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An Analysis of the Acceptance of Corporate Citizenship from the Perspective of Audit Committee

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ABSTRACT

Society benefits from the activities and behaviors of companies, and Corporate Citizenship as a member of the community has the responsibility of being accountable to the company. Also, corporate social responsibility disclosure (Corporate Citizenship) is more important in decision-making of investors. On the other hand, corporate social responsibility disclosure will improve with corporate governance mechanism that set of rules on basis of handling, controlling and monitoring. So, the main aim of this research is to investigate the impact of existence of audit committee on CSR disclosure. The research hypothesis was developed on a basis of a sample of 149 firms listed on the Tehran Stock Exchange during the years 2012-2018, and then was tested using multivariate regression model based on panel data. The results indicate that the presence of audit committee is positively associated with corporate social responsibility disclosure. Research findings, while expanding the theoretical literature on social accounting, it can help investors, capital market regulators, and other stakeholders better understand the impact of the audit committee on disclosing social responsibility and accepting corporate citizenship and provide useful information to investors and guide them in their decisions.

Keywords:

Audit Committee, Corporate Social Responsibility Disclosure, Corporate Citizenship

1. Introduction

The acceptance of corporate citizenship as a member of the community is associated with the accountability of companies for increasing transparency and reporting. Social reporting responsibilities are critical instruments, and the related disclosures play a key role in the long-term survival of companies. This is mainly due to the fact that corporations have relations with the community, which enables them to survive in the long run. Corporate social responsibility (CSR) refers to the connection and unity between the activities and values of an organization, reflecting the interests of all the stakeholders (e.g., shareholders, clients, employees, investors, and the public) in the organizational performance and policies (Fakhari et al., 2015). The development of corporate accountability implies that the responsibility of corporations has incremented compared to the past, which mainly involved the provision of money to investors. Companies should be accountable to the stakeholders (investors, clients, employees, suppliers, banks, legislators, environment, and the society) for social issues, while also addressing their economic responsibilities (Ranjbar, 2014). Given the importance of CSR and the related disclosures, financial statements should be issues with utmost care and supervision, which may require appropriate corporate governance mechanisms.

Various corporate governance regulations were issued in Europe in the 1990s in order to increase the credibility and transparency of financial statements and information and help managers. In 2004, the Organization for Economic Cooperation and Development (OECD) published the revised principles for corporate governance, which included fairness, transparency, accountability, and responsibility. The centrality of corporate governance is the monitoring of corporate performance. Transparency is directly associated with the ability of the capital market to observe corporate performance. The provision of transparent information is also an important component of corporate governance, and transparent information could be a considered a tool to realize the accountability of managers.

Numerous mechanisms have been proposed in the accounting and financial literature to obtain reliable information and improve its transparency. One of these mechanisms is the improvement of corporate governance. The audit committee is a pillar of the internal control structure, which has drawn special attention in the corporate governance literature (Fakhari and Rezaei Pitenoei, 2017). The audit committee is a corporate governance mechanism, which is expected to be useful in preserving the interests of various groups using audit information. The establishment of the committee could contribute to the prevention of illegal actions, improvement of the financial statement process, and presentation of transparent and reliable financial statements and information. Presumably, the audit committee could improve the ability of the board of directors and the subcommittees to better monitor corporate reports and their disclosures, which in turn increases the dissemination of information by the board of directors. The accuracy and quality of financial and accounting information could be enhanced by establishing an audit committee, and the responsibility and accountability of the corporate management would be further controlled for adequate and appropriate disclosure and increasing the quality of financial statements by preparing and verifying transparent financial information (Fakhari and Rezaei Pitenoei, 2018). Therefore, the audit committee improves the efficiency of monitoring, level of social responsibility disclosure, and acceptance of corporate citizenship (Apohami and Tashakor, 2017). Previous studies have also demonstrated that the presence of an effective audit committee could remarkably enhance the information system and ensure the validity of financial statements (Habib and Azim, 2008; Ahmadhaji, 2015). With this background, it could be concluded that the presence of an audit committee improves the social responsibility disclosure and leads to the acceptance of a corporate citizenship viewpoint. Nevertheless, this subject has been overlooked in most of the studies regarding finance and accounting, and no research has been focused on this issue in Iran since 2012, when the establishment of audit committees became mandatory for companies. Overall, data are scarce on the finance and accounting in this regard, which motivated out research.

