arises in light of what is stated in the framework of ***GRI*** from:

1. Financial performance is a major factor in understanding the nature of the facility and its sustainability aspects.
2. The sustainability report achieves its positive contribution to the stakeholders through its ability to pay attention to the aspects that are not covered by the financial reports, which are the aspects that the stakeholders are interested in obtaining.

<u>Accordingly, the Authors suggests</u> that the ***GRI*** framework could be developed to add indicators on the following elements to existing indicators: -

- Indicators of intellectual capital.
- Indicators of risk surrounding the facility and financial disruption.

1. <u>Intellectual Capital Indicators:</u>

Many studies have confirmed the link of the current era to the transformation from the concept of industrial economy, where material resources represent 80% of what available for facilities and knowledge resources represent 20% of them to the concept of the ***New Economy***, where the ratio of knowledge assets increases to reach in some industries to 80% of the value of the resources available to them, but the current financial reporting system fails to deal with the value drivers in the current business environment, which the financial reports are not designed to deal with, and among the most important of these engines is intellectual capital, which is one of the most important sources of value in the New Economy, but it is not recognized in the accountancy, which leads to the fact that only about 16% of the value engines are those that appear in the budget and the rest of the engines (intellectual capital) do not appear in the budget and these intellectual assets are represented in three types: ***(FASB, Special Report, 2001) (Izzeideen Alomari et al,2020):***

- Human Capital.
- Relationship Capital.
- Structural Capital.

<u>The importance of linking the provision of information on intellectual capital and information on sustainability is evident</u> in the light of the study by ***Passetti, and others*** which aimed to determine whether the intellectual capital is disclosed in the sustainability reports and social reports of the Italian companies listed on the stock exchange, and to achieve that goal, the study used the descriptive and analytical approach for the lists of 37 companies by explaining the relationship between sustainability reports and their intellectual capital, the study concluded ***(Mohammed shameem VT et al,2018) ICAEW, 2010,) (Emilio Passetti et al, 2009) (Sedeaq Nassar,2020)(Mähönen, Jukka T,2019)***:

- The increase in companies 'interest in intellectual capital, and this is evidenced by the companies' interest in disclosing this type of capital through sustainability reports.
- The concern is limited to providing information on one component of intellectual capital, which is human capital alone.

In view of the lack of financial reports and sustainability reports to provide information on intellectual capital, the Authors proposes that a seventh group of indicators of *GRI* be added entitled Intellectual Capital Indicators that clarifies information about the components of the previously stated intellectual capital and how they are managed and their contribution to creating value, taking into account that the suggested indicators to be added it has been received in many previous studies on intellectual capital and its use has spread to Swedish and European companies as its benefit is not limited to users of financial reports only, but extends to management as it allows the facility to manage this important resource and thus help the facility to develop strategies and follow up its implementation and achieve superiority over its competitors through making use of all its material and intellectual assets and working on the good management of those assets, and these indicators are:

Human Capital Indicators	Structural Capital Indicators	Relationship Capital Indicators
- Staff turnover rate (%)	- Increase rate in assets under financial management%	- Number of major clients
- Average years of service with the company (%)	- Number of new ideas applied by the company	- Ratio of sales to major clients (should be over 50%)
- List of employees to determine the extent of satisfaction (%) or complaints about management (%)	- Rate of new ideas generated by employees	- Continuity of major clients
- Extent to which any development takes into account the wishes of staff (%)	- Development / administrative expenses	- Number of complaints submitted by clients - Are clients' desires taken into account when making any development?
- Ratio of knowledge workers to others.		- Clients acquisition costs
- Rate of transformation from ordinary workers to knowledge workers.		- Clients' satisfaction indicator
- Years of Experience		- Strategic alliances with others leading to the realization of additional values

2. <u>Risk Indicators: -</u>

The Authors proposes to add another set of indicators for the framework of ***GRI*** by providing information about the risks surrounding the facility.

The objective of the risk indicators is to show the risks surrounding the facility and determine the extent of the facility's ability to manage those risks, which leads to an understanding of the risks affecting the implementation of the facility strategies, with clarification of the strategy followed in managing each type of risk as the four risk management strategies are determined in (***Gerald et al, 2011***):

- **Avoidance**: It is the risks that the company sees that it is not new to be tackled.
- **Acceptance**: that is, accepting a risk and considering it as a cost of doing business.
- **Transfer**: Transferring the risk to a third party.
- **Monitoring**: measures to prevent or detect if a risk occurs.

Risk report and the extent of success in managing it represents an important addition to the trend based on protecting the rights of small investors, provided that this report includes an analysis and description of the overall risks and not a description of the risks surrounding each operation, and the disclosure of risk will show the extent of success the parties assigned with managing those risks in their business, and the study indicated that the measures used to disclose the risks could be financial or non-financial or a sensitivity analysis provided that these measures are standardized in order to avoid the subjectivity of the current report on risks and the associated randomness that leads to the impossibility of reaching an objective reality about the risks surrounding the facility and the extent of success in managing it ***(Mario Onorato et al,2019)(Seraina C. Anagnostopoulou et al, 2017)***(***P.W. Miller, Rbannson, Nov 2007, p.p 1-11***) ***(Nwaorgu, I. A et al 2019)***.

The importance of risk disclosure is evident in the light of analyzing the content of risk disclosure in the annual financial reports of Canadian companies, and the study discussed three types of risk disclosure methods, and these types are risk disclosure to management to provide the necessary information to manage the institution, and disclosure to the outside user. For financial reports and the third type of disclosure is disclosure of risks that concern the management and external users at the same time, the study was conducted on (300) companies in various economic sectors and the results of the study showed that the degree of disclosure differs between voluntary disclosure and compulsory disclosure. Finally, the study confirmed that financial reports are neglected Important elements of the company risk map ***(Antoinette Smith et al, 2019) (Victor X. Wang, 2019).***

The foregoing shows the need to provide information about risks and accordingly the Authors proposes to add risk indicators to the indicators of *GRI*, to become the eighth group of indicators, the risk indicators clarify the level of different types of risks surrounding the facility, each of the risk indicators is attached to the risk management method from the four previously described methods. The suggested risk indicators include the following: -

Risks	**Risk indicators**	**Indicator Significance**	**Risk verification rate**
1. Risks related to financial inefficiency	Liquidity Ratio = (Total Current Assets - Store	It is considered one of the main ratios that measures the	When the ratio is equal to one time, it means that the

	are indicated by:	Investments) ÷ Total Current Liabilities	project's ability to address emergency conditions and measures the ability to meet short-term liabilities from quick assets to convert to cash	cash assets are sufficient to pay the current liabilities when they are due, and if it is less than one, then there is liquidity risk.
2.	Risks related to the financing structure are indicated by:	Financial Leverage Ratio = Equity Owned ÷ Total Capital Owned and Borrowed	Measures the extent to which self-resources contribute to financing the project's needs	The higher the ratio from year to year, the lower the risk associated with debt dependence, and the less year to year, the higher the risk.
3.	Risks related to lack of technical competence are indicated by:	Operating Leverage is measured by the following equation: Fixed assets + Investments + Lending ÷ Equity	This ratio shows the extent to which sources of funds rely on fixed funds and the associated increase in fixed costs.	It is preferable that this ratio decreases from year to year to indicate lower risks associated with operating leverage.
4.	Risks related to insufficient capital are indicated by:	Equity to Debt = Equity ÷ Total Liabilities to others	It is preferable that this ratio is not less than the correct one, as this means equality between equity and liabilities.	If it is less than one, this means a high risk and higher liabilities than equity and thus difficult to repay, and it is often equal to or greater than one in successful companies and vice versa in troubled companies, so it is less than one, and being greater than one indicates a rise in the capital owned compared to the liabilities.
5.	Risks of focusing on a particular economic sector	This often means that the facility is exposed to significant risks with any problems in the focused sector and that these risks are determined by limiting the sectors of the economy and determining the ratio of sectors that are dealt with.	There is no specific ratio in the studies, although it is possible to determine a deal ratio with 25% of the total sectors of the economy, which to a large extent guarantees continued success.	

Based on the above arguments, we hypothesis that:
H3: A sustainability report prepared based on GRI principles after proposed development is an approach to support the level of effective communication between company and financial reports users.

<u>4- Research Methodology:</u>

1/4: Data collection

We suggests conducting the experimental study with the aim of determining the level of provision of non-financial information, as well as determining role of providing the sustainability report in increasing the level of quality of financial reports, the study population is determined by the Saudi companies registered in the Saudi Stock Exchange, and the sample of the study is represented by the companies listed in the Saudi Stock Exchange MSCI index Tadawul 30 (30 companies)***(Appendix 1)***, For three years 2017, 2018, 2019 in order to determine level of provision of non-financial information, as well as determining role of providing the sustainability report in increasing the level of quality of financial reports, In determining the research sample, the authors relied on many studies that were conducted on companies registered on the Saudi Stock Exchange ***ahayu Abdull Razak et al, 2019) (Murya Habbash, 2016) (Ayman Issa, 2017)***

2/4: Testing hypotheses:

1/2/4: Frist hypothesis

H1: There is a deficiency in providing non-financial information in reports of companies listed on Saudi Stock Exchange Index.

Propose to test the validity of the first hypothesis by measuring level of provision of non-financial information for MSCI index Tadawul 30 companies for a time series from 2017, 2018 and 2019 by relying on:

A- French proposed voluntary disclosure index of the 40-item must provide to financial reporting users ***(Hubert de La Bruslerie et al, 2014)***:

Components of French proposed voluntary disclosure index

1 Description of principal products/services - Market share	21 Return on shareholders' securities
2 Forecast of profit year n+1 (qualitative)	22 Cash Ratio - Current Ratio
3 Forecast of profit year n+1 (quantitative)	23 Other financial ratios
4 Future cash at horizon 2 to 5 years	24 Economic factors influencing future activity
5 Description of the major factories, warehouses and properties	25 Political and social factors influencing future activity
6 Biographical Profile of Directors and Officers (responsibilities, experience, courses)	26 Technological factors influencing future activity
7 Capital expenditures (past and futures), Investments	27 Discussion on past industry tendencies
8 Directors' biography	28 Discussion on future industry tendencies
9 General objectives of the firm – Goals	29 Position and competitive environment
10 Description of marketing network for final goods and services	30 Policy and financial objectives
11 Main activity or affiliation of directors with other organizations	31 Description of activities and transactions linked with government and state entities
12 Information on the social responsibility of the firm	32 Firm history
13 Structure of ownership, investors' types and names	33 Description of the organizational structure
14 Historical share price – Trend	34 Market capitalization and financial operations
15 Cost of sales	35 Information on fixed assets variations
16 Advertising expenditures: information and amount	36 Information on secured and non-secured debts
17 Human Resources: Cost of training operations	37 Information on R&D projects
18 Information on depreciation	38 Development of new products/services
19 Value added statement	39 Number of employees
20 Return on capital employed	40 Special report on employees and social

B- Kuwaiti proposed voluntary disclosure index of the 51-item (6 Groups) must provide to financial reporting users ***(Mishari M. Alfaraih et al 2011)***:

Components of Kuwaiti proposed voluntary disclosure index

A: General corporate information	**D: Capital market data**
1 Mission statement 2 Brief history of corporate	23 Volume of shares traded (trend) 24 Volume of shares traded (year end)

3 Corporate structure 4 Major plants, warehouses, projects 5 Information about the economy 6 Information about the industry 7 Corporate establishment's date	25 Share prices information (trend) 26 Share prices information (year end) 27 Domestic and foreign shareholdings 28 Distribution of shareholdings by type of shareholders 29 Year of listing at KSX 30 Foreign stock market listing information
B: Information about directors	**E: Financial review information**
8 Picture of chairperson only 9 Picture of all directors 10 Academic qualification of directors 11 Position held by executive directors 12 Identification of senior management 13 Number of shares held by directors 14 Directorship of other companies 15 Number of BOD meetings held 1 6 Directors' remuneration 17 Age of directors	31 Financial summary 3+ years 32 Return on equity ratio 33 Return on assets ratio 34 Liquidity ratios 35 Leverage ratios 36 Other ratios
C: Corporate strategy	**F: Corporate social information**
18 General strategy and objectives 19 Financial strategy and objectives 20 Marketing strategy and objectives 21 Impact of strategy on current results 22 Impact of strategy on future results	37 Participation in government social campaigns 38 Community programs (health & education) 39 Employees' appreciation 40 Recruitment policy 41 Picture of employees' welfare 42 Number of employees 43 Corporate policy on employee training 44 Nature of training 45 Percentage of foreign and national labor force

ISSN: 2456-7760

	46 Discussion of major types of product (services) 47 Picture of major types of product 48 Improvement in product quality 49 Improvement in customer services 50 Information on donations to charitable organizations 51 Distribution of marketing network of products

Non-financial information in the two indexes is defined as follows:

A- Non-financial information at French proposed voluntary disclosure index consist of following elements:

1-5-6-8-9-10-11-12-13-17-24-25-26-27-28-29-31-32-33-37-38-39-40 (**Total <u>23 Elements</u>**)

B- Non-financial information at Kuwaiti proposed voluntary disclosure index consist of following elements:

Group A: General corporate information (**7 Elements**)

Group B: Information about directors (**10 Elements**)

Group C: Corporate strategy (**5 Elements**)

Group F: Corporate social information (1**5 Elements**)

Total Non-financial information at Kuwaiti index are <u>37 Elements</u>

Total Non-financial information at two indexes are **<u>60 Elements.</u>**

The validity of the hypothesis is verified by determining the availability of sixty non-financial information in MSCI index Tadawul 30 companies throughout the specified time series, in both financial statements, governance report and the Board of Directors comment, testing first hypothesis revealed the following results:

Table (1) availability of non-financial information in MSCI index Tadawul 30 companies

Element	**The maximum value = number of companies x number of years x number of items**	**Actual Availability Rate**	**Actual Availability Percentage**
French proposed voluntary disclosure index	30x 3 x 23= 2070 point	952 point	952/2070 = 45.99%
Total French proposed voluntary disclosure index	2070 point	952 point	**<u>45.99%</u>**

Kuwaiti proposed voluntary disclosure index			
Group A: General corporate information	30x 3 x 7= 630 point	411 point	411/630 = 65.23%
Group B: Information about directors	30x 3 x 10= 900 point	392 point	392/900 = 43.55%
Group F: Corporate social information	30x 3 x 15= 1350 point	614 point	614/1350 = 45.48%
Total Kuwaiti proposed voluntary disclosure index	2880 Point	1417 Point	1417/2880 = **49.20%**
Average of availability at tow Indexes	**2070+2880= 4950 Point**	**952+1417= 2369 Point**	**2369/4950= 47.85%**

It is evident from the previous table that the average availability of non-financial information in index companies over the three years reaches 47.85%, which confirms the validity of the first hypothesis included that There is a deficiency in providing non-financial information in reports of companies listed on Saudi Stock Exchange Index, thus, it becomes clear the need to provide a framework that ensures the provision of non-financial information in view of the effective role it entails to assist users when building their decisions.

2/2/4: Second hypothesis:

H2: A sustainability report prepared based on GRI principles after proposed development is an approach to support the level of relevance of information provided to financial reports users.

To verify the second hypothesis, two tests are performed, the first is a content analysis test for sustainability reports for 18 companies from MSCI Tadawul 30 index who prepared sustainability reports, and the second is a binomial test.

1/2/2/4: Content Analysis Test:

A study by Financial Reporting Council (***FRC***) included defining the appropriate disclosure that users need, and the study dealt with the components of the financial report and defined them with three components identified in the financial statements and clarifications, the Board of Directors' comment, the governance report, and the study identified the appropriate information that should be provided in the components of the financial report, as follows (limited to non-financial information) ***(FRC, Oct 2012):***

1-Information on recognition and measurement of the elements included in the financial statements and the linkage between the financial statements: -

- Business model

- Resources, risks, relationships

- Strategic objectives

Vol. 5, No.06; 2021

ISSN: 2456-7760

- External environment

2-Commentary of the Board of Directors:
The Board of Directors Commentary deals with providing information on: -

- Unrecognized elements in the financial statements.

- Main risks

- The uncertainty surrounding the risk assessment

3- Governance Report:
The Governance Report includes providing information on the responsibilities of the Board of Directors, and includes providing information on:

1/3-The formation of the council and the extent of its effectiveness, which includes providing information on: -

- Strategy

- Management

- Committees

- Procedures and decisions

- Risk management

2/3 - Responsibility to shareholders, which includes providing information on:

- Control environment.

- Disclosure of related parties.

- Dialogue with investors.

- Board remuneration.

Authors tries to verify the impact of preparing the sustainability report based on GRI principles after proposed development on supporting ability of the financial reports to provide relevance information that users need and previously presented in FRC study, based on the information contained in the sustainability report for 18 companies from MSCI Tadawul 30 index, table (**2)** shows the results of analyzing content of sustainability reports of 18 companies from MSCI Tadawul 30 index to verify that relevance non-financial information is provided, when preparing following table, it is taken into account that 1 case of availability of non-financial disclosure and 0 case of lack of non-financial disclosure:

Table (2) Analyzing content of sustainability reports to verify that relevance non-financial information is provided

ISSN: 2456-7760

Information/ Companies	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**
Business model.	1	0	0	1	1	1	1	0	0	1	1	1	1	1	1	0	0	1
Resources, risks, relationships	0	1	1	0	1	1	1	1	0	0	1	1	1	0	1	1	0	0
Strategic objectives	1	1	0	0	1	0	1	0	1	0	1	1	0	1	0	0	1	0
External environment	1	0	1	1	1	0	0	1	0	0	1	1	1	0	1	1	1	0
Unrecognized elements in the financial statements	1	1	0	1	0	1	1	0	0	0	1	0	1	0	0	0	0	0
Main risks	1	1	1	1	1	0	1	1	1	1	1	0	1	1	1	0	1	0
The uncertainty surrounding the risk assessment	1	0	1	1	0	1	0	0	1	1	0	1	0	1	0	1	0	1
Strategy	1	1	1	0	1	0	1	1	0	1	1	1	1	0	1	1	1	1
Management	1	1	1	1	1	1	1	1	1	1	0	1	0	1	0	1	1	1
Committees	1	1	1	1	0	1	1	1	0	1	0	0	0	1	1	1	1	0
Procedures and decisions	1	1	0	1	0	1	1	1	1	1	1	1	1	0	1	1	0	1
Risk management	1	1	1	0	1	1	0	1	0	1	0	0	1	1	1	0	1	1
Control environment	0	1	0	1	0	1	0	0	1	0	1	0	1	0	0	0	0	0
Disclosure of related parties	1	1	1	0	1	0	0	1	0	0	0	0	1	0	1	1	0	0
Dialogue with investors	0	0	0	1	0	1	0	0	1	0	0	1	0	0	0	0	0	0
Board remuneration	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	1	0

Table (2) shows that:

1- **Availability rate of Business model information**= 12/18= 66.66%

2- **Availability rate of Resources, risks, relationships information**= 11/18= 61.11%

3-**Availability rate of Strategic objectives information**= 9/18= 50%

4-**Availability rate of External environment information**= 11/18= 61.11%

5-**Availability rate of Unrecognized elements in the financial statements information**= 7/18= 38.88%

6-**Availability rate of Main risks information**= 14/18= 77.77%

7-**Availability rate of the uncertainty surrounding the risk assessment information**= 10/18= 55.55%

8-**Availability rate of Strategy information=** 14/18= 77.77%

9-**Availability rate of Management information**= 15/18= 83.33%

10-**Availability rate of Committees information**= 12/18= 66.66%

11-**Availability rate of Procedures and decisions information**= 14/18= 77.77%

12-**Availability rate of Risk management information**= 12/18= 66.66%

13-**Availability rate of Control environment information**= 6/18= 33.33%

14-**Availability rate of Disclosure of related parties' information**= 8/18= 44.44%

15-**Availability rate of Dialogue with investors information**= 4/18= 22.22%

16-**Availability rate of Board remuneration information**= 3/18= 16.66%

Based on the results of Analyzing content of the sustainability report for a number 18 companies from MSCI Tadawul 30 index, the important role of the sustainability report is evident in providing appropriate non-financial information to financial reports users, Authors believes that expanding the adoption of Saudi companies based on GRI principles will support the level of appropriateness of non-financial information to users' needs, This is in light of that GRI principles being considered as the global reference for providing information on sustainability and the non-financial information contained in that information

2/2/2/4: Binomial Test:

Authors determined the percentage of 60% to be assumed percentage of the availability of appropriate non-financial information in the sustainability reports, so that if it is:

1- The test result is significant and the percentage seen disclose a specific element are greater than 60% at sustainability reports, this means that sustainability reports are interested in disclosing that element, which represents one of relevance information that must be available.

2- Otherwise (if the test result is not significant or if it is significant, but the seen does not exceed 60%), then this means that the sustainability reports are not interested in disclosing that element.

Table (3) Binomial Test: Second hypothesis Analysis

Information	**Seen Percentage**		**Binomial Test**	
	Available	**Not Available**	**Sig.**	**Significant Level**
Business model.	0.6666	0.3334	0.0000	**Significant**
Resources, risks, relationships	0.6111	0.3889	0.0313	**Significant**

Vol. 5, No.06; 2021

ISSN: 2456-7760

Strategic objectives	0.5	0.5	0.000	**Significant**
External environment	0.6111	0.3889	0.048	**Significant**
Unrecognized elements in the financial statements	0.3888	0.6112	0.238	**Not Significant**
Main risks	0.7777	0.2223	0.000	**Significant**
The uncertainty surrounding the risk assessment	0.5555	0.4445	0.000	**Significant**
Strategy	0.7777	0.2223	0.000	**Significant**
Management	0.8333	0.1667	0.000	**Significant**
Committees	0.6666	0.3334	0.126	**Not Significant**
Procedures and decisions	0.7777	0.2223	0.000	**Significant**
Risk management	0.6666	0.3334	0.000	**Significant**
Control environment	0.3333	0.6667	0.137	**Not Significant**
Disclosure of related parties	0.4444	0.5556	0.000	**Not Significant**
Dialogue with investors	0.2222	0.7778	0.000	**Not Significant**
Board remuneration	0.1666	0.8334	0.000	**Not Significant**

Sig. percentage less than 5% is Significant

Table (3) shows that:

Availability rate is greater than 60%, and the level of significance is less than 5% in the number of 10 non-financial information with a percentage of up to 62.5%, which confirms the interest of sustainability reports in providing non-financial information, Authors believes that expanding the adoption of Saudi companies based on GRI principles will support the level of appropriateness of non-financial information to users needs, and accordingly the second assumption is correct., Based on the above, the two tests confirm the validity of the second hypothesis

<u>3/2/4: Third hypothesis:</u>

H3: A sustainability report prepared based on GRI principles after proposed development is an approach to support the level of effective communication between company and financial reports users.

To verify the third hypothesis, two tests are performed, the first is a content analysis test for sustainability reports for 18 companies from MSCI Tadawul 30 index who prepared sustainability reports, and the second is a binomial test.

<u>1/3/2/4: Content Analysis Test:</u>

Ineffective communication is achieved through the inability of users to identify important information or failure to determine the relationships between the information contained in the various parts of the financial reports, and when the information is communicated ineffectively, the users find it difficult to understand and therefore they need a lot of time to understand and analyze the information. A study of the FRC, four principles of effective communication, namely ***(FRC, 2009):***

1-Focus Principle:

It is achieved by highlighting the important messages of the transactions, and avoiding the distraction of the reader's mind by creating insignificant clutter,

2- Honesty Principle:
By providing a balanced interpretation of the results, whether good or bad.
Authors relies on verifying the availability of this feature on the extent to which the unit uses Non- financial Measures, as they are metrics that are widely accepted by users and used by companies usually due to the limitations of traditional standards in expressing the real reality of business, and many studies have confirmed the feasibility of providing these measures. In view of the consequences of not providing them from the users being in a state of confusion, and these measures are used to link between the performance results of the unit and its operational, investment and financing activities, and the Authors will verify:

2/1-Extent to which Non- financial Measures are being used

2/2- Extent of stability in use.

3/2- Extent of providing information about intellectual capital and risk indicators

If all three elements are validated, it uses 1, and the non-availability state uses 0.

3- Clarity Principle:

Through the use of clear language as well as consistently well-known technical terms in addition to the stability of the presentation structure used.

Authors relies to verify the availability of this feature

1/3- Extent of clarity of the language and terminology used.

2/3- Stability of display structure used.

If the two items are satisfied, it uses 1, and the non-availability state uses 0

4- Ability to attract reader Principle:
This is done by providing information in a way that attracts the reader, which is what IASB study dealt with, which proposed four forms of disclosure, each of which fits a specific form of information (IASB, March 2017, Op.Cit, P.p. 25-26):

A-Statements: used to break up long narrative texts or to highlight relationships between elements.

B-Tables: The coordination using tables is appropriate for presenting: -

- Comparative information - Monetary values - Large amounts of data.

Information that must be described from more than one perspective, such as data, over several periods.

C- Narrative texts: their creation is appropriate when: -

Explain the detailed qualitative aspects or describe an event or transaction.

Attempting to clarify quantitative data and the relationship between its elements.

D-Charts: Can be used to:

- Simplify complex data.
- Highlight data trends.
- Completing the data presented in another form, such as tables.

On verifying the extent of using the four forms according to the previous description, and in the case of using the four disclosure forms according to the specified description for each model, 1 is used, and in the event that the four forms are not used according to the specified description for each form, 0 is used.

Authors tries to verify the ability of **sustainability report prepared based on GRI principles after proposed development to support the level of effective communication between company and financial reports users.** based on the information contained in the sustainability report for 18 companies from MSCI Tadawul 30 index, table (4) deals with content analysis of 18 companies from MSCI Tadawul 30 index to determine the extent to which the principles of effective communication are being achieved.

Table (4) Content analysis to determine the extent to which the principles of effective communication

principles / Companies	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**
1-Focus Principle	1	1	1	1	1	1	1	0	1	1	1	0	1	1	1	1	1	1
2-Honesty Principle																		
2/1-Extent to which Non-financial Measures are being used	1	0	1	0	1	1	0	1	1	0	1	0	1	1	0	1	1	0
2/2- Extent of stability in use	0	0	1	0	1	1	0	1	0	0	1	0	1	0	0	1	0	0
3/2- Extent of providing information about intellectual capital and risk indicators	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3-Clarity Principle																		
1/3- Extent of clarity of the language and terminology used	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
2/3- Stability of display structure used	1	1	0	1	0	1	0	1	0	1	0	1	0	0	0	1	0	1
4-Ability to attract the reader Principle	1	1	1	0	0	1	1	1	1	1	0	1	0	1	0	1	1	0

Table (2) shows that:

1- **Availability rate of Focus Principle** = 16/18= 88.88%

2- Availability rate of Honesty Principle:

1/2: Availability rate of using Non-financial Measures = 11/18=61.11%

2/2: Availability rate of stability in use Non-financial Measures = 7/18=38.88%

Decreasing at stability in use Non-financial Measures due to that MSCI Tadawul 30 index companies' lack of obligation to prepare the sustainability report according to GRI principles

3/2: Availability rate of providing information about intellectual capital and risk indicators = 0/18=0%

This result shows the importance of the proposed development in study about necessity to include information about intellectual capital and risk indicators at sustainability report, Authors believes that providing theses information will increase sustainability report ability to establish effective communication with users.

3- Availability rate of Clarity Principle:

1/3: Availability rate of using clarity language and terminology = 18/18 = 100%

2/3: Availability rate of Stability of display structure used = 9/18 = 50%

Decreasing at stability in use Non-financial Measures due to that MSCI Tadawul 30 index companies' lack of obligation to prepare the sustainability report according to GRI principles

4- Availability rate of Ability to attract the reader Principle = 12/18 = 66.66%
Based on the results of Analyzing content of the sustainability report for a number 18 companies from MSCI Tadawul 30 index, become clear high ability of sustainability report to meet the requirements of effective communication, especially after it has been developed by adding information about intellectual capital and risks.

2/3/2/4: Binomial Test:
Authors determined the percentage of 60% to be assumed percentage of the availability of principles of effective communication between the unit and the users, so that if:

3- Result is significant and the percentage seen of principle of effective communication at sustainability report is greater than 60%. this means that sustainability reports are concerned with providing that principle in order to achieve effective communication between the unit and users.

4- Otherwise (if the test result is not significant or if it is significant and the viewership does not exceed 60%), then this means that sustainability reports are not concerned with providing that principle, which leads to poor communication between the unit and users, table (5) shows the results of binomial test.

Table (5) Binomial Test: Third hypothesis Analysis

Information	Seen Percentage		Binomial Test	
	Available	**Not Available**	**Sig.**	**Significant Level**
1-Focus Principle	88.88%	0.3334	0.0000	**Significant**
2-Honesty Principle 2/1-Extent to which Non-financial Measures are being used	0.6111	0.3889	0.0000	**Significant**
2/2- Extent of stability in use	0.3888	0.6112	0.078	**Not Significant**
3/2- Extent of providing information about intellectual capital and risk indicators	000	1.00	0.0642	**Not Significant**
3-Clarity Principle 1/3- Extent of clarity of the language and terminology used	1.00	000	0.000	**Significant**
2/3- Stability of display structure used	0.5	0.5	0.000	**Significant**
4-Ability to attract the reader Principle	0.6666	0.3334	0.000	**Significant**

Table (5) shows that:

Availability rate is greater than 60%, and the level of significance is less than 5% in the number of 5 effective communication principles with a percentage of up to 71.42%, which confirms sustainability reports ability to support the level of effective communication between company and financial reports users, Authors believes that developing sustainability reports by adding information about intellectual capital and risks will increase effective communication between company and financial reports users, based on the above, the two tests confirm the validity of the third hypothesis.

5- Concolusion:

This study deals with the deficiency of financial reports in providing non-financial information, which has become one of the most important information that users need, and deals with the role of the sustainability report as one of the voluntary disclosure mechanisms in providing non-financial information and its impact on supporting relevance level of information contained in the financial reports as well as the impact on supporting financial reports ability to communicate effectively with its users,

The study found a deficiency in the ability of financial reports to provide non-financial information which with a percentage of up to 47.85%, in addition to study found high ability of the sustainability report to increase the level of relevance of the information contained in financial reports to the needs of its users where the level of provision relevance information at sustainability reports with a percentage of up to 62.5%, Finally, study found high ability of sustainability reports to support the level of effective communication between the company and the users of financial reports where **Availability rate of** effective communication principles percentage of up to 71.42%.

References

- Abdelmoneim A. Awadallah, Haitham Mohamed El-Said, (2018), Auditors' Usage of Non-Financial Data and Information during the Assessment of the Risk of Material Misstatement for an Audit Engagement: A Field Study, ***Accounting and Finance Research***, Vol. 7, No. 1; 13-24.
- Abhishek N., Ashoka M. L., Parameshwar Acharya, M. S. Divyashree,(2020), INTEGRATED REPORTING AS A NEW DIMENSION OF CORPORATE REPORTING: AN INDIAN PERSPECTIVE, ***Journal of Commerce & Accounting Research***, 9 (3) 2020, 63-73.
- Alfred Rapaport, Ten Ways to Creat Shareholder Value,(2010), **Working paper**, Harvard Business Review, 1-14.
- Alnoor Bhimani, Kim Langfield-Smith, (2007), Structure, formality and the importance of financial and non-financial information in strategy development and implementation, ***Management Accounting Research***, Volume 18, Issue 1, 3-31.
- Alnoor Bhimani, Mohamed Azzim Gulamhussen &Samuel da Rocha Lopes, (2013), The Role of Financial, Macroeconomic, and Non-financial Information in Bank Loan Default Timing Prediction, ***European Accounting Review***, Volume 22, Issue 4, 739-763.
- Amitav Saha, Sudipta Bose,(2017), The Value Relevance of Financial and Non-Financial Environmental Reporting, ***Available at SSRN Electronic Journal***,1-29.
- Antoinette Smith, Yibo (James) Zhang and Peter Kipp, (2019), Cloud Computing Risk Disclosure and ICFR Material Weakness: The Moderating Role of Accounting Reporting Complexity, ***Journal of Information Systems*** 33 (3): 1–17.
- Ayman Issa, (2017), The Factors Influencing Corporate Social Responsibility Disclosure in the Kingdom of Saudi Arabia, Australian Journal of Basic and Applied Sciences, 11(10), 1-19.
- Carlo Alberto Magni, (2010), Accounting *and* economic measures: An integrated theory of capital budgeting, ***Working paper***, Department of Economics, University of Modena and Reggio Emilia, 1-48.
- Carol A. Adams, Glen Whelan, (2009), Conceptualising Future Change in Corporate Sustainability Reporting, ***Accounting, Auditing & Accountability Journal,*** Vol. 22 No. 1, 118-143.
- Carol A. Adams, Patty McNicholas,(2007), Making a difference Sustainability reporting, accountability and organisational change, ***Accounting, Auditing &Accountability Journal*** Vol. 20 No. 3, 382-402.
- Christian Faupel, Susanne Schwach, Measuring corporate Sustainability, maximizing shareholder value, (2011), ***Working paper,*** University of Paderborn, Germany, 1-14.
- Christian Hofmann, (2001), Balancing Financial and Non-financial Performance Measures, ***Technical report***, 1-28.
- Christopher Ittner, David Larcker, (2000), Non-financial Performance Measures: What Works and What Doesn't, ***working paper***, Wharton School of the University of Pennsylvania, 1-4.

- Dan Dhaliwal, Oliver Zhen Li, Albert Tsang Yong George Yang, (2011), Voluntary Non-Financial Disclosure and the Cost of Equity Capital: The Case of Corporate Social Responsibility Reporting, ***The Accounting Review***, Volume 86, Issue 1 59-100.
- Daniel A. Cohen, Quality of Financial Reporting Choice: Determinants and Economic Consequences, (2003), ***NYU Working Paper No. 2451/27547***, 1-56.
- Dániel Gergely Szabó and Karsten Engsig Sørensen,(2015), New EU Directive on the Disclosure of Non-Financial Information (CSR), ***European Company and Financial Law Review,*** Volume 12 Issue 3, 307-340.
- David Cary, James Chong, Monica Her, G. Michael Phillips, (2004), Market Value Added as an Investment Selection Tool: A Portfolio Separation Test, Department of Finance, Real Estate, and Insurance, ***Investment Management and Financial Innovations***, 114-118.
- ***Deloitte,*** (2019), Sustainability Disclosure Goes Mainstream, Volume 26, Issue 21, 1-8.
- Demir Yener,(2006), To Disclose, or Not to Disclose: That is the Question, ***IFC Conference on the Role of Transparency and Disclosure in Corporate Governance***, Cairo, Egypt,1-6.
- ***Deutsche Bank Research (DBR), (2008),*** *Jan Hofmann How Intellectual Capital Creat Value, Towards the strategic management of intangibles,* ***Working Paper***, *1-48.*
- Dipankar Ghosh, Anne Wu, (2006), Relevance of Financial and Non-Financial Measures to Financial Analysts: Experimental Evidence, ***Working paper***, AAA 2007 Management Accounting Section (MAS) Meeting, 1-39.
- Emilio Passetti, Andera Tenucci, Lino Cinquini, and Marco Frey, (2009), Intellectual capital communication: evidence from social and sustainability reporting, *"**XIII Workshop of AIDEA study group on communication to financial markets, Bari**, 1-29.*
- ***European Sustainable Investment Forum, Eurosif,*** (2011), Disclosure of Non-Financial Information by Companies, 1-14.
- ***European Union, The Centre for European Policy Studies (CEPS)***, (2003), Karel Lannoo & Arman khachaturyan, Disclosure Regulation In The EU, CEPS Task Force Report NO. 48, 1-68.
- ***Financial Acconting Standards Board, FASB***, ***Special Report***, *(2001), Business and Financial Reporting, Challenges from The New Economy, 1-111*.
- Gerald H. Lander and Alan Reinstein, (2011), Detecting and Predicting Accounting Irregularities: A Comparison of Commercial and Academic Risk Measures, ***Accounting Horizons,*** Vol. 25, No. 4, 755-780.
- ***Global Reporting Initiative (GRI)***, (2016), Sustainability Reporting Guidelines, GRI Standards101-102-103.
- ***Global Reporting Initiative (GRI)***, (2019), Reporting on Community Impacts A survey conducted by the Global Reporting Initiative TM, 1-36.
- Hubert de La Bruslerie, Heger Gabteni1, (2014), Voluntary disclosure vs. mandatory disclosure: The case of IFRS introduction on European firms, ***Advances in Accounting,*** Volume 30, Number 2, 367-380.
- ***International Accounting Standards Board, IASB and Deloitte,*** (2017), Sustainability reporting (including Integrated Reporting),1-22.

- ***International Federation of Accountants, IFAC***, (2006), Professional Accountants in Business—At the Heart of Sustainability? , 1-44.
- ***International Federation of Accountants, IFAC***, (2006), Why Sustainability Counts for Professional Accountants in Business, 1-11.
- ***International Federation of Accountants, IFAC***, (2009), Developments in the Financial Reporting Supply Chain—Results from a Global Study among IFAC Member Bodies, 1-30.
- ***International Federation of Accountants, IFAC***, (2009), Recommendations for the G20 Nations, 1-11.
- ***International Federation of Accountants, IFAC***, (2010), Business Reporting Through the Lens of the Investor, 1-6.
- ***International Federation of Accountants, IFAC***, (2011), A Global Language for Business Reporting, 1-6.
- ***International Federation of Accountants, IFAC***, (2011), Sustainability Framework 2.0 Professional Accountants as Integrators. 1-194.
- ***International Federation of European Accountants, FEE***, (2011), Sustainability, Environmental, Social and Governance (ESG) indicators in annual reports: An introduction to current frameworks, 1-30.
- Izzeideen Alomari, Feras Shehada and Jaber El-Daour,(2020), Integrating Big Data and Intellectual Capital: Resource Complementarity in Business Value Creation, ***The 1st International Conference on Information Technology & Business ICITB2020***,1-7.
- Jaime Caruana, (2012), Shareholder value and stability in banking: Is there a conflict? , ***Working paper,*** Morgan Stanley European Financials Conference London, 1-11.
- Jan Barton, Bowe Hansen and Grace Pownall, (2010), Which Performance Measures Do Investors Value the Most—and Why?***, The Accounting Review:*** Vol. 85, No. 3, 753-789.
- Jean du Plessis,(2016), Corporate Governance Corporate Responsibility and Law Disclosure of Non-financial Information: A Powerful Corporate Governance Tool, ***Deakin Law School Legal Studies Research Paper*** No. 16-14, 69-74.
- Joshua Ronen, Varda Yaari, (2002), Incentives for Voluntary Disclosure, ***Journal of Financial Markets***, 1-75.
- ***KPMG, Australia***, (2018), Better Business Reporting: Enhancing Financial Reporting, 1-16.
- ***KPMG***, ***Samuel A DiPiazza***, (2011), A new, integrated business reporting framework is required, 1-9.
- Lajili & Zeghal.(2005), A Content Analysis of Risk Management Disclosures in Canadian Annual Reports, ***Canadian Journal of Administrative Sciences***-Vol-22-Issue 2, 125-142.
- Lambert Richard, Christian Leuz and Verrecchia Robert E., Accounting Information, Disclosure, and the Cost of Capital, (2007), ***Journal of Accounting Research***, Vol. 45, 385-420.

- López-Fernández, José and Somohano, Francisco M. and Martinez Garcia, Francisco J., (2014), The Intellectual Capital and the Relevance of Non-Financial Information About Innovation in the Spanish Automotive Sector from an Accounting Perspective: A Proposal of an Indicator, ***Available at SSRN Electronic Journal***,1-27.
- Mähönen, Jukka T, (2019), Integrated Reporting and Sustainable Corporate Governance from European Perspective, ***University of Oslo Faculty of Law Research Paper*** No. 2019-58, Nordic & European Company Law Working Paper No. 20-03, 1-27.
- Mario Onorato, Fabio Battaglia, Orazio Lascala and Arber Ngjela,(2019), Valuation Risk: A Holistic Accounting and Prudential Approach, SSRN Electronic Journal, 1-36.
- Matta, F.N. and Ashkenas, N.R, Why good project fail anyway?, (2003), ***Working paper***, Harvard Business review, 1-10.
- Matthew J. Holian & Ali M. Reza, 2010. "The persistence of accounting versus economic profit," ***Economics Bulletin, AccessEcon***, vol. 30(3), 2189-2196.
- Md. Mostaque Hussain, (2005), Management accounting performance measurement systems in Swedish banks, ***European Business Review***, Vol. 17 No. 6, 566-589.
- Michael Erkens, Luc Paugam, Hervé Stolowy,(2015), Non-Financial Information: State of the Art and Research Perspectives Based on a Bibliometric Study, ***Comptabilité Contrôle Audit***,3,Issue 21, 15-92.
- Mishari M. Alfaraih, Faisal S. Alanezi, (2011), Does Voluntary Disclosure Level Affe the Value Relevance of Accounting Information? **Accounting & Taxation Journal**, Volume 3, Number 2, 65-84.
- Mohammed shameem VT, Dr. V Kavida, Yusaf Harun K, (2018), Determinants of Intellectual Capital Disclosure: Evidence from Indian Pharmaceutical Sector, ***Research Review, International Journal of Multidisciplinary, Special Issue,*** 121-129.
- Mosca, Chiara and Picciau, Chiara, (2020), Making Non-Financial Information Count: Accountability and Materiality in Sustainability Reporting, ***Available at SSRN Electronic Journal***,1-36.
- Murya Habbash, (2016), CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE: EVIDENCE FROM SAUDI ARABIA, Journal of Economic and Social Development, Vol. 3, No. 1, 87-103.
- Nwaorgu, I. A.; Abiahu, M. C.; Iormbagah, J. A. & Egbunike, P. A. (2019), Creative Accounting, Audit Risk and Audit Failure in Nigeria: What is the Auditor's Perspective? ***International Journal of Economics, Business and Management Studies***, 6(2): 261-271.
- Paul B.W. Miller and Paul R. Bahnson, (2007), Refining Fair Value Measurement, FASB 157 upgrades the quality of financial reporting, ***Journal Of Accountancy,*** 30-36.
- Rahayu Abdull Razak, Raghad Al Hujaili and Raneem Al Ahmedi,(2019), ENVIRONMENTAL DISCLOSURE PRACTICES OF SAUDI COMPANIES ACCORDING TO THE NEW GRI STANDARDS, 5th Asia Pacific Conference on Contemporary (APCCR 2019), Asia Pacific Institute of Advanced Research (APIAR),9-13.

- Richard Lambert, Christian Leuz, Robert E. Verrecchia (2007), Accounting Information, Disclosure, and the Cost of Capital, ***Journal of ccounting Research,*** Volume45, Issue2, 385-420.
- Richard Lu, (2014), Does Disclosure of Non-Financial Statement Information Reduce Firms' Propensity to Under-Invest***?, Quarterly Journal of finance & accounting: QJFA,*** Vol. 51,1-44.
- Robert G. Eccles, Michael P. Krzus, George Serafeim, (2011), Market Interest in Nonfinancial Information, ***Journal of Applied Corporate Finance***, Vol. 23, Issue 4, 113-127.
- Roger L. Burritt, Stefan Schaltegger, (2010), Sustainability accounting and reporting: fad or trend? , ***Accounting, Auditing & Accountability Journal***, Vol. 23 No. 7, 829-846.
- Robert S. Block, Integrated and Management Accounting (IMA), (2011), ***Case Study***, 3D Business Tools and Executive Management, 1-23.
- ***Securities Exchange Commission, SEC, Public Company Accounting Oversight Board (PCAOB***), (2008), FINAL REPORT of the ADVISORY COMMITTEE on IMPROVEMENTS to FINANCIAL REPORTING to the UNITED STATES SECURITIES and EXCHANGE COMMISSION, *1-172.*
- ***Securities Exchange Commission, SEC***, (2007), Speech by Lori J. Schock, Feedback from Individual Investors on Disclosure**,** 1-3.
- Sedeaq Nassar,(2020), The Influence of Intellectual Capital on Corporate Performance of The Turkish Wholesale and Retail Trade Companies, ***IUGJEPS,*** Vol 27, No 3, 2919, 91 -14.
- SOENKE SIEVERS, CHRISTOPHER F. MOKWA, GEORGKEIENBURG,(2013), The Relevance of Financial versus Non-Financial Information for the Valuation of Venture Capital-Backed Firms, ***European Accounting Review,*** Volume 22, Issue 3, 467-511.
- ***Staff members of the U.S. Securities and Exchange Commission's 21st Century Disclosure Initiative,*** (2009), Toward Greater Transparency: 21st Century Disclosure Initiative, 1-28.
- ***The American Institute of Certified Public Accountants, AICPA,*** (2003), Measuring and Managing shareholder value creation, 1-14.
- ***The American Institute of Certified Public Accountants, AICPA**, (2004),* Improving Shareholder Value, 1-17.
- ***The American Institute of Certified Public Accountants, AICPA***, (2007), Highlights of the 2006 AICPA National Conference On Current SEC and PCAOB Developments, 1-7.
- ***The European Corporate Governance Institute, (ECGI),*** (2013), Information Disclosure When There is Fundamental Disagreement, ECGI - Finance Working Paper No. 366/2013,1-53.
- ***The Institute of Chaatered accountants In England & Wales, ICAEW,*** (2002), No Surprise: Working For Better Risk Reporting, 1-11.
- ***The Institute of Chartered accountants In England & Wales ICAEW***, (2010), New Reporting Models For Business, 1-82.
- ***The Institute of Chartered accountants In England & Wales***, ***ICAEW***, (2011), Developments in new Reporting Models Information for Better Markets Initiative, 1-96.

ISSN: 2456-7760

- ***The Institute of Chartered Accountants in England and Wales ICAEW***,(2013), Financial Reporting Disclosure s: Market and Regulatory Failures information for better markets initiative, 1-92.
- ***The International Integrated Reporting Committee (IIRC)*, (2011),** Towards Integrated Reporting Communicating Value in the 21st Century,1-17.
- Timothy Wang, (2019), Predicting Private Company Failures in Italy Using Financial and Non-financial Information, ***Australian Accounting Review,*** Volume29, Issue1, 143-157.
- Victor X. Wang, (2019), Risk Factor Disclosures and Accounting Conservatism, 2019 Canadian Academic Accounting Association (CAAA) Annual Conference, 1-50.

Attachments

Saudi Stock Exchange MSCI index (Tadawul 30) Companies

1	Advanced Petrochemical
2	Al-Rajhi Bank
3	Al-Maraai
4	Al-Jazira Bank
5	Albilad Bank
6	Saudi Fransi Bank
7	Bupa Arabia for Cooperative Insurance
8	Cooperative Insurance
9	Dar Al Arkan
10	Emaar The Economic City
11	Etisalat Union
12	Jarir Marketing
13	National Commercial Bank
14	The Manufacturing
15	Petro Rabigh
16	Riyadh Bank
17	Samba Financial Group
18	Saudi Airlines Catering
19	SAFCO
20	Minerals
21	SABIC
22	"The Saudi British Bank "SABB
23	Saudi Cement
24	Saudi Electricity24
25	Saudi Group
26	Saudi Kaian
27	Saudi Telecom
28	Savola
29	Yansab
30	Alinma Bank