

Chapter 9

Investigating the Determinants of ESG Disclosure Practices in Morocco: A Qualitative Analysis

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ABSTRACT

Non-financial disclosure refers to the publication of indicators that do not result from the financial statements. In Morocco, several companies publish their ESG reports annually, but the quality and quantity of information presented varies from one company to another. This chapter per the authors seeks to understand the factors likely to impact the scale and scope of ESG reporting done by Moroccan companies. This work began with a theoretical exploration of the determinants of non-financial disclosure, which enabled the authors to draw up a theoretical model incorporating the main determinants proposed in the literature. Subsequently, an exploratory qualitative approach will be implemented in order to contextualise the theoretical model identified. In terms of results, the contextualised model contains eight explanatory variables, the size of the company, the industry sector, the governance structure, profitability, CSR performance, stakeholders pressure, the cost of producing reports, and the desire to acquire a competitive advantage.

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INTRODUCTION

Social and environmental concerns are increasingly part of the business strategies of many companies in different sectors (Dentchev, 2004; Hillman & Keim, 2001). In recent years, however, it has become clear that the integration of social policies and procedures as such is not enough. It needs to be accompanied by communication with stakeholders to highlight the efforts made by the company as part of its responsible commitment.

Communication between the company and its various stakeholders consists in presenting in a document the information on social, environmental and governance policies and actions. More precisely, it covers different pillars of the company's responsible commitment. ESG report, non-financial report, CSR report and several other terms are used to express the report in which ESG or non financial information is published (Rezaee, 2016). In view of the growing importance of this practice, companies are increasingly committed to implementing sustainable business models based on sustainability issues (Morioka et al., 2017), as well as implementing disclosure strategies (Viehs et al., 2014).

In Morocco, several strategic orientations have been implemented in recent years. In particular, to meet new international requirements and cope with various social pressures and changes. To this end, in 2019 the AMMC amended Circular n°03/19 on financial transactions and disclosures. These changes include the transition from the voluntary status of non financial disclosure to a legal obligation for publicly-traded companies. As a result, the companies concerned are increasingly committed to publishing ESG information, the quality and quantity of which varies from one company to another.

This practice, has rarely been studied in Morocco. Research has generally focused on the interaction between CSR and organizational and financial performance, or on its relationship with HRM (Cherkaoui, 2020). Moreover, little research has focused on the determinants of non financial disclosure in Moroccan companies. The Moroccan field presents little data on the subject, and ESG disclosure practices remain an unexplored area in Morocco.

We considered it essential to carry out an exploratory study because Morocco is in an emerging phase in terms of non financial disclosure. For its part, the literature does not present enough data, so we are in a phase of understanding and exploration. The qualitative approach is therefore the one best suited to the scientific needs of our research. Conducting a qualitative exploratory study will ensure a thorough understanding of the phenomenon. This will enable us to contextualise the theoretical contributions to the Moroccan context in order to better define the motives for this communication, and to prepare the ground for any possible quantitative study. As

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