The present study aimed to retrieve empirical evidence to address the main research question regarding the significant correlations between the presence of an audit committee, social responsibility disclosure, and acceptance of corporate citizenship viewpoint. In addition, we investigated the type of the possible correlations. The theoretical basis of our research is the theory of corporate citizenship, which states that the company is considered a member of society because it receives resources from society, so it must be accountable to society. In this article, we want to answer the question of whether the company's accountability to the community as a member and citizen of the community has improved since the establishment of the audit committee in Iran. Our study contributes to CSR and audit committee literature in an important way and that's because, to the best of our knowledge, this study is the first study that looks from the perspective of the theory of corporate citizenship to the subject of the audit committee. While expanding the theoretical literature regarding social accounting, our findings could improve the perceptions of investors, capital market legislators and beneficiaries toward the impact of an audit committee on social responsibility disclosure and the acceptance of a corporate citizenship viewpoint. Other beneficial data were also provided to help these individuals with more efficient decision-making. After expressing the theoretical foundation and hypotheses, the research background has been discussed, followed by elaborations on the research methodology, model, variables, and outcomes. Finally, the research findings have been presented based on discussion and conclusion.

2. Literature Review

2.1. Audit Committee and CSR Disclosure

Today, companies attempt to be accountable for participation in social responsibility issues, as well as their disclosure within the framework of corporate governance systems, as their long-term survival relies on attention to social and environmental affairs along with financial issues (Barzegar et al., 2019). Nevertheless, there have been concerns regarding the quality and quantity of CSR disclosure. According to Ball et al. (2000), managers benefit from social responsibility disclosure only to increase their own credibility, while Choi et al. (2013) believe that managers could use social responsibility disclosure strategically to hide their opportunities and behaviors. As such, a monitoring mechanism (e.g., audit committees) is required to improve the status of social responsibility disclosure. In fact, an audit committee is expected to monitor financial and nonfinancial statements as the representatives of a corporate board of directors to reduce the information asymmetry between the management and stakeholders as far as possible.

An audit committee also consists of the board members, which often included 3-5 non-executive managers (i.e., no executive manager or an individual employed by the company) in order to ensure and increase the interests of the shareholders and investors. As mentioned earlier, the audit committee is established as a controlling mechanism to reduce the information asymmetry between the investors and other shareholders (Fakhari and Rezaei Pitenoei, 2018; Wang et al., 2015). The establishment of an audit committee is aimed at assisting the supervisory role of the board and improving the role to ensure the efficacy of the governance system processes, risk management and internal controls, health of financial statements, internal audit efficacy, independent auditor independence, independent audit efficacy, and compliance with the rules, regulations, and requirements (Charter of the Audit Committee, 2012).

Previous studies have listed the several benefits of an audit committee, such as increased audit quality (Abbott and Parker, 2000), lower accrual levels (Klein, 2002), higher disclosure quality (Caramano and Wafis, 2005), and a more adequate information environment (Fakhari and Rezaei Pitenoei, 2017; Fakhari and Rezaei Pitenoei, 2018). Overall, the results of these studies have confirmed the positive impact of the audit committee on the quality and disclosure of financial statements, as well as the performance of the economic entity. The formation and solicitation of an audit committee in developed countries has proven effective in the prevention of unlawful actions and ethics, improvement of the financial statement process, and presentation of a clear and reliable financial statement. Audit committees efficiently monitor the methods of financial statements (Fakhari et al., 2015) as they have sufficient power and varied specialties and inclinations to the exercise of optimal supervision, which eventually lead to CSR disclosures (Bedard et al., 2004).

According to the literature, the audit committees involving independent managers can successfully protect the reputation of the financial and nonfinancial statements of a corporation (including the CSR) since they are not affected by managers (Mangena and Pike, 2005; Pucheta- Martinez and De Fuentes, 2007). Therefore, an independent audit committee could ensure the accuracy and impartiality of financial statements (Jeffrey et al., 2011). In this regard, Mangena and Taryngana (2007) reported a significant, positive association between an audit committee and voluntary disclosures. In the present study, we also observed a significant association between an audit committee and the level of CSR disclosures; contrary to other disclosures, CSR disclosures are not regulated by the law, which creates an opportunity for managers to show opportunistic behaviors, and this will increase the information asymmetry in CSR activities. Audit committees could protect the interest of shareholders against opportunistic managers by improving the efficacy of the supervision process and increasing CSR disclosures (Lee et al., 2012; Aboudi and Lef, 2000). Therefore, an efficient audit committee is expected to influence the financial and non-financial disclosures of a corporation, including the CSR. With this background, the following research hypothesis was addressed:

H_1: The presence of an audit committee improves CSR disclosures.

2.2. Empirical Background of the Research

In a research, Zhang et al. (2019) evaluated the effect of audit committees on tax aggressiveness in Chinese companies, and the companies that established audit committees were reported to have less tax aggressiveness. In addition, the evaluation of the effects of the independence, expertise, and size of the audit committee on tax aggressiveness indicated negative correlations in this regard. In another study, Osi and Taktak (2018) assessed the correlation between the efficacy of an audit committee and timely financial statements, and the obtained results showed that the companies with an audit committee and financial expertise less frequently submitted delayed audit reports. In other words, the financial expertise of an audit committee could help provide timely financial statements. Apohami and Tashakor (2017) conducted a research regarding the features of an audit committee and CSR disclosures during 2012-2013 in Australia, observing significant, positive associations between the size, number of meetings, independence, and gender of the audit committee and CSR disclosures. However, no significant correlation was denoted between the financial expertise of the audit committee and CSR disclosures. On the other hand, Fakhari and Rezaei Pitenoei (2017) evaluated the effects of audit committees and their features (independence, financial expertise, size, and gender of the audit committee) on the information environment of the corporation. The obtained results indicated a significant association between the audit committee and information environment of the corporation based on the integrated data of 41 companies, which were acquired using the panel method. Furthermore, the assessment of 121 companies based on the integrated data obtained by the panel method demonstrated significant, positive associations between the independence and financial expertise of the audit committee and information environment. Meanwhile, the associations between the other features of the audit committee and corporate information environment were considered significant in the mentioned study.

Kusnadi et al. (2016) evaluated the effects of the independence and financial expertise of an audit committee on the quality of the financial statements of companies in a research entitled “Audit Committee and the Quality of Financial Statements in Singapore”. According to the findings, the quality of the financial statements was higher in the companies with an independent audit committee and financial expertise. Moreover, Hisham et al. (2014) assessed the impact of the features of an audit committee on the voluntary disclosure of 146 companies, which were selected from the listed companies in Malaysia stock exchange. The obtained results showed significant correlations between the independence and size of the committee and voluntary disclosure. However, the number of the committee meetings and expertise of the committee members had no effects on the voluntary disclosures. In another research, Osman et al. (2014) evaluated the effects of audit committee features on the voluntary disclosure of ethics in 94 companies, which were selected from the firms listed in the Malaysia stock exchange market. According to the obtained results, committee expertise was the only feature that affected the voluntary disclosure of ethics, while the independence, size, and number of the committee meetings had no significant correlations with the voluntary disclosure of ethics. In a study regarding the effects of the features of audit committees on information asymmetry, Al-Mahdi et al. (2013) observed that the presence of an audit committee and financial expertise of its members had a significant, negative association with the information asymmetry of the companies, as well as a positive correlation with the information environment of the companies. On the other hand, Lee et al. (2012) evaluated the effects of the features of an audit committee on the disclosure of intellectual capital in 100 British companies, observing positive, significant associations between the disclosure of the intellectual capital and various features of audit committees. Rahman Khan and Badrul Mottakin (2012) also investigated the corporate governance and CSR disclosures using the evidence based on the emerging economics of Bangladesh. According to the obtained results, CSR disclosures were negatively correlated with property management, while public and foreign ownership, non-executive managers in the board of directors, and the presence of an audit committee had positive, significant effects on the CSR disclosures.

Vadeei Noghabi et al. (2019) conducted a research on 96 companies listed in the Tehran Stock Exchange (TSE) during 2012-2016, aiming to evaluate the moderating role of audit quality on the correlation between the efficacy of an audit committee and earnings management. According to the findings, earnings management may decrease when an efficient audit committee interacts with an expert auditor in the industry. In addition, the results were indicative of the significant moderating effects of the size of an audit institution on the efficacy of the audit committee and earnings management. In a similar study, Fakhari and Rezaei Pitenoei (2018) evaluated the effect of an audit committee on the corporate information environment, reporting a significant, positive association between an audit committee and the corporate information environment. In other words, the information environment of the corporations became more transparent, and the value of the corporate information environment index increased by establishing an audit committee in the company.

In another study entitled “Presentation of a Model to Determine the Efficacy of an Audit Committee and Audit Quality Based on Structural Equations”, Dadashi and Norouzi (2018) observed that the presence of an audit committee increased the audit quality. Furthermore, Safari Gerayli et al. (2017) conducted a research entitled “Presentation of a Model to Determine the Efficacy of an Audit Committee and Valuable Content of Accounting Information" on 103 companies listed in the TSE during 2012-2015. According to the obtained results, the presence of an audit committee could increase the relevance of the profit value (value content of the profit and loss information), as well as the relevance of the book value per share (value content of the balance sheet information). Sedighi and Pakdel (2017) also investigate the impact of the features of an audit committee on voluntary disclosure, claiming that the independence of the audit committee, number of the audit committee meetings, and specialization of the audit committee had significant, positive effects on the voluntary disclosure of information. On the other hand, the size of the audit committee had no significant effect on the voluntary disclosure of the corporate information in the mentioned study.

Kamyabi and boozhmehrani (2017) evaluated the features of an audit committee on the quality of disclosure and non-executive ratio of the board members. Although significant, positive correlations were observed between two audit committee features (experience and the office term of the committee members) and the quality of the corporate disclosures, no significant association was reported between expertise, the size of the audit committee, and quality of the corporate disclosures. In another research aiming to determine the interaction between the social responsibility and corporate governance system using simultaneous equations, Mehrabanpour et al. (2017) concluded that corporations could reinforce their corporate governance system to send a positive signal to the capital market, which will improve their social responsibility. It was also stated that with the increased disclosure of social responsibility and the expectations in this regard, corporations should improve their governance system in order to attain a proper response level. In the research by Royaie and ebrahimi (2015), the effects of the features of an audit committee were evaluated on the voluntary disclosure of ethics, and it was concluded that only the independence of the audit committee and expertise of the committee members influenced the voluntary disclosure of ethics. On the same note, Bahar Moghadam et al. (2013) evaluated the correlations between some corporate governance mechanisms and CSR disclosures. According to the findings, the selected variables of the corporate governance mechanisms had significant, positive associations with the CSR disclosures, with the exception of CEO duality. In addition, a low disclosure level was observed in the selected corporations.

3. Methodology

This was an applied research in terms of the methodology considering the use of the models, methods, and theories to improve decision-making in the selected companies and a descriptive-analytical study in terms of the design, and post-event in terms of the design. The sample population included the companies listed in the TSE during 2012-2018. Notably, this period was selected since there was no requirement for establishing an audit committee by the companies before February 2013. In other words, a very small number of the companies had established an audit committee in the TSE before 2012. The inclusion criteria of the study were as follows:

1) Companies accepted in the TSE before 2012 and listed until the end of the Persian year 1397 (2019);
2) The fiscal year of the companies had to be until the end of Esfand (March 19th) in order to increase the comparison ability;
3) No changes in the fiscal year of the companies during this period;
4) The companies were not among the investment and financial intermediation companies (investment companies were not included in the sample population due to the differences in the nature of their activities with other companies).

Based on the mentioned criteria, 1,043 companies were selected as the research sample. The necessary data for testing the research hypothesis were extracted by referring to the financial statements and explanatory notes of the selected companies, video CDs and statistical archives of the TSE, TSE website, and other databases, as well as the new mortgage software. The final analysis of the collected data was carried out using the EViews and Stata software.

3.1. Research Model and Operational Definition of the Research Variables

The following model was used to assess the research hypotheses:

$$\mathrm{CSRD}_{i,t} = \beta_0 + \beta_1 \mathrm{AC}_{i,t} + \beta_2 \mathrm{SIZEi,t} + \beta_3 \mathrm{LEVi,t} + \beta_4 \mathrm{MTBi,t} + \beta_5 \mathrm{PROFi,t} + \beta_6 \mathrm{CAPEXi,t} + \varepsilon_{i,t}$$

where $CSR_{i,t}$ is the corporate social responsibility disclosures of the company i in year t, $AC_{i,t}$ is the presence of an audit committee in the company i in year t, $SIZE_{i,t}$ shows the size of the company i in year t, $LEV_{i,t}$ represents the financial leverage of company i in year t, $MTB_{i,t}$ represents the growth opportunities of company i in year t, $PROF_{i,t}$ is the profitability of company i in year t, $CAPEX_{i,t}$ shows the capital expenditure of company i in year t, $CFO_{i,t}$ is the operating cash flow of company i in year t, and $\varepsilon_{i,t}$ is the error component of a regression model. Each of the research variables has been introduced below.

Dependent variable

The level of the environmental and social information disclosures of the companies was the dependent variable of the current research, which was assessed based on the studies by Maranjory and Alikhani (2014) and Fakhari et al. (2015) using content analysis. Content analysis is a text coding method for various groups based on predefined criteria, which is broadly used in research regarding the disclosure of environmental and social information (Eslam et al., 2008). In content analysis, the researcher should use the coding checklist tool to assess the disclosure level of environmental and social information (Aribi and Gao, 2010). Thus, in the present study to measure the CSR disclosure scores, after an extensive review of the relevant literature, we developed a checklist consisting of 39 items of CSR disclosure which is consistent with the Iran's reporting environment. After preparing the checklist, coding rules were determined so that each disclosure subsection is obviously and appropriately defined. Then, we examine the presence or absence of items in the checklist by viewing the financial statements and annual report of the board of directors to the general shareholders assembly. So that if there are any checklist items, the firm will be given a score of one, otherwise zero. In addition, the sum of the dimensions of social responsibility was considered as the CSR disclosure score, and the final checklist was designed, as follows (Maranjory and Alikhani, 2014; Fakhari et al., 2015):

Environmental issues: pollution control, prevention of environmental damage, recycling/prevention of wastes, conservation of natural resources, research and development, environmental policies, investment in environmental projects, and other environmental issues.

Products and services: product development/market share, product quality/ISO, product safety and health, cessation of production, other products, and services.

Human resources: number of employees, monthly salary/cash rewards and benefits, employee share ownership, retirement and severance package, health and safety in the workplace, staff training and development programs, sports and welfare, employee loans/insurance, employee morale, communication, and other human resources.

Customers: customer health, customer complaints/satisfaction, late payment policies for specific customers, provision of facilities, and after sales service, meeting the clients" needs, and other clients.

Social responsibilities: social investment, support of community activities, gifts and charities, legal actions/litigation, religious/cultural activities, and other community responsibilities.

Energy: energy conservation and saving, development and exploration of new resources, use of new resources, and other energies.

Independent variable

This was a two-value variable, which was allocated score one if the companies established an audit committee based on the internal control regulations of the TSE in 2012; otherwise, score zero was assigned to the variable (Fakhari and Rezaei Pitenoei, 2018; Fakhari and Rezaei Pitenoei, 2017).

Control variables

Some of the most important variables that were identified as the influential factors in the CSR disclosures based on previous studies were considered as the control variables, as follows:

Company size (SIZE): larger companies are more likely to invest in social responsibility given that they are overseen by analysts and large shareholders (Malik, 2014; Sheikh, 2019). In the present study, the company size was measured using the natural logarithm of the net sales.

Financial leverage (LEV): low-risk companies are expected to perform more CSR disclosure activities (Adams and Hardwick, 1998; Orlitzky and Benjamin, 2001). In the current research, the ratio of the total liabilities to the total assets was used to control the financial leverage of the companies.

Growth opportunities (MTB): the ratio of the market value to the book value of equity was considered to control the growth opportunities.

Profitability (PROF): profitable companies have more financial resources to invest in social responsibility (Sheikh, 2019). In the present study, profitability was measured based on the ratio of earnings before taxes to the total assets.

Capital expenditure (CAPEX): capital expenditures were incorporated into the model as another control variable of the current research and determined based on the net difference between the fixed assets of the current year and previous year. In order to homogenize the data, the variable was divided by the book value of all the assets at the beginning of the year.

4. Results

4.1. Descriptive Statistics

Table 1 shows the descriptive statistics of the variables evaluated in the study for 1,043 companies during 2012-2018.

Table 1. Descriptive Statistics on Research Variables

Variables	Mean	Median	Minimum	Maximum	Std. Deviation
CSRD	16.251	16	9	28	2.960
SIZE	14.754	14.488	11.116	19.744	1.521
LEV	0.592	0.594	0.167	2.616	0.236
MTB	3.447	2.695	0.428	15.729	2.690
PROF	0.114	0.093	-0.566	0.651	0.154
CAPEXP	0.219	0.054	0.001	6.375	0.575

According to the information in Table 1, the mean score of the CSR disclosures was 16, which indicated that the evaluated companies disclosed half of the components of the CSR checklist on average. In addition, the mean profitability ratio of the companies was 11%, while the mean financial leverage of the samples showed that debt constituted 59% of the corporate assets. Among the research variables, social responsibility had the highest standard deviation. Another interesting finding was the higher market value of the equity of the book value in most of the companies, and the average value of the growth opportunity variable (3.447) was the proof of this claim. Table 2 shows the percentage and frequency (mode) indicators of the two-dimensional variable of the existence of an audit committee in the company.

Table 2. Frequency Percentage and Mode of Two-dimensional Variable

Variables	Frequency percentage 0	Frequency percentage 1	Mode
AC	% 22.06	% 77.94	1

According to the information in Table 2, the frequency percentage of score one related to the variable of the existence of an audit committee (formation of the audit committee from 2012 onwards), which was equal to 77.94% and showed that on average, 78% of the sample companies had formed an audit committee since 2012.

4.2. Research Hypothesis Test Results

For the combined data, the F-Limer test was used to determine whether the use of the panel data method would be efficient in estimating the desired model. In addition, the Hausman test was applied if using the panel data method to determine the proper method (fixed effects or random effects) for more appropriate estimations. The likelihood ratio test and Wooldridge test were also applied to detect the variance heterogeneity and serial autocorrelation in the model, respectively, the results of which are presented in Table 3.

According to the information in Table 3, the panel data methods should be used, and the model should be realized by the random effects method. In addition, the likelihood ratio the test results showed the variance heterogeneity of the model. Therefore, the GLS method was applied for the final estimation of the model based on these results. On the other hand, the significance level of the Wooldridge test (0.411) demonstrated the absence of serial autocorrelation in the model. The collinearity test was also assessed using the variance inflation factor (VIF) in order to ensure no alignment problem would occur between the explanatory variables. The obtained results indicated no collinearity between the explanatory variables since their values were below 10. Table 4 shows the estimation results of the research model.

According to the information in Table 4, the significance level of the F statistic, which showed the significance of the entire regression, was 0.000, demonstrating the 95% confidence level of the model. Furthermore, since the probability value of the t statistic for the presence of an audit committee (0.001) was below 0.05, the null hypothesis was rejected. In other words, the coefficient was significant at 5% error rate; therefore, the research hypothesis was confirmed, and a significant, positive correlation was observed between the presence of an audit committee and CSR disclosures. In addition, the information in Table 4 are indicative of the significant, positive association between the company size and CSR disclosures; as such, it could be inferred that the larger companies were more scrutinized by various social groups and were under more pressure by the community to disclose their environmental and social information in order to legitimize their activities. On the other hand, no significant associations were observed between capital expenditures, financial leverage and growth opportunities, and CSR disclosures.

Table 3. Results of Tests Used for Research Model

Test	Statistic	Prob.	Test Results
F-Limer	35.187	0.000	Panel Method Efficiency
Hausman	1.809	0.936	Random Effects Method Efficiency
Likelihood Ratio	511.018	0.000	Variance Heterogeneity
Wooldridge	0.541	0.463	Lack of Autocorrelation

Table 4. Research Hypotheses Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.	VIF
C	0.742	2.566	0.289	0.772	---
AC	0.589	0.178	3.301	0.001	1.06
SIZE	0.419	4.040	0.104	0.419	1.01
LEV	0.081	0.092	0.888	0.375	1.02
MTB	-0.430	0.456	-0.943	0.346	1.04
PROF	0.491	0.190	2.278	0.010	1.16
CAPEXP	-0.204	0.253	-0.805	0.421	1.0
F-statistic (Prob)		21.015(0.000)	Durbin-Watson stat		1.882
R-squared		0.568	Adjusted R-squared		0.556

4.3. Sensitivity Analysis

Other tests were carried out to further assess the research subject and analyze the sensitivity of the results. In a research by Ball et al. (2012), the fixed effects model was employed to determine whether regression models could control the effect of the firm-specific deleted factors that are invalid over time; however, it greatly reduced the estimation power of the model. In an alternative operation, the research model was fitted to a standard clustering error (cluster panel), which is presented in Table 5. The results of the model estimation by the cluster panel method (sensitivity test) supported the main results of the research, expressing that the presence of an audit committee could improve the CSR disclosures and acceptance of the corporate citizenship viewpoint.

In another test, we evaluated the correlation between the presence of an audit committee and CSR disclosures in each of the seven years of the study. Table 6 shows the significance of the variable of the presence of an audit committee in each year separately.

As is observed, the coefficient of the variable of the audit committee was positive in all the research years. However, the significance of the results was low in the first years of the research, which indicated the increased efficacy of the audit committees in the companies, as well as its higher efficiency in disclosing the financial and non-financial information.

Table 5. Results of Additional Tests for Research Hypothesis

Variable	Coefficient		t-Statistic
C	0.229*		2.241
AC	0.325**		2.928
SIZE	0.114**		2.159
LEV	-0.067		-1.887
MTB	0.129		0.645
PROF	0.068*		2.193
CAPEXP	-0.095		-1.130
F-statistic	9.128	Prob(F-statistic)	0.000
R-squared	0.529	Adjusted R-squared	0.513
*, ** = statistically significant at less than 0.05 and 0.01, respectively.			

Table 6. Regression Results of Each Year

Variable	Coefficient	t-Statistic
2012	0.021	1.164
2013	0.018*	2.014
2014	0.017*	2.188
2015	0.056*	2.251
2016	0.081*	2.438
2017	0.066**	2.699
2018	0.091**	2.937
*, ** = statistically significant at less than 0.05 and 0.01, respectively.		

5. Discussion and Conclusion

CSR and the acceptance of corporate citizenship viewpoints are the responsibilities and commitments of a company in order to maintain, protect, and assist the community where they are activated. CSR is the responsibility of the company toward the community, humans, and the environment in which the company operates and promotes social benefits, thereby going beyond the interests of the organization. Given the importance of CSR disclosures in the decision-making of investors and identifying the effect of audit committees on the issue, we aimed to evaluate the correlation between the presence of an audit committee and the CSR disclosures of the companies listed in the TSE in the current research. According to the obtained results, the presence of an audit committee could improve the CSR disclosures of the companies and corporate citizenship viewpoint. In addition, a significant association was observed with the presence of an audit committee after the approval of the internal control with the CSR.

Our findings confirmed the importance of the supervisory role of corporate governance and the audit committee as a mechanism of corporate governance for the improvement of information transparency and reduction of corporate information asymmetry. We realized that an audit committee is a pillar of the company's internal control structure and has taken steps toward protecting the interests of various groups based on the accounting information of the company. The committee could be used to improve the financial statement process and provide transparent and reliable financial information and reports, thereby enhancing the CSR. Therefore, it could be claimed that the requirements of the internal control guidelines and formation of an audit committee as a regulatory factor have been effective in improving social responsibility in the sample companies, and investors could invest in the companies with an audit committee with more confidence since one of the most important consequences of fulfilling the CSR is promotion the company's reputation, which in turn increases the understanding and trust of the stakeholders in the company. By protecting their CSR activities, companies maintain their positive interactions with the stakeholders, while also endorsing their image in the society and increasing the value of the company and shareholders. In this regard, our findings are in line with the results obtained by Rahmankhan and Badrul Mottakin (2012) and Bahar Moghadam et al. (2013). Considering the position of the CSR in organizations, it is suggested that accounting standard development committees formulate the proper standards in this regard, so that they would be used by all companies. In addition, the Securities and Exchange Commission as a regulatory body has recommended guidelines for the implementation of some incentive policies regarding the disclosure of CSR information. The findings of the current research should encourage the members of the board of directors of companies to strengthen and establish audit committees since the presence of an audit committee in the company will positively influence the corporate values and its shareholders. Moreover, the audit committee monitors the performance of the company's managers and often intends to provide accurate and timely information, which is disclosed in the market in various forms (including the board of directors) and communicated to most of the shareholders, while it is also incorporated into the prices, thereby increasing the efficiency of the market in terms of information.

Finally, since our findings confirmed the key role of audit committees in improving disclosure and reducing asymmetry, officials are advised to provide the conditions for the establishment of this committee in all the listed companies in order to reap benefits such as the performance monitoring of management, information transfer to the market, and improving the market information and liquidity of the company shares.

In the process of conducting scientific research, some factors cannot be controlled by the researcher and may potentially affect the results. One of the most important limitations of the current research was considering several control variables that affected the CSR disclosures in the model estimation. Similar to other empirical studies on accounting, the presence of the eliminated variables was still possible, which might have affected the generalizability of the results. Therefore, it is recommended that further investigations be conducted to evaluate the effects of the other features of an audit committee on CSR disclosures. Some of the important subjects that could be explored are as follows:

1) The effect of an audit committee on corporate sustainability reporting;
2) The effect of an audit committee on social trust;
3) The effect of external supervision on the association of an audit committee with CSR

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