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Balancing compliance and conservatism: Stakeholder influences on employment, equal opportunity, and diversity disclosures in Saudi Arabia

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Abstract

This study aims to examine how employment, equal opportunity, and diversity (EEO) disclosures are shaped by dominant stakeholders in Saudi Arabia (SA), including government policies, sociocultural norms, and external pressures from investors and international frameworks. Drawing on stakeholder theory, 248 annual reports from Saudi companies (2008–2022) are analysed, incorporating contextual factors such as religion and policies. The results of this study reveal that religious principles and governmental mandates significantly influence disclosure, leading to cautious transparency. Companies often align reports with Islamic principles. While national initiatives such as Saudization and Vision 2030 encourage workforce participation, reporting primarily emphasizes compliance with domestic labor policies rather than international standards. This highlights the dual pressures firms face in meeting state requirements while maintaining legitimacy within conservative cultural and religious contexts. The implications of this study are threefold. Regulators should adopt standardized disclosure frameworks that balance global best practices with local sensitivities. International investors can promote transparency by pressing for comprehensive workforce disclosures in line with ESG priorities. For scholars, the study underscores the importance of examining how governance, stakeholder expectations, and cultural-religious factors intersect in shaping workforce reporting, with future research needed across the wider Gulf Cooperation Council (GCC).

Keywords: Corporate disclosures, Diversity, Employment, Equal opportunity, Saudi Arabia, Social justice, Stakeholder, Sustainability.

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1. Introduction

The concept of sustainability, encompassing concerns such as social justice (i.e., equality, inclusion, human rights) and environmental threats, has become increasingly significant in corporate discourse. The Brundtland Report defines sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" [1]. While the principles of sustainability and corporate social responsibility (CSR) have been predominantly developed within Western contexts, their application in Islamic societies, particularly in Saudi Arabia (SA), necessitates a nuanced understanding that aligns with Islamic teachings.

In Islam, social justice is a fundamental principle. The Quran emphasizes the responsibility of all individuals to ensure societal justice Noor [2]. Kamla and G. Rammal [3] highlight that social justice is so integral to Islamic thought that interpretations of Sharia often focus on its role in achieving social justice. This includes addressing gross inequalities in income and wealth, which are viewed as contrary to the spirit of Islam. Furthermore, Islam advocates for equal opportunities, enabling individuals to reach their full potential, and obliges society to challenge injustices and inequities. The Prophet Muhammad affirmed the equality of all people, stating that "all people are the same as the teeth of a comb" Noor [2, p. 12]. Yamani [4], also, addresses gender equality, asserting that Islam supports the equal status of men and women, and that deviations from this principle in some Muslim societies stem from socio-cultural traditions rather than Islamic teachings.

This study aims to examine employment, equal opportunity, and diversity (EEO) disclosures in SA through the lens of stakeholder theory. Specifically, it investigates how dominant stakeholders, including government policies, sociocultural norms, and external pressures from investors and international governance frameworks, influence corporate reporting related to EEO issues. By analyzing the annual reports of Saudi companies over 15 years (2008–2022), the study seeks to understand the interplay between corporate disclosure practices and the broader socio-political and religious context of SA.

The significance of this study lies in its exploration of EEO disclosures within the unique context of SA, where religious conservatism and governmental mandates significantly influence corporate reporting practices. While national initiatives like Saudization and Vision 2030 aim to enhance workforce participation, corporate reporting tends to focus on compliance with domestic policies rather than adhering to international transparency standards. This research contributes to the literature by shifting the focus from firm-level characteristics to the broader contextual forces—regulatory, cultural, and religious—that shape corporate disclosure practices in SA. By integrating stakeholder theory with the specific socio-political and religious context of an Islamic monarchy, the paper provides a novel framework for understanding voluntary disclosure in emerging economies.

The study employs a mixed-methods approach, combining content analysis with close reading to examine EEO disclosures in the annual reports of 18 Saudi companies listed on the Saudi Stock Exchange (Tadawul) over 15 years (2008–2022), resulting in a total sample of 248 annual reports. This methodology allows for a comprehensive analysis of the managerial motivations underlying EEO disclosures and the influence of contextual factors, including religious and policies.

The findings suggest that disclosure practices in SA are not primarily driven by internal commitments but by external pressures to maintain legitimacy within a specific political and cultural framework. Consequently, EEO disclosures function more as instruments of compliance and image management than as tools of accountability and inclusivity. Islamic principles and authorities, as well as the government, significantly shape disclosure practices. Many companies limit EEO disclosures to align with Islamic principles. While government policies such as the Saudization program and efforts under Vision 2030 have aimed to enhance labor market participation, particularly for women, corporate disclosures remain selective. Firms tend to prioritize compliance with national labor policies and cultural norms over adopting global best practices in transparency and diversity reporting.

This paper offers original insights by examining how religious, regulatory, and economic factors shape corporate disclosures on EEO in SA. Unlike prior research that focuses on financial indicators or Shari'ah compliance, this study uniquely explores how stakeholder power dynamics influence selective reporting on employment, equal opportunity, and workforce diversity. By integrating stakeholder theory with the specific socio-political and religious context of an Islamic monarchy, the paper provides a novel framework for understanding voluntary disclosure in emerging economies. The study contributes to understanding selective diversity reporting in emerging markets and provides a basis for comparative research across the Gulf Cooperation Council (GCC).

The structure of this paper is as follows. It begins with discussing the notion of stakeholder theory in the context of Saudi EEO disclosures. Then, it reviews the relevant literature and the development of hypotheses. This is followed by a discussion of the methodology used in the study. The subsequent sections present the findings and discussion. Finally, the paper concludes with key insights, implications, and directions for future research.

2. Stakeholder Theory in the Context of Saudi EEO

Stakeholder theory, as introduced by Freeman [5], posits that corporations must address the expectations of a diverse group of stakeholders—including employees, shareholders, customers, suppliers, and regulators—whose support is essential to the firm's ongoing viability. The theory emphasizes that stakeholders differ in their ability to influence corporate behavior, with more powerful groups having greater sway over a firm's decisions and disclosures [6-9]. Disclosure, therefore, becomes a strategic tool for engaging stakeholders and negotiating implicit social and environmental contracts.

In the SA context, stakeholder theory highlights the government as the dominant stakeholder, particularly through policy instruments like Saudization, which mandates the employment of Saudi nationals. Government influence shapes

corporate disclosure practices, especially in employment-related reporting, where firms prioritize compliance over broader sustainability goals and notions of transparency [10, 11]. Rather than addressing a wide spectrum of labour issues—such as employee rights, job security, or working conditions—companies tend to report selectively, focusing on areas that align with state priorities and bolster public image [12].

Additionally, stakeholder theory helps explain how socio-cultural and religious norms shape corporate behaviour in SA. As an Islamic monarchy, the country's cultural and religious structures—reinforced by actors such as the Al-Ulama—affect corporate disclosure, particularly on sensitive topics like gender diversity. Although Vision 2030 advocates for greater gender equality, entrenched social norms such as gender segregation often result in sanitized or idealized representations of inclusivity in corporate reporting [12, 13]. This selective reporting is further enabled by the voluntary nature of CSR disclosures in SA [14].

In sum, stakeholder theory reveals that Saudi firms strategically tailor their disclosures to meet the expectations of influential stakeholders—primarily the government and religion—while placing less emphasis on workforce issues such as workforce diversity. As such, disclosures often serve more as a mechanism for stakeholder management than as a tool for accountability or comprehensive reporting.

3. Literature Review and Hypothesis Development

A review of the literature in the SA context indicates that corporate disclosures concerning employment, equal opportunity, and gender diversity in the workforce are primarily influenced by state-driven policies, prevailing cultural and religious norms, and the expectations of external stakeholders. Employment reporting, in particular, is heavily influenced by national labor initiatives such as Saudization, which mandates the prioritization of Saudi nationals in the workforce [15]. While stakeholder theory emphasizes the importance of addressing the concerns of various groups—including employees, regulators, and broader society—corporate disclosures in SA predominantly reflect government priorities rather than a holistic commitment to workplace transparency [5, 11]. This has resulted in selective reporting practices that often place less attention on critical issues such as labor disputes, working conditions, and employee grievances [16]. Moreover, the voluntary nature of sustainability reporting in the country contributes to inconsistencies, as companies tend to highlight favourable policies that enhance their public image while avoiding comprehensive accounts of workforce realities [17].

Concerning equal opportunity disclosures, the literature reveals a tendency among Saudi firms to comply with legal requirements rather than actively promote inclusive practices. Vision 2030's extensive reforms are regarded as a momentous leap towards gender equality, inclusion of women in the labor force, and acknowledging their crucial contribution to the economic development of the kingdom's future [18]. The current reforms have yielded visible outcomes in terms of increasing female workforce participation and reducing female unemployment by 13.9% [18]. Despite the government's groundbreaking strides towards gender equality, corporate disclosures about equal opportunities remain fragmented and largely shaped by cultural norms [12]. Similarly, diversity disclosures are predominantly centered on nationality in alignment with localization policies, while issues such as gender or disability inclusion are less frequently addressed due to prevailing cultural and religious beliefs [17]. Also, corporate reports tend to focus on policy statements rather than substantive evidence of implementation, indicating that disclosure practices are largely driven by the need to maintain legitimacy with influential external stakeholders [19].

Taken together, the literature suggests that corporate reporting on employment, equal opportunity, and diversity in SA remains selective and compliance-oriented. Rather than providing transparent insights into workplace conditions, these disclosures serve to align corporate narratives with the expectations of dominant stakeholders, highlighting the contextual factors that shape corporate transparency in emerging economies.

3.1. Employment Disclosures in SA

Stakeholder theory emphasizes that organizations are expected to respond to the interests of multiple stakeholder groups, including employees, regulatory bodies, investors, and the broader community [5]. However, in the context of SA, corporate disclosures related to employment appear to be primarily influenced by state-driven labor initiatives—particularly the Saudization policy—rather than broader commitments to CSR [16]. Government plays a significant role in shaping firms' reports, resulting in disclosures that emphasize conformity with national labor objectives at the expense of transparency regarding workplace realities [11].

Multiple contextual factors converge to shape employment disclosure practices in SA, including regulatory mandates, cultural traditions, economic priorities, and religious values. First, legal frameworks such as Saudization compel organizations to prioritize the recruitment of Saudi nationals, thereby making national workforce localization a dominant theme in employment reporting [17]. Although the government has taken significant steps forward in enhancing working conditions and the well-being of employees, particularly female employees, through amendments to the labor law in 2015 and 2019, critical employment matters, such as job stability, labor rights, and working conditions, remain neglected in companies' reports [12, 18]. Companies in SA are disclosing information that aligns with state preferences, such as Saudization, while avoiding potentially controversial subjects like workplace grievances or labor disputes [16].

Additionally, because CSR reporting in SA remains largely voluntary, inconsistencies and selectivity in employment-related disclosures are common. In contrast to the stringent regulation of financial reporting, social disclosures are not subject to rigorous oversight, giving companies considerable discretion in presenting a curated image of their labor practices [17].

Cultural and religious factors also play a pivotal role in shaping the nature and scope of disclosure, especially concerning gender diversity and inclusion. Despite Vision 2030's ambition to boost women's participation in the labor force, corporate reports on gender equality often offer idealized narratives that fall short of reflecting actual workplace conditions [17]. While Islamic principles advocate for justice and the fair treatment of workers, companies may strategically disclose information that aligns with cultural expectations, sidestepping topics that could conflict with conservative societal norms [12, 16].

Moreover, SA's ongoing economic diversification agenda, spearheaded by Vision 2030, has intensified expectations for firms to align employment disclosures with national development goals [11]. As companies adapt to these new demands, many continue to focus their reporting on meeting employment quotas, offering limited insight into broader labor practices. Under stakeholder theory, firms are more likely to cater to the interests of influential groups such as government agencies and investors, whose approval is crucial for financial and regulatory stability [20].

Although global CSR norms have begun to influence reporting standards, especially among multinational corporations and firms with international investors, the lack of mandatory enforcement still permits a strategic, selective approach to disclosure [17].

In this regard, stakeholder theory helps to explain why employment disclosures in SA are constructed to serve the priorities of dominant actors—namely, the state, investors, and cultural institutions—while placing less emphasis on the perspectives and rights of employees. Firms are more likely to frame disclosures in ways that demonstrate alignment with national labor strategies and societal expectations, rather than offering transparent accounts of internal workforce dynamics. Based on this reasoning, the following hypothesis is proposed:

H₁: In SA, corporate employment disclosures are more strongly influenced by government labor policies and stakeholder pressures than by internal commitments to transparency or employee welfare.

3.2. Equal Opportunity Disclosures in SA

In the Saudi corporate landscape, equal opportunity disclosures tend to be driven by compliance with legal mandates rather than a proactive organizational commitment to inclusivity. As mentioned earlier, according to stakeholder theory, corporations are expected to address the interests of multiple stakeholders—including employees, regulators, investors, and broader society—to maintain legitimacy and ensure long-term sustainability [5]. However, in SA, deeply embedded sociocultural and religious norms significantly shape how gender-related issues are reported. Corporate disclosures on gender equality are often oriented toward satisfying regulatory requirements rather than promoting voluntary inclusivity initiatives [17].

Although Vision 2030 promotes increased female participation in the workforce and gender equality, structural impediments such as guardianship tradition and gender segregation continue to constrain companies from meaningful progress in workplace equity [12]. Additionally, prevailing masculinity-oriented corporate cultures influence how gender diversity is integrated into sustainability disclosures. In this context, firms often approach reporting as a strategic tool to enhance legitimacy in the eyes of influential stakeholders rather than a genuine reflection of internal values [19]. As such, organizations that engage in detailed equal opportunity reporting frequently do so in response to external stakeholder pressures—particularly from international investors and governance bodies—rather than due to intrinsic commitments to diversity and inclusion [11]. Based on this reasoning, the second hypothesis is postulated as follows:

H₂: In SA, corporate equal opportunity disclosures are primarily influenced by external stakeholder pressures and regulatory mandates, rather than by internal organizational values or voluntary commitments to gender inclusivity.

3.3. Diversity Disclosures in SA

Unlike in Western economies such as the UK, where diversity disclosures typically encompass gender, ethnicity, and disability as integral elements of corporate social responsibility [21], corporate diversity reporting in SA is primarily centered on nationality. This emphasis reflects the government's Saudization strategy, which prioritizes the employment of Saudi nationals over broader inclusion goals [17]. In this context, gender diversity remains a culturally sensitive subject, with corporate disclosures often limited to symbolic acknowledgments rather than substantive reporting [22, 23]. Despite policy advancements under Vision 2030 aimed at increasing female workforce participation, socio-cultural and religious traditions continue to hinder transparent reporting on gender inclusivity [12, 24].

Although companies often mention national initiatives in their disclosures, they rarely provide specifics about how these are put into practice or what results they've achieved—highlighting a disconnect between what's promised and what's actually happening [19, 23]. Moreover, corporate cultures in SA reinforce a reporting climate where diversity disclosures are often utilized as a tool to gain legitimacy rather than as a demonstration of internal organizational commitment [17, 19]. Even when diversity disclosures are made to meet international governance standards or investor expectations, they tend to be surface-level, often lacking a clear and honest portrayal of actual workplace practice [11]. Thus, the third hypothesis is proposed as follows:

H₃: In SA, corporate diversity disclosures are primarily shaped by external legitimacy pressures, with limited internal commitment to genuine inclusivity or transparency in reporting practices.

4. Methodology

This study employs content analysis of annual reports with a close reading approach. The research covers a year period, from 2008 to 2022, analyzing EEOD disclosures in the annual reports of a sample of Saudi companies. The study analyses the annual reports of 18 Saudi companies listed on the Saudi Stock Exchange (Tadawul). Therefore, the selected

sample contains data from 15 years of annual reports (2008-2022) for 18 companies, resulting in a total sample of 248 annual reports, as demonstrated in Table 1. The eighteen companies were chosen by selecting two companies from each industry sector on the Stock Exchange with the largest market capitalizations at the end of the year 2022.

Table 1.

The sampled companies and their industries.

Series	Company	Industry
1	Petro Rabigh	Energy
2	Bahri	
3	Sabir	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 indicates that larger companies are more likely to make voluntary corporate disclosures than small and medium-sized companies [25]. The investigation focuses on the period 2008 to 2022 to capture a period of significant change in SA. The period incorporates the reigns of two Saudi Kings: King Abdullah, whose reign commenced in 2005, and King Salman, who succeeded to the throne in 2015. Following King Salman's accession to the throne in 2015, SA began to implement extensive reforms and significant steps towards resolving a range of challenges facing Saudi society, which relate to social issues. For example, the new Saudi Vision 2030 was introduced in 2016 with the goal of putting the Saudi nation on a path of sustainable economic growth and development. The intention of Saudi Vision 2030 is to improve the quality of life for Saudi citizens and to address issues that have been critical for decades, such as the status of women in Saudi society, the state of the Saudi education system, and the high unemployment rate, particularly for younger Saudi citizens.

For the content analysis, disclosures were categorized into employment, equal opportunity, and diversity. The frequency and nature of these disclosures were examined to identify trends and patterns. The disclosures within each category are then subjected to close reading. Through a close reading approach, the researchers can identify the primary stakeholders to whom the companies appear accountable and examine how the disclosures function as a legitimating device for these stakeholders. Additionally, the close reading approach enables the researchers to identify the contextual factors motivating the companies to prioritize these stakeholders. This analysis is supplemented by additional secondary sources, including government policy documents and sustainability reports from multinational firms operating in SA, which were also reviewed to provide context to the findings. The data were analyzed using thematic coding to identify recurring themes related to stakeholder influence, corporate legitimacy concerns, and policy compliance. This approach provides a comprehensive understanding of the factors shaping EEOD disclosures in SA.

The sub-categories, in Table 2 below, were created mainly by reference to the work of Savage, et al. [8] and other prior literature in the Western context [26, 27]. This may raise questions regarding their application within a non-Western context. Therefore, a pilot study was conducted to test the applicability of categories and sub-categories in this paper to ensure these categories and sub-categories can be applied to a non-Western, i.e., SA, context. The result of this pilot study indicates that both categories and sub-categories were suitable for this paper and were applicable to the Saudi context.

Table 2.

List of disclosure categories and sub-categories of EEOD issues.

Categories	Sub-categories
<ul style="list-style-type: none"> Diversity 	<ul style="list-style-type: none"> Number/or percentage of Saudi employees. Number/or percentage of foreign workers or expertise. Number/or percentage of women in management. Saudization scheme. Any diversity statements.
<ul style="list-style-type: none"> Equal opportunities 	<ul style="list-style-type: none"> Equal opportunity for promotion. Access to childcare. Balancing work and home life. Maternity leave/ family leave/ time off for family matters. Flexible working performance, accessible work for all people. percentage of employee satisfaction. Equal pay. Healthcare. Others.
<ul style="list-style-type: none"> Discrimination 	<ul style="list-style-type: none"> Gender discrimination. Dependence on foreign workers. Minority discrimination. Statement of violation. Non-discrimination/violation policy.

5. Discussion

5.1. Descriptive Analysis

Following an evaluation of the quality and quantity of EEOD disclosure and analysis, a total of 1,026 EEOD disclosure sentences were identified, and Table 3 provides a summary of the number of sentences disclosed in each category within the sample of 248 annual reports. The first observation is that the total number of disclosures across all categories is 1,026 sentences. This indicates that the sample, comprising large Saudi companies, is not willing to report publicly on employment-related issues within their annual reports. Thus, this appears to suggest that providing EEOD disclosures is not a high priority for the companies.

Table 3 demonstrates that the number of disclosures within the employment category is 3.7% of the total disclosures, whilst the equal opportunity and diversity disclosures account for 6.7% and 7.6% of total disclosures, respectively. Prima facie, this suggests that providing EEOD disclosures is not a high priority for the companies. The causes of the relatively low numbers of disclosures in the three categories are discussed in the following section.

Table 3.

EEOD disclosures for sample companies.

Disclosure Category	% of Total Disclosures	Number of Disclosure Sentences
<ul style="list-style-type: none"> Employment 	3.7%	212
<ul style="list-style-type: none"> Equal Opportunity 	6.7%	382
<ul style="list-style-type: none"> Diversity 	7.6%	432
Total	18%	1026

From the industrial level, as shown in Table 4 below, the materials (299 sentences) and food and beverage (289 sentences) industries are the leading disclosers in respect of EEOD. Traditionally, these are industries that are more sensitive to environmental and social issues [28, 29]. Table 4 shows that other industries that are non-sensitive to environmental and social issues - namely, financials, real estate, telecom, utilities, and energy - provide minimal EEOD disclosures. This observation and the causes of the relatively low numbers of disclosures in the three categories are discussed in the following sub-sections.

Table 4.

EEOD disclosures for sample companies across the industry.

Disclosure Category	Energy	Financials	Food & Beverage	Materials	Real Estate	Telecom	Utilities	Total
Employment	18	10	86	90	0	6	2	212
Equal Opportunity	33	91	80	109	0	53	16	382
Diversity	10	28	123	100	3	98	70	432
Total	61	129	289	299	3	157	88	1026

5.2. Discussion

5.2.1. EEOD Disclosures

It is argued in this section that the provision of relatively low numbers of EEOD can also be attributed to companies' prioritization of compliance with government policies and cultural and social norms, at the expense of international sustainability standards, transparency, and accountability. SA is an Islamic monarchy where the Al-Ulama have a stake in the political structure [13]. Islam, social, and cultural norms are major influences on all parts of Saudi society and Saudi life, impacting businesses and how society approaches a wide range of matters pertinent to social justice. The role of religion and Al-Ulama in Saudi society has long been used to legitimize the adoption of highly conservative and restrictive approaches to social problems, such as women's rights, as an attempt to stop a Western-style modernization process occurring in the country. Gender segregation and male guardianship, for instance, have been deeply ingrained in Saudi Society [30, 31]. Recently, the Saudi government has taken impressive steps to loosen gender segregation and limit the guardianship system [18].

Gender-based inequality is a significant social and economic issue in Muslim societies in general [32]. It is generally perceived that "SA takes a very distinctive gendered form due to the interaction of gender with religious and cultural norms" [24, p.1], which is manifested within the Saudi culture or way of life of the people.

The power of Al-Ulama, and what some consider to be their varying interpretations of Islamic texts, has a profound impact on the gender discrimination practices in Saudi society. Their interpretation of the Quranic verse, "And they [the women] have [rights] like [the obligations] they are under with beneficence, and men have a degree above them" (Qur'an, Al-Baqarah: 228) has justified reinforcing gender inequality and promoted a patriarchal gender system where men are deemed superior to women in most, if not all, aspects of everyday life. The religious views propagated by Al-Ulama mean women have to be segregated from men in public life, and their right to work is only permissible within traditional jobs, such as medicine, teaching, and nursing [33]. This excludes women from participating in the economic and political domains. As a result, Saudi women were bound by social norms, which are a complex combination of religious dictates, cultural understandings, and patriarchal traditions [13, 34].

In addition, the Council of Senior Al-Ulama has a primary duty to express its opinion in the form of *fatwa* (a formal opinion on a point of Islamic law). Sometimes, some of the members give their opinions about a wide variety of areas, including education, business practices, male-female relations, and women's rights. Thus, the religious opinions (*fatwa*) have been used not only as an instrument for legitimising government policy, but also for changing social expectations within Saudi society and for influencing Saudi socio-cultural norms [35, 36]. Some of the Al-Ulama have argued that their *fatwas* are compatible with the basic principle of "dar'a al maffasid awla min jalb al masaleh", which means that they are dissuading citizens from engaging in activities which could cause harm to an individual. For example, the *fatwa* that prohibited women from driving is an indication of the ability of Al-Ulama to impact socio-legal matters, and the justification was that it protected women from facing potentially dangerous situations that could result from being alone (*khalwa*) while driving. This *fatwa* was issued by the Permanent Council for Scientific Research and Legal Opinions (CRLO) in 1990 Al-Atawneh [36]. Another example of a rather strict piece of social legislation issued based on a *fatwa* concerns women working outside the home. The *fatwa* prohibited women from having certain types of jobs, such as working in hotels, as this entailed interaction with male strangers [36]. The Al-Ulama have employed both *fatwa* (rulings on specific aspects of Islamic law) and different interpretations of Islamic principles as strategies for enforcing conservative norms within Saudi society [37]. This has meant that the religious views propagated by Al-Ulama may be seen as a social force and a fundamental source of moral norms and beliefs that social institutions, such as companies, need to adhere to in order to be legitimate.

Aiming to achieve economic diversification and address the growing population of Saudi citizens, the government has introduced extensive reforms to enhance women's participation in the labour market and tackle unemployment issues during King Salman's reign. In 2018, a historical decision was made to lift the driving ban for women in SA [38]. Also, amendments to the labor law in 2015 and 2019 reflect the commitment of the Saudi government to promote gender equality and a more inclusive work environment [18].

However, although SA has witnessed quite significant reforms related to EEOD since the reign of King Salaman, corporate disclosure about these perspectives is still a long way off from what is expected. Hence, the relatively limited disclosure on EEOD matters in Saudi companies' annual reports appears to potentially stem from the lack of government disclosure regulations in this area and religious and social norms. Companies do not want to be seen in their disclosures, on women's employment and gender diversity, to contradict or oppose the stance of Al-Ulama and social norms. Further overall commentary regarding the analysis of the EEOD is provided in the following sub-section.

5.2.2. Employment and Diversity Disclosures

The relative lack of disclosure on employment and diversity matters in Saudi companies' annual reports appears to potentially stem from the lack of governmental regulations and cultural interest in addressing employment and diversity issues in the Saudi context. With economic diversity, changing economic needs, and government interest in reforms, the dominant power of Al-Ulama in the country began to diminish in the 1990s. The International Labour Organization (ILO) and the World Trade Organization (WTO) encouraged SA to undertake reforms in terms of human resources and the working conditions for women during King Abdullah's reign (2005-2015). [13, 39]. Modest changes were made, and the social and religious values already in place were not significantly altered, particularly those pertaining to women [40]. In 2005, the Minister of Economy allowed Saudi women to work in retail shops but simultaneously introduced a measure compatible with the Al-Ulama's opinions on gender segregation. So, whilst all foreign shop assistants in women's apparel

stores were replaced with Saudi women, at the same time, men were banned from entering such stores [41]. The government made amendments in the labour law regarding working women's rights, such as maternity leave, vacation time, work-life balance, and nurseries [42]. Article 149 of the 2005 Labour Law encouraged businesses to employ women in their entities, provided that the company considered the provisions of Article 4 of the Labour Law and did not contravene Shariah law. Thus, Article 149 states, "... women shall work in all fields suitable to their nature. It is prohibited to employ women in hazardous jobs or industries..."[43]. However, despite Saudi Labour Law encouraging the creation of a supportive environment for women to work, women's employment has, to some extent, remained subject to social and cultural norms.

To ensure their actions and values are seen to be congruent with the values espoused by the social and religious values, the companies are unlikely to make extensive employment and diversity disclosures. To do otherwise could negatively impact their public image and have repercussions for their continued survival and success. Accountability to the government stakeholder can be met through providing only a relatively small number of disclosures, as there are no compulsory rules regarding employment and diversity disclosure. This desire to ensure that they do not contradict the values and beliefs is evidenced by the type of employment and diversity disclosures. The disclosures provided in the annual reports are noticeably dominated mainly by discussions related to creating job opportunities for Saudi nationals, which are consistent with the Saudization programme, a job localisation policy that was implemented by the government in 2009, aiming to prioritize employing Saudi nationals in the private sector [44]. This type of disclosure, