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Unveiling the Significance: Sustainability and Environmental Disclosure in Saudi Arabia through Stakeholders' Theory

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Abstract: Our study investigates sustainability and environmental disclosure in Saudi Arabian accounting, focusing on stakeholder accountability. Employing content analysis and close reading, we examine disclosures in the annual reports of 18 companies from 2008 to 2018. Findings reveal limited disclosures, influenced by interpretations of Islam and government emphasis. Despite sector-specific attention to environmental issues, disclosures lack depth. The study offers insights into managerial motivations, highlighting divergent stakeholder priorities and moral obligations. Policy implications suggest mandatory regulations could enhance accountability and encourage comprehensive disclosures. The research underscores the significance of contextual understanding in shaping accounting practices, particularly in regions like Saudi Arabia. Regulatory changes could improve corporate reporting on environmental and sustainability matters, addressing societal needs more effectively.

Keywords: environmental disclosure; sustainability; stakeholder theory; Saudi Arabia; Saudi government; Islam

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1. Introduction

The world is facing increasing uncertainties in respect of a range of highly significant environmental, economic, and social issues. The planet is experiencing a crisis that has never been witnessed before in the form of climate change, which is a worldwide phenomenon that threatens all humans and non-humans. Different global organisations, for example, the United Nations Framework Convention on Climate Change (UNFCCC), have repeatedly been urging people to change their habits and behaviours and promoting a fundamental restructuring of societies so that global average temperatures increase by no more than 1.5 °C. Also, the United Nations' 17 Sustainable Development Goals, which align with the 2030 Agenda for Sustainable Development, aim to provide peace and prosperity to all people and the Earth from the present to the future. The aims are to reduce inequalities in health, education, and the economy, with a particular emphasis on addressing climate change and preserving the ocean. However, it is not only the environment that is causing such heightened anxieties; there are also important social issues urgently needing addressing. For example, poverty is one of the most critical social issues, and this is related to both human rights and social justice. Additionally, many people not only lack access to shelter and food, but they also lack access to clean water, which is a basic human need. Environmental risks have grown in prominence in recent years and continue to become ever more challenging [1,2]. The significant risks confronting the world have been identified by a range of organisations. For example, the World Economic Forum (WEF) has published a risk report annually since 2006, and in the 2020 WEF Global Risks Report (prepared pre-COVID), there is clear anxiety regarding the environmental, economic, and social risks we currently face [3]. The past five years have been the warmest on record. . .all while citizens protest the political and economic conditions in their countries and voice concerns about systems that exacerbate inequality. Indeed, the growing palpability of shared economic, environmental, and societal risks signals that the horizon has shortened for preventing—or even mitigating—some of the direst consequences of global risks [4].

Ref. [3] sets out how severe temperatures and rising CO_2 emissions are occurring alongside massive losses in biodiversity and species protection; agricultural systems are under strain; and pollution of the air and water is becoming an increasingly serious hazard to human health and safety [5]. Because the environmental, social, and economic risks facing the world are so severe and are interconnected, action is required by many different actors to address them clearly. One of the most obvious actors is governments. Additionally, however, it is now almost universally accepted that companies have responsibilities for taking actions that go beyond working to maximise profits for shareholders and that these might include responsibilities related to some or all of the above issues. Almost 70 years ago, Ref. [6] argued that because business activities impact people's lives in different ways, they have social responsibilities [7,8]. Bowen's early discussions of businesses, ethics, and social responsibility led to wider debates in the 1960s as to what responsibilities businesses may have, particularly in respect of the environment [9,10]. Companies are now expected to act with respect for environmental and social issues and are not expected to focus solely on economic aspects such as financial performance. In addition to being expected to take relevant actions on environmental and social issues, there is also an expectation that companies are accountable for their actions. This is to ensure they are transparent in explaining what actions they have taken [11,12]. Refs. [13,14] explains that there is no agreed definition of corporate accountability but suggests that it might be thought of as "the ability of those affected by a corporation to hold corporations to account for their actions" (p. 28, [15]). Thus, corporate accountability is typically understood as being founded on the argument that companies are not solely responsible for their shareholders and that there are other stakeholder groups to whom they are also accountable. Hence, Du Reitz (2018) states that "in both research and practice, it is commonly assumed that reported accounts enable accountability [16]. When organisations or individuals account for their performance, their accounts allow external parties to monitor performance and demand accountability." (p. 587, [16]).

Saudi Arabia, the world's 10th-largest emitter of carbon dioxide, expressed its appreciation for the accomplishments of the G20 in finding sustainable solutions to environmental challenges and strengthening efforts to tackle land degradation, a significant threat to biodiversity, food security, and climate change adaptation. This acknowledgement was made during the speech delivered by the Deputy Minister of Environment, Water, and Agriculture for Environment, Dr. Osama Ibrahim Faqeeha, at the G20 environment and climate ministers' meeting held in New Delhi, India, in 2021.

In Islam, it is required of humankind that the Earth and the environment are well cared for and protected. Hence, relatedly, the Quran declares: "That Home of the Hereafter We shall grant to those who desire not high-handedness or evil on earth: and the end is (best) for the virtuous" (Quran 28:83) to indicate that virtue is an obligation, and in terms of the environment Islam is concerned with caring for, and protecting, the environment and for ensuring there is a balance preserved whereby "all God's creations are (kept). . .in equilibrium" (p. 76, [17,18]). In this regard, Islamic holism includes a concern for not only the survival but also the well-being of future generations, and we are to act as trustees for the environment [17,18]. According to [19], it is not permissible for one generation to enjoy a monopoly on wealth gained from nature and God's creations at the expense of future generations. As a result, every Muslim who has given themselves to the creator is obligated to respect and demonstrate a responsibility to the environment and to all the elements that make up the environment [20,21]. Islam also warns against despoiling or mistreating the environment; for example, contaminating or being destructive towards the environment is prohibited by the Quran [22,23]. Therefore, to trace the efforts in the country to scale up the kingdom's climate action, it is vital to examine environmental disclosure practices prior to the country's efforts. As a result, this paper argues that it is appropriate to analyse the sustainability and environmental disclosure of Saudi companies from a stakeholder lens. The teachings of Islam have a strong accord with the environment, and Saudi Arabia is a highly religious country with Islam of the greatest importance.

This research contributes to the field of disclosure research by using Saudi Arabia as the research base for examining environmental disclosure practices. Disclosure studies conducted that examine Saudi Arabia's scope are limited. By offering a very thorough analysis and a detailed understanding of environmental disclosure practices with reference to stakeholder and accountability in Saudi Arabia, this thesis addresses the second research gap, which is a scarcity of publications on the country. In addition, this thesis fully takes into account the contextual information and environment relevant to Saudi Arabia. Studies of social and environmental disclosure in developing countries replicate prior work in the Western literature while disregarding the richness of contextual information in their country [10,24]. Thus, this research contributes to knowledge by incorporating contextual factors relevant to Saudi Arabia into the examination of environmental and sustainability disclosure practices. By combining a content analysis with a close reading of the disclosures, this research differs from the usual disclosure research in developing countries while also contributing to the growing body of knowledge in the Western disclosure literature. The principal objective of this paper is to investigate environmental disclosure practices in the context of Saudi Arabia. More specifically, the objectives of studying the environmental disclosures for a sample of large Saudi companies are to investigate who the companies are being most accountable to and to understand what contextual factors are influencing the managers in respect of their disclosure choices. Consistent with these objectives, the aim of the paper is to answer the following questions: RQ1. Who are the primary stakeholders the companies are accountable to?; RQ2. What contextual factors are influencing the companies to prioritise these stakeholders?

The remainder of this paper is structured as follows. Following this introduction, the next section discussed a Literature Review and Stakeholder Theory. This is followed by the Research Methodology section. In the final two sections, we discuss the results and present our conclusions.

2. Literature Review

There have been an extensive range of disclosure studies published that examine environmental issues [25,26]. In the Saudi context, disclosure studies conducted that examine Saudi Arabia's scope are limited. The empirical works undertaken by [27–29] analysed the disclosure practices of voluntary social and environmental information based on a single theory [28,29]. Refs. [27,30] used legitimacy theory to examine the corporate social and environmental disclosure practices of 166 listed companies for the year 2013 [28]. The content analysis findings revealed that human resources and community information were the most commonly mentioned categories in corporate annual reports. This study's findings show that satisfying public expectations compelled Saudi-listed companies to disclose social and environmental information as a way of securing their legitimacy. In another study that embraced a single theory, Ref. [29] reviewed annual reports of companies operating in the banking industry from 2011–2014 [29]. The study applied stakeholder theory as a theoretical underpinning to investigate voluntary social and environmental information disclosure practices. The findings support the view that particular stakeholders can demand social and environmental disclosure more than others. The study found that companies in the banking industry were more responsive to employees' demands by disclosing more employee category information.

Another group of Saudi studies provides theoretical explanations of voluntary social and environmental disclosure from multiple theoretical perspectives. For example, the study of [31,32] examined the level of voluntary social and environmental disclosure using multiple theories, including legitimacy and stakeholder theories. From a stakeholder theory perspective, their findings concluded that the government is a key stakeholder with influential power over corporate social and environmental disclosure [31]. However, the legitimacy theory was described in general but had no link to the study's findings.

Refs. [33–35] also applied legitimacy and stakeholder in addition to other theories. Both studies investigated the level of voluntary social and environmental disclosure in Saudi annual reports. The findings from both studies showed that Saudi companies operating in sensitive industries, such as oil and energy companies, disclosed information related to the environment more than social information, which is consistent with the legitimation perspective [33,34]. This conclusion was also supported in empirical work undertaken by [36]; his content analysis results revealed that companies operating in a sensitive industry, such as telecommunication companies, tend to disclose more social and environmental information in order to seek their legitimacy and avoid any threat. He found that the oil and utilities industries in Saudi Arabia also disclosed social and environmental information more than other industries due to their large-scale adverse effects on the environment and local population [36].

However, the general approach of the above studies contributed to the ambiguity of the usefulness of a theoretical perspective to interpret voluntary social and environmental disclosure practices in Saudi firms. Saudi prior studies discussed above typically employ multiple theoretical perspectives, such as legitimacy and stakeholder theories, without justifying their research support. Consequently, prior Saudi studies lack a clear explanation of how multiple theoretical perspectives combined in their study are framing the research and contributing to the understanding of voluntary social and environmental disclosure practices. Therefore, there is a gap in the extant literature. Thus, the paper aims to apply stakeholder theory to explain sustainability and environmental disclosure in Saudi Arabia.

The value of our paper evolved from the notion that, according to a report of the General Authority for Statistics (GAStat) published in 2018 (https://www.stats.gov.sa/sites/default/files/sustainable_development_goals_sdgs_in_ksa_-en.pdf, accessed on 24 April 2024), Saudi Arabia is fully committed to achieving the SDGs and aligning national plans accordingly in line with Saudi Vision 2030. The vision (https://www.my.gov.sa/wps/portal/snp/content/SDGPortal/!ut/p/z0/04_Sj9CPykssy0xPLMnMz0vMAfIjo8zi_QxdDTwMTQz93YMt3AwCzXyMg1wMAw0NLA31g1Pz9AuyHRUBEXub1w!!/, accessed on 24 April 2024) emphasises clean water and sanitation, affordable and clean energy, decent work and economic growth, industry innovation and infrastructure, reducing inequalities, and sustainable cities and communities. Collaboration between the public, private, and non-profit sectors is central to this endeavour.

3. Stakeholder Theory

Stakeholder theory has been widely used in social and environmental accounting studies, in which the principles of the theory have emerged from business ethics [37]. The primary assumption of stakeholder theory is that firms have responsibilities not only towards their shareholders but also towards their stakeholders as their business operations cause social and environmental harm [38–40]. Thus, it considers social issues (along with maximising financial returns) that affect stakeholders in a more or less equal way [39–41].

The term 'stakeholders' originated in the 1960s, when the term was initially developed by Ansoff (1965) [42,43], and increased usage occurred in 1984, after Freeman's (1984) definition of stakeholders was published. Freeman (1984, p. 46) [40,44] defines the term 'stakeholders' as "any identifiable group or individual who can affect the achievement of an organization's objectives". In addition, Gray et al. (1995, p. 45) [45] define stakeholders as "any human agency that can be influenced by, or can itself influence, the activities of the organization". In this regard, stakeholders are generally divided into two groups: (i) a group of stakeholders who affect the company; and (ii) a group who are affected by the company's activities. The term, therefore, refers to the many interest groups that can affect or be affected by the firm's activities, such as investors, employees, customers, suppliers, the government, competitors, pressure groups, the stock market, industry bodies, foreign governments, and future generations [45]. Clarkson (1995) [46] further offers a somewhat narrow definition of stakeholders, in which he distinguishes between two groups of stakeholders: primary and secondary. The first group consists of key persons or organisations such as shareholders, government, employees, customers, investors, suppliers, and communities. The secondary group consists of stakeholders who are affected by organisational activities but are not directly involved in their operating activities, such as society and nature.

By looking at the definitions above, the similarity between those definitions of stakeholders refers to the principle of corporate effect proposed by Evan and Freeman (1993). The principle of corporate effect implies that almost 'any group' that can affect or is affected by the firm is considered a 'stakeholder'. Surprisingly, this principle (see [45,47]) confirms that terrorists and competitors are potential stakeholders of the firm due to their ability to significantly impact a firm's activities [40,46]. This raised serious concerns over stakeholder definitions that are based on the principle of corporate effect. As Ref. [36] argues, "stakeholder theory should not be used to weave a basket big enough to hold the world's misery". Therefore, defining stakeholders is not a simple task. For this reason, some researchers, for instance [48], found that stakeholder definition or identification of stakeholders, in reality, is unclear, despite a large body of literature that has made numerous attempts to define and identify who are the stakeholders from those who are not. However, these attempts caused disagreement in the literature on what constitutes a stakeholder [49]. As Stoney and Winstanley state, "...there is considerable confusion arising from the multitude of conflicting views [and]...failure to recognise and map this diversity has weakened rather than strengthened the stakeholder concept" [49].

Therefore, different stakeholders' definitions make it difficult to reach a general agreement on who is a stakeholder [50]. However, while several studies suggest that the term stakeholder suffers from vagueness and ambiguity [2,51]. Ref. [18] argue that different definitions are generated to serve different purposes, and each definition focuses on attributes that are relevant to the context of the study [47]. Stakeholders, from the principle of corporate rights, are those to whom the company has a moral obligation and legitimate relationship, regardless of whether the stakeholder is of human or non-human origin. This definition was found by [52,53], in which the stakeholder is described as follows:

Whenever persons or groups of persons voluntarily accept the benefits of a mutually beneficial scheme of cooperation requiring sacrifice or contribution on the part of the participants and there exists the possibility of freeriding, obligations of fairness are created among the participants in the cooperative scheme in proportion to the benefits accepted [52].

Refs. [52,53] proposed that the adopted definition of stakeholder includes individuals or groups such as suppliers, the state, customers, employees, communities, local government, investors, nature, and future generations. In that sense, it contrasts with earlier versions of the stakeholder definitions, which exclude individuals or groups who do not have a moral obligation or legitimate relationship with the company, even if they can affect organisational activities such as competitors, terrorists, and media [51].

From a stakeholder definition, a firm exists within a complex network of relationships between various stakeholder groups [14] and should therefore take the needs and preferences of its stakeholders into account in decision making for reasons normative, instrumental, or both [39,49]. To this extent, stakeholder theory has distinguished between different forms of stakeholder-company relationships through two branches (or perspectives): an ethical branch and a managerial (instrumental) branch [54].

The normative perspective of stakeholder theory focuses on the company's moral and ethical obligations vis-a-vis its stakeholders and thus provides the answer to why firms should consider their stakeholders' interests other than shareholders. In particular, it is argued that all stakeholders, without exception, have equal rights and interests. This implies that the company should prioritise all stakeholders' interests, especially when conflicts arise between various stakeholder groups [54]. In contrast, the managerial (or instrumental) perspective of stakeholder theory argues that it is unlikely a company can meet the expectations of 'all' its stakeholders [55–57]. Therefore, companies may not engage with all their stakeholders but rather respond to the 'key' stakeholders [58]. This perspective suggests that various stakeholder groups' interests or goals often differ from one another, implying that the company needs to satisfy the needs of its 'key' stakeholders to maintain access to the resources necessary for its survival [18]. Mitchell et al. (1997) developed the most commonly used model that explains how managers prioritise their relationships with key stakeholders based on their perceived salience [49]. This model has since been used regularly by practitioners and researchers, which is defined as "the degree to which managers give priority to competing stakeholders' claims" (p. 854, [49]). Mitchell et al.'s (1997) stakeholder salience model assesses the importance of the stakeholders based on three attributes: (i) power, which refers to a stakeholder's ability to exert its influence on the organisation; (ii) legitimacy, which represents the extent to which a stakeholder's claims conform to the norms and bounds of the wider society; and (iii) urgency, which implies the degree to which the claims of a stakeholder demand immediate action [59]. In essence, the stakeholder salience model suggests that companies tend to respond to stakeholders' expectations with more salient (two or all attributes) than less salient stakeholders who have one attribute [59,60].

According to the power attribute, prior literature defined stakeholder power as "the ability of those who possess the power to bring about the outcomes they desire" (p. 3, [61]). Ref. [62] also defined power as "the capacity to influence other individuals through asymmetric control over valuable resources and the ability to administer rewards and punishments." (p. 112, [63]). Therefore, the power attribute is viewed as a stakeholder's degree to control corporate management, either by controlling the supply of critical resources required by an organisation or by holding a principal position to reward or disregard the actions of an organisation [49,60]. Thus, the more critical (powerful) stakeholders' resources required by the firms, the greater the expectation that the stakeholder's demand will be met.

The legitimacy attribute, then, is used to explain the legitimacy of a stakeholder's relationship with an organisation. Mitchell et al. (1997) argued that only legitimate stakeholders' claims would be addressed by an organisation. However, it is argued that legitimate stakeholders would not 'always' have a serious effect on the decisions and activities of the organisation without power, but legitimate stakeholders could still gain power over time and change the organisation's actions [60]. The third attribute of stakeholder salience, urgency, is related to "the degree to which stakeholder's claims call for immediate attention" (p. 687, [49]). This attribute, according to Mitchell et al. (1997), is characterised as time sensitivity (issues that need immediate attention) and necessity (claims that are critical and highly important). In other words, stakeholders with the urgency attribute can take actions against the firm in their attempt to protect their interests, and such actions may take different forms such as boycotts, divestments, regulations, and strikes [64]. However, Mitchell et al. (1997) suggested that stakeholders were very likely unable to take immediate action without possessing power. In this sense, urgency is often implicitly related to power.

Consequently, these attributes can play an essential role in the identification and prioritisation of stakeholders. In addition, the salience of stakeholders can reflect the degree to which environmental and sustainability disclosure claims are given priority. Moreover, Mitchell et al. (1997) pointed out that different stakeholder groups' salience can change over time. Mitchell et al. (1997, p. 879) posit that "[. . .] stakeholders change in salience, requiring different degrees and types of attention depending on their attributed possession of power, legitimacy, and/or urgency, and that levels of these attributes (and thereby salience) can vary from issue to issue and from time to time". From this quotation, various activities undertaken by organisations, including public disclosure, are likely to change depending on different stakeholder expectations and salience to continue their ability and success. In this paper, stakeholder analysis becomes relevant as it involves identifying key stakeholders and their interests and assessing their influence and relationships with organisations.

4. Methodology

In order to address the research questions, RQ1. Who are the primary stakeholders the companies are accountable to? and RQ2. What contextual factors are influencing the companies to prioritise these stakeholders?, this paper employs content analysis and a close reading approach. According to [65], the technique of integrating multiple qualitative methods potentially provides deep insights into individuals' perspectives [65]. However, whilst they commend integrating multiple qualitative methods, they contend that "content analysis of annual reports together with semi-structured interviews" [65], p. 118 is not commonly used in accounting studies [65]. Employing content analysis with close reading can increase the credibility and validity of the findings of this study. Content analysis is an exploratory research strategy used in this thesis to gather data on and analyse the disclosure of eco-justice issues. This method can be employed to analyse environmental disclosure by examining organisational documents, such as annual reports. Such a method allows the researcher to identify to whom the companies appear to be seeking to be most accountable by determining the sustainability and environmental issues that companies disclose and do not disclose in their annual reports.

Content analysis is one of the most significant research techniques in the social sciences and has long been utilised in accounting [66,67]. Ref. [68] defines content analysis as "a research technique for the objective, systematic and quantitative description of the manifest content of communication". In addition, Holsti (1969, p. 14) [69] refers to this method as "characteristics of message". This method has been widely mobilised in the social and environmental accounting literature to identify the characteristics of corporate social and environmental disclosure [11,62]. Other studies have also employed content analysis to track changes in organisational values over time through the organisation's documents [70]. Content analysis is a method that can be either quantitative or qualitative [71]. Quantitative content analysis measures the volume of disclosure, which indicates the significance of the text [45,72], whereas qualitative content analysis focuses on the meaning and implications of the disclosure context [45]. The analysis of environmental and sustainability issues in this study does not only focus on quantitative aspects of environmental disclosures, such as sentence counts, but also examines qualitative aspects of the disclosure to understand their meanings and implications within the Saudi context.

The close reading methodology helps ensure the quality of the environmental disclosures is considered and appropriately analysed. This is because the close reading method requires the researcher to actively observe details within the text under investigation and to be attentive to all characteristics that might usefully inform the researcher of interesting or significant ideas pertaining to the disclosures as a precursor to the development of themes and sub-themes for the different categories relevant to addressing the research questions set out in the paper. Following an initial reading to familiarise the researcher with the content and nature of the disclosures, then re-reading the disclosures several times is vital to this methodology. This is to ensure sufficient attention is paid to whether themes and sub-themes and stakeholders pertinent to the companies that are identified during the re-readings are recurring (or even possibly negated) across the disclosures; this is an important facet of assessing the quality of the disclosures. Further, attentiveness and observation must be supplemented by interpretation, as this facilitates the researcher in comprehending what is important in the disclosures and again assists in enabling the researcher to assess the quality of the disclosures, particularly by making connections across the different disclosures in respect of themes, sub-themes, and their connection to the theories used in the research. Close reading also requires the researcher to be self-aware and self-critical, particularly in respect of ensuring they avoid holding preconceptions in advance of applying the method. Furthermore, the close reading technique assists in interacting with an unclear text through discussion and discourse, as well as eliminating the aspect that impacts the subjectivity of qualitative research. The companies chosen for the study are all listed on the Saudi Stock Exchange (Tadawul), and the main criterion for including a company in a sample was its size, as measured by market capitalisation.

To obtain a representative sample, the 18 companies were chosen on the basis of the two companies from each industry sector on the Stock Exchange with the largest market capitalization as of 2022. The companies chose to represent 9 of 16 industries on the Stock Exchange; seven industries were excluded due to a lack of accessibility to the companies' annual reports, as shown in Table 1 below.

Table 1. The sample according to the industry ramifications.

Series	Company's Name	Industry
1	Petro Rabigh	Energy
2	Bahri	
3	Sabic	Materials
4	Ma'aden	
5	Almarai	Food and Beverage
6	Savola	
7	Ncb Bank	Banks
8	Al Rajhi	
9	Kingdom	Investment and Finance
10	Assir	
11	Mid Gulf	Insurance
12	Tawuniya	
13	STC	Telecom
14	Mobily	
15	SEC	Utilities
16	Gasco	
17	Jabal Omar	Real Estate
18	Makkah development	

The focus on large companies in this paper is consistent with prior literature, which links the level of voluntary corporate disclosures with the size of companies, indicating that larger companies are more likely to make voluntary corporate disclosures than small- and medium-sized companies [11]. Furthermore, as this sample consists of the largest Saudi companies, it is expected that they are more liable for any change in voluntary disclosure practices in Saudi Arabia. The companies chosen for the study would be the most useful in capturing the data for several reasons identified by Gray et al. (1995) [45]: First, larger companies are more likely to demonstrate examples of voluntary corporate disclosure than an equivalent sample of medium or small companies; in terms of tracking trends, this sample is recommended for identifying innovations and capturing more voluntary disclosure practices. Second, a sample of the largest companies will be more comparable—on size at least—with the majority of other studies that sample from the largest companies. Finally, obtaining the annual reports from the larger companies proves to be much more reliable than for other samples.

This research proposes two categories to encompass environmental and sustainability issues in Saudi Arabia. The process adopted for developing these categories and subcategories was therefore based on the prior content analysis literature (for example, [45,59,65] as shown below in Table 2.

Table 2. Environmental and sustainability issues: categories and pillars.

Categories	Pillars
Environment	• Air, water, noise, visual quality, and pollution, plus any attempts to identify, improve, or prevent.
	• Waste and recycling, including improvements in products, except in so far as it is part of the business (for example, waste disposal or environmental technology).
	• Any significant and potential negative impacts of operations on the environment.
	• Energy saving and conservation.
	• Use/development/exploration of new sources, efficiency, insulation, etc., except in so far as it is part of the business (for example, oil exploration companies).
Sustainability	• Any mention of sustainability.
	• Any mention of sustainable development.

According to Gray et al. (1995) [45], there are two primary ways for identifying measurement in content analysis: the number of disclosures or the amount of disclosures. The measurement units may include pages [45,62,71], words [73,74], or sentences [75]. Sentences were chosen as units of analysis in this thesis for two reasons. First, counting the number of pages is an unreliable method since the number of pages can vary due to different print sizes, column sizes, and page sizes. Second, measuring the amount of disclosure by the number of words can be unreliable, as individual words have no meaning to provide a sound basis for coding environmental and sustainability disclosures without a sentence or sentences for context, and, therefore, a single word itself carries no meaning [71]. Consequently, this paper uses sentences to measure units of analysis "to provide complete, reliable and meaningful data for further analysis" [45].

Each disclosure sentence identified through the content analysis was recorded on an Excel working sheet. For each sentence, the Excel working sheet recorded the company, the annual report year and page number, and the disclosure category.

This coding sheet enabled the researcher to calculate volumes of disclosure based on the number of sentences. The volume of disclosure (numbers of sentences) was recorded both for each category and for the sub-categories. The data this provided enabled the researcher to identify the categories where there were relatively high volumes and the categories where there were relatively low volumes of disclosures. This also enabled the researcher to identify environmental and sustainability disclosure patterns (for example, significant rises or falls in the number of disclosures for the 11 categories over the period 2008–2018.

The researcher then, through close reading, identified the primary stakeholders the companies appeared to be accountable to and how the disclosures appeared to be operating as a legitimating device in respect of the stakeholders identified. (RQ1). Close reading is a method whereby the researcher examines text in a detailed and sustained manner. The purpose is to comprehend the meaning of the text by being alert to the wording of sentences and phrases. As well as being alert to phrases or nuances in the sentences that might assist in revealing stakeholder accountability and legitimacy, the close reading approach also enabled the researcher to identify the contextual factors motivating the companies to prioritise these stakeholders (RQ2).

Close reading of the environmental and sustainability sentences, therefore, facilitated the researcher in carefully analysing the disclosures in detail and in interpreting their significance.

5. Analysis and Discussion of Environmental and Sustainability Disclosures

These two categories are interconnected in that they both concern the disclosures the companies have made in respect of the stewardship of natural resources, including the allocation of natural resources within the current generation and between the current and future generations. The Environmental category comprises references to any issues related to the environment, such as air pollution, water management, noise, waste, and recycling, plus any attempts to identify, improve, or prevent these issues. The Sustainability category encompasses references to the concept of stewardship and the responsible management of resource use. Because they are interrelated, it is logical to consider these two categories and to investigate what factors may be causing these disclosures concurrently.

5.1. Overall Analysis

As can be seen from Table 1 below, there are a total of 880 disclosures across the eleven-year period for the combined Environmental and Sustainability categories in the companies' annual reports. This is a relatively low number of disclosures, equating to an average of only 3.6 disclosures per year per company and accounting for 15.5% of all disclosures. Table 3 shows that the number of disclosures within the Environmental category is 9.9% of the total disclosures, whilst the Sustainability disclosures account for 5.6% of the total disclosures. Prima facie, this appears to suggest that providing Environmental and Sustainability disclosures is not a high priority for the companies. The causes of the relatively low numbers of disclosures in the Environmental and Sustainability categories are discussed in the following sub-sections.

Table 3. Environmental and Sustainability disclosures for sample companies.

Disclosure Category	% of Total Disclosures	Number of Disclosure Sentence
Environmental	9.9%	561
Sustainability	5.6%	319
Total	15.5%	880

5.2. Environmental and Sustainability Disclosures: The Lack of Government Focus on Meeting Environmental Challenges

To identify the key stakeholders, it is important to understand the key contextual factors that may have influenced the companies in terms of their accountability to stakeholders. This provides a deeper understanding of the contextual factors relevant to Saudi Arabia in relation to the companies' disclosures by examining evidence from the companies' annual reports. Saudi Arabia is considered to be an Islamic monarchy where the Al-Ulama have a stake in the political structure and functioning of the state [76]. Islam originated in the kingdom and the identity of the kingdom, is inextricably connected with Islam. Two of Islam's three holy mosques are located in the country, and, hence, Saudi Arabia is of fundamental importance to Islamic thought and practice in the region and a central reference point for the conservative implementation of Islamic Sharia.

As Saudi Arabia is an Islamic country, the King must act in accordance with Sharia laws (Sharia law guides all aspects of Muslim life, including daily routines, familial and religious obligations, and financial dealings), which are derived primarily from the Qur'an (the Qur'an is the book of God that explains Allah's commands [77]) and Sunnah (Sunnah refers either to the Prophet Mohammad or to the sum of his teaching), which clarifies and confirms the Qur'an's commands and values [77,78]. Scholars have stressed the significance of this link between religion and government in the Saudi context. This link has deep historical roots, with, for example, Ibn Qayyim al-Jawziyya (d. 1350) arguing seven centuries ago that politics is part of religion since Islamic government is needed to protect religious values [79]. This idea of government protecting religious values is that the role of the ruler, 'the King', is to enforce the shari'a and to require proper moral behaviour on the part of his subjects, who, in turn, should respond with appropriate obedience. Thus, the ruling hegemony of Saudi Arabia is divided between the 'Al-Ulama' (religious scholars), who are the authorities in matters of jurisprudence, and the King (as the political ruler), who consults the Al-Ulama.

The political structure in Saudi Arabia is that the Second Principal Authority in the Saudi legal system is the Council of Senior Al-Ulama. The King seeks the opinions of the Al-Ulama to ensure his decisions and actions will not contradict Sharia law. Thus, because the King consults the Al-Ulama, their interests are incorporated into legislation, regulation, and government decision-making [79]. In this way, the Al-Ulama (Islamic scholars) maintain a central role in preserving the religious identity of the kingdom in the social and political spheres [79]. Some commentators have argued that Al-Ulama and the King 'balance' one another, and this acts as an effective mechanism for guaranteeing long-term stability [78,79]. However, this relationship between the King and Al-Ulama has also led to Al-Ulama having significant power in the kingdom as a result of this form of cooperation. The relationship between Islam and the government affects all aspects of Saudi life, including business practices, political, cultural, and legal systems, and thus plays an important role in how companies act towards a wide range of environmental and sustainability issues.

Saudi Arabia has a predominantly arid desert landscape with few coastal areas and mountain ranges, limited annual rainfall, and scarce groundwater reserves [80]. Despite the country's minimal natural resources, the national government's agenda for protecting the environment was limited during the period under investigation. Similarly, although caring for nature and the Earth's resources is an important part of Islam, many Muslim countries are reluctant to impose Western concepts of environmentalism [81]. Therefore, there were no specific environmental or sustainability initiatives developed by the religious authorities in Saudi Arabia. The managerial stakeholder lens emphasises that companies respond to the demands of their key stakeholders. Thus, the relative lack of attention to environmental and sustainability matters in Saudi companies' annual reports appears to potentially stem from this lack of religious and Saudi government focus (and demand for change) in respect of these two aspects.

The exploration for and exploitation of oil reserves commencing in 1938 transformed not only the society and economy of Saudi Arabia but brought with it tremendous repercussions on the physical environment. Unprecedented levels of socio-economic transformation resulted in rapid industrialisation, inefficient use of resources, unplanned urbanisation, and large-scale consumption patterns, resulting in a set of environmental issues [80,82]. The government's main concern has, since 1938, however, been to introduce policies and initiatives to support economic development, as well as to provide physical infrastructure and public services and improve human capital development [83]. This preoccupation with economic growth has appeared to overshadow government attention regarding the environmental consequences of the country's development and the responsibilities that should accompany economic development.

This is not to suggest that the government wholly neglected to attend to environmental concerns; rather, environmental and sustainability concerns were a much lower priority. The rise in environmental demands in Saudi Arabia, which have been a result of major demographic pressures and increased living standards in the mid-1980s, caused the government to become uncertain about its ability to meet the needs of its population with limited natural resources [84]. As a result, the government adopted a more positive attitude towards the environment through their national development plans. Specifically, in addition to the socioeconomic development goals, the second stage of the National Development Plan (1985–2005) set out two goals with respect to the environment, although these were very broad in nature. The first is to protect the national environment by preventing pollution and desertification of terrestrial, aquatic, and water resources; the second encourages both individuals and institutions to show consideration towards the environment [82].

The Saudi government established these goals in the National Development Plan primarily to encourage a limited number of industries to have greater environmental awareness, although subsequently, some limited government initiatives occurred in respect of environmental regulation relevant to companies. The industries that the government identified as contributing to environmental issues such as CO_2 emissions, energy waste, and water shortages include petroleum-based industries and industries characterised by the extensive use of water and energy. Thus, there has been some emphasis by the government on these industries.

However, it is important to reiterate that these government regulations concerning protecting the environment have not had the same prominence or importance as policy initiatives that have been created to address social and economic issues such as improving the quality of life within society and promoting education and skills development. Consequently, the government's efforts to resolve environmental problems are not comparable to those made to address social and economic issues. This is mirrored in the companies' disclosures and is observable when comparing Environmental and Sustainability disclosures to other disclosures. The environmental issues facing the country received relatively little consideration in government policies and initiatives, and the lower numbers of disclosures in the Environmental and Sustainability categories reflect this. Therefore, these Environmental and Sustainability disclosures are meaningfully related to the stakeholders' demands, particularly the government, with these disclosures appearing to be a function of the companies following the government's lead with their relative lack of focus on environmental and sustainability matters. This gives the sense that companies are acting in accordance with the government's priorities to gain or maintain their legitimacy and thus ensure their survival.

It is important to note that the Environmental and Sustainability disclosures are from an industry perspective, which must be examined to interpret the disclosures. The next section provides support for this assertion, explaining in greater detail the connection between the government initiatives and the disclosures in those industries that are more environmentally sensitive, namely, materials (It should be noted that the 'Materials' industry label used by Saudi Arabia's Stock Exchange includes companies engaged in petrochemicals, mining, metal refining, and chemical products), utilities, and food and beverage. The other industries (non-sensitive to the environment) played far less of a role in the kingdom's environmental activities and, hence, provided very few disclosures with respect to the environment and sustainability.

5.3. Environmental and Sustainability Disclosures: An Analysis of the Disclosures from an Industry Perspective

In the above discussion, it has been stated that the government has had a limited focus on environmental issues and that this is restricted to encouraging a limited number of industries to have greater environmental awareness. It is important to add to this explanation as to why there are so few disclosures in the Environmental and Sustainability categories by considering the disclosures from an industry standpoint, as shown in Table 4.

Table 4. Environmental and Sustainability disclosures per companies across industries.

Disclosure Category	Energy	Financials	Food and Beverage	Materials	Real Estate	Telecom	Utilities	Total
Environmental	28	14	80	232	9	6	192	561
Sustainability	0	35	79	189	0	10	6	319
Total	28	49	159	421	9	16	198	880

It is important to note that the three industries that are financial institutions and have a heavily reliance on financial operations, namely banks, investment, finance, and insurance industries, have been incorporated under one industry called financials, in order to obtain better analysis and comparison to other industries. As can be seen from Table 2 above, the materials (421 sentences), utilities (198 sentences), and food and beverage (159 sentences) industries are the leading Environmental and Sustainability disclosures. Traditionally, these are industries that are more sensitive to environmental issues [52,61]. Table 2 shows that other industries that are non-sensitive to the environment—namely, financials, real estate, telecom, and energy—provide minimal Environmental and Sustainability disclosures. This observation regarding the companies in the materials, utilities, and food and beverage industries having far greater numbers of disclosures is discussed further in the following sub-section.

5.4. Environmental and Sustainability Disclosures: Discussions in the Annual Reports for the Materials and Utilities Industries

The Environmental and Sustainability disclosures provided in the annual reports are noticeably dominated by industries that are under Saudi governmental encouragement to be environmentally aware due to their sensitivity to environmental issues, namely, materials, utilities, and food and beverage. The result is that these companies provide 88.4% of disclosures (778 of the total 880 disclosures) in the Environmental and Sustainability categories.

This sub-section and the subsequent sub-section build on the discussions in the previous sub-section and argue that the companies operating in environmentally sensitive industries provide Environmental and Sustainability disclosures in their annual reports as a response to the Saudi government placing some greater attention on requesting companies in these industries to be environmentally aware. Therefore, these companies are employing a legitimising strategy and ensuring they meet the stakeholder's expectations by disclosing that they are not environmentally irresponsible (Lindblom, 1994 strategy). Again, it is important to reiterate that these environmental initiatives in these industries have not had the same importance or prominence as policy initiatives that have been created to address social and economic issues. In our research, we would employ the term "the company" to denote the companies we utilize.

The oil and petrochemical industries (contained within the 'material' industry) are essential to the country's economy, as Saudi Arabia is the world's third-largest producer of oil and possesses the world's largest oil reserves. However, the oil and petrochemical industries have contributed to major environmental problems in the country, such as air, water, and soil pollution, climate change, and a rise in carbon footprint. According to [84], the oil and petrochemical industries accounted for 90% of all CO_2 emissions in the country. Furthermore, the oil and petrochemical industries not only impact climate change and greenhouse gas emissions but also affect the environmental profile of the country. Because of this, there have been ongoing critiques of the Saudi government for not having sufficient focus on acting to meet the different challenges the world faces in respect of the environment and sustainability [83]. As a response, the Saudi government implemented a number of environmental policies and initiatives, such as Carbon Capture and Storage (CCS) initiatives, as a way to regulate and raise environmental awareness in the oil and petrochemical industries, thus improving the country's negative environmental profile. The government's attention directed at this industry is a likely explanation why the materials industry sector has the greatest number of disclosures (421 of the total 880 disclosures, which equates to nearly half of the total disclosures). Namely, this industry has responded to the government's attention to ensure it does not neglect being accountable to this primary stakeholder. Furthermore, the environment and sustainability disclosures provided by the materials industry sector are used as a legitimation tool to portray a picture of growing awareness about the environment and sustainability and thus ensure its survival. However, it needs to be reiterated that whilst there was some government emphasis on environment and sustainability issues for this industry, it was still a limited government emphasis compared to community and training and education. This is reflected in the generalised nature of the disclosure. Thus, the companies in the materials industry are, for example, explaining that they are compliant with regulations, as the following disclosure examples illustrate.

Our exploration, mining, and operational activities are subject to various environmental regulations applicable in the Kingdom of Saudi Arabia. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. Non-compliance with the applicable laws and regulations might result in the imposition of fines and penalties by the regulatory authorities.

During the year, [the company] maintained its compliance with environmental regulations...Assessment of nitrogen oxide (NOx) emissions at its manufacturing affiliates in Saudi Arabia was completed during the year and confirmed the plants as meeting the emission-control standards set by the Royal Commission of Jubail and Yanbu.

In addition to implementing some policies for oil and petrochemicals to reduce waste and preserve the country's energy, the Saudi government established the National Energy Efficiency Programme to increase the adoption of clean energy and reduce the consumption of non-renewable resources. Energy (It should be emphasised that the discussion of energy efficiency initiatives does not pertain to the 'Energy' industry. The 'Energy' industry sector comprises enterprises engaged in activities other than oil and gas extraction, such as storage, transportation, and marketing. As a result, the companies in this industry sector have not been impacted by the energy efficiency initiatives and provide very low numbers of Environmental and Sustainability disclosures [85]) in Saudi Arabia, which involves petroleum and natural gas production as well as electricity production and, therefore, the materials and utilities (The utilities industry, according to Saudi Arabia's Stock Exchange industry classification, includes electricity, gas, and water producers' companies. Therefore, it is this industry sector that is impacted by the government's energy efficiency initiatives rather than the energy industry, as explained previously [85]) sectors are the two industries where this has some impact, as they have a role to play in the kingdom's Energy Efficiency initiative. This is evident in the Environmental and Sustainability disclosures observable in the disclosures for companies operating in the materials and utilities industries, which demonstrate their general support for the government Energy Efficiency Programme, and meet the expectations of the Saudi government, as shown in the example disclosures below:

The company aims to have a leading role in the field of environmental protection throughout the Kingdom of Saudi Arabia by achieving compatibility with the updated environmental standards issued by the General Authority of Meteorology and Environmental Protection on 2/5/1435 AH. . .thereby increasing the production of clean energy and reducing the consumption of non-renewable resources.

The company embraced the energy management system focus as a key enabler of active positive contribution towards efforts to reduce global warming, improve the performance of assets, and meet legislative requirements.

5.5. Environmental and Sustainability Disclosures: Water Scarcity Discussions in the Annual Reports for the Materials and Food and Beverage Industries

The above sub-section has discussed how the attention of the Saudi government to the oil and petrochemical industries, as well as the Saudi government's focus on improving energy efficiency, have motivated the Environmental and Sustainability disclosures. A third area where the Saudi government has had some focus with regard to the environment and sustainability is water scarcity. Water scarcity is particularly relevant to the materials and food and beverage industries since water consumption is an important element of their operations, and this is now discussed.

Water scarcity, which includes both water supply and water quality, is a significant health predictor and is inextricably related to food security, sanitation, and hygiene [86]. In Saudi Arabia, one of the largest arid countries in the world and classified by the United Nations as a water-scarce nation, the incautious use of groundwater resources for agricultural, industrial, and domestic purposes over a long period of time combined with an annual increase in water demand has had a substantial impact on the availability and quality of water resources [27,86]. This has meant that the risk of disease in the kingdom has increased as a result of low water quality and availability. As a result, the Saudi government has incorporated the issue of water scarcity into national agendas and initiatives to regulate those industries that contribute to the extensive use of water in Saudi Arabia.

The industries affected are the food and beverage (Food and beverage industry includes agricultural companies that are involved in the conversion of raw agricultural materials into consumer food and beverage products. Hence, water is of great significance as it is a primary input to their production processes) and materials industries, and the need is to ensure water is continuously available and conservation of water is important [87]. The Saudi government has taken some conservation measures in an attempt to reduce the use of groundwater and to use desalinated seawater [88]. Water scarcity is evident in the disclosures of companies in these two industries in the Environmental and Sustainability categories. In their annual reports, companies in the food and beverage and materials industries state how water is an extremely valuable resource and the most important environmental challenge facing the kingdom, as shown in the example disclosures below:

In Saudi Arabia, we face a challenging set of environmental factors, the most pressing of which is water conservation. (MR annual report, 2015, p. 41, emphasis added).

Water is a scarce and valuable commodity throughout the kingdom.

Programmes for processed wastewater recycling are one of the conservation techniques the Saudi government has introduced. Therefore, wastewater recycling has gained favour in Saudi Arabia as an efficient way to curb demands on water resources and to help balance both water and food security [27,86,87]. The companies state in their Environmental and Sustainability disclosures that they employ wastewater recycling systems to overcome the problem of water scarcity and make efficient use of water. This type of company initiative is aligned with the government's water conservation measures. This gives the sense that companies are seeking to meet the government's expectations regarding efforts to curb demands on groundwater and desalinated seawater. Therefore, providing disclosures regarding water scarcity can be understood as a legitimation strategy employed by Saudi companies to demonstrate their support for the government's strategic goals and meet the expectations of the Saudi government regarding water conservation, as shown in the example disclosures below:

[The company] has undertaken many initiatives to reduce water usage. This includes importing 100% of the green fodder required to produce the [company] milk, which is exported out of the kingdom.

The project is employing a wastewater treatment system (engineered natural system) that will treat and recycle processed waste water, sanitary waste water, and storm water back to operations.

5.6. Environmental and Sustainability Disclosures: Beyond Government Environmental Initiatives

In the previous sub-sections, it has been stated that the majority of the disclosures in these two categories are located in the three industries where the Saudi government's attention has been focused. This is due to their having a more significant impact on the environment when compared to the other industry sectors. The discussions in the Environmental and Sustainability disclosures appear to be a function of the companies following the government's lead in this area. Namely, the Saudi government has undertaken some environmental initiatives, but they are relatively low-key, and the result is that the disclosures are similarly modest.

There is, however, an additional comment that needs adding. Some companies operating in these industries have provided a small number of Environmental and Sustainability disclosures that show an awareness of the environment that goes beyond government requirements. The following disclosure, for example, clearly shows that the company's environmental programme to reduce its environmental footprint goes beyond regulatory requirements:

We have strengthened our commitment to reduce [the company's] environmental footprint, shifting from a compliance-led programme to stewardship-based performance through a programme that goes far beyond regulatory requirements.

The most likely reason for some companies stating they have gone beyond government requirements is that they are seeking to demonstrate awareness of global environmental initiatives and standards. However, it is noteworthy that the phrasing of these types of disclosures is still in reference to how these environmental and sustainability programmes are positioned in relation to Saudi government requirements. As a result, these companies are still aware of the need to be accountable to their key stakeholders.

6. Conclusions

In conclusion, this paper has argued that the two key stakeholders, namely Islamic religion and the Saudi government, continue to be the two primary stakeholders for Environmental and Sustainability disclosures. This is seen in the low number of Environmental and Sustainability disclosures, which appear to be tied to the Saudi government's relative lack of attention to the environment and sustainability. Further, there has been a lack of any pronouncements from Al-Ulama as to what is required by companies to address the world's environmental challenges. It is also important to note that the low numbers of Environmental and Sustainability disclosures provided in the annual reports are dominated by three industries that received some greater, albeit still limited, attention from the Saudi government. These industries have a particular impact on the country's environmental profile. As a result, the low level of Environmental and Sustainability disclosures appears to be a function of the companies following the government's lead on the environment and sustainability. Additionally, based on the evidence presented, it is possible to argue that the underlying reason for the relatively low number of disclosures in the Environmental and Sustainability categories can be explained by reference to the two primary stakeholders: Islamic religion and the Saudi government. There has been a relative lack of government policies and initiatives, coupled with a lack of pronouncements from religious leaders. For example, the low numbers of Environmental disclosures appear to be connected to the Saudi government's relative lack of initiatives or pronouncements on the environment, and, further, there is an absence of pronouncements from Al-Ulama as to what companies might do to address the world's environmental challenges. Hence, the relative lack of disclosures on Environmental and Sustainability matters in Saudi companies' annual reports appears to potentially stem from the lack of government initiatives in this area and because of religious opposition to enacting positive change in respect of the two disclosure aspects. Clearly, companies do not want to be seen in these types of disclosures as contradicting or opposing the stance of Al-Ulama and religious conservatives, and because government reforms are limited, their accountability to this stakeholder can be satisfied through the provision of a relatively small number of disclosures. For example, despite the country's minimal natural resources, the national government's agenda for protecting the environment was limited during the period under investigation. Similarly, although caring for nature and the Earth's resources is an important part of Islam, many Muslim countries are reluctant to impose Western concepts of environmentalism [81,89]. Therefore, there were no specific environmental or sustainability initiatives developed by the religious authorities in Saudi Arabia.

The study findings have a number of theoretical implications based on the research conducted. This study extends prior disclosure studies in social and environmental accounting by investigating environmental and sustainability disclosure practices in a developing economy context (i.e., Saudi Arabia). This has resulted in the construction of a framework that explains the managerial motivations behind disclosure practices from a stakeholder perspective. A central research finding is that the companies were primarily motivated by the desire to be accountable to two key stakeholders, the Islamic religion and the Saudi government, with respect to their environmental and sustainability disclosures and to ensure that they maintained their legitimacy in respect of these two stakeholders. The definitions of stakeholders as set out according to Evan and Freeman's (1993) [90] principle of corporate effect state that almost 'any group' that can affect or is affected by the firm is considered a 'stakeholder', including investors, employees, customers, suppliers, government, competitors, pressure groups, the stock market, industry bodies, foreign governments, and future generations; however, surprisingly, this is not wholly applicable in the Saudi context. Based on the evidence, Saudi companies prioritise stakeholders in this Saudi context differently and in contrast to this listing of primary stakeholders [40,45]. Consequently, based on the evidence in this paper, it needs to be acknowledged that, following the principle of corporate rights as set out by [52,53], stakeholders can include those to whom the company has a moral obligation and legitimate relationship, regardless of whether the stakeholder is of human or non-human origin. For this research, the stakeholders are the Islamic religion and the Saudi government. Further, this study expands accounting disclosure studies by using a qualitative research technique to investigate Saudi companies' reporting practices that takes into account contextual factors. Accounting disclosure research has been criticised for being primarily descriptive in nature, "for example, to test the effect of various firm characteristics (size, financial performance, industry, etc.) on social and environmental disclosure behaviour or performance. . .ignoring the rich contextual information in that country" [91]. This research has shown that explanations need to take into account the contextual features driving environmental and sustainability disclosure practices, and this can be achieved by employing a qualitative approach that uses multiple methods of data collection (content analysis with close reading methodology). The implication here is that by using Saudi Arabia as the research base for examining environmental and sustainability disclosure practices, this research has identified the need to fully take into account the contextual environment where the research is situated in order to support further understanding of the accounting disclosure practices with regard to social and environmental information.

On the policy level, the research results indicate that the reasons for the lack of environmental and sustainability disclosures are that, at present, companies are disclosing what is sufficient to demonstrate they meet the government's requirements. The findings further indicated that companies would only feel it necessary to provide greater numbers of disclosures in this area if it were made mandatory to disclose wider societal contributions. Presumably, this is because moving from a voluntary to a mandatory requirement increases the level of accountability the companies have to demonstrate. Therefore, if the government were to consider enacting regulations that mandated eco-justice disclosures, this would increase and improve the eco-justice disclosures provided in the companies' annual reports.

7. Limitations and Future Research Suggestions

As with any research project, there are limitations and boundaries that have to be placed around it. One limitation is with respect to the analysis of the corporate annual reports. Despite the fact that the interpretation of the environmental and sustainability information disclosed in the annual report was undertaken with great care utilising a close reading technique, the conclusions drawn regarding the managerial motivations for disclosing environmental and sustainability information in the annual reports may be subjective. Subjectivity is a fundamental challenge in any research that is qualitative. In addition, this paper offers new directions for further research, which can build on this research. Further research that is worthy of exploration might involve an examination of changes in respect of environmental and sustainability disclosures post-2018 in Saudi companies' annual reports. Therefore, future research could study the disclosure practices of Saudi companies in the years after this paper to determine whether there is any noticeable improvement or shift in the way companies disclose information about the environment and sustainability. The paper has noted how Saudi Arabia is often seen from a one-dimensional perspective, and future Saudi studies might give the reader of the research a more nuanced understanding of the country and different aspects relevant to the Saudi context.

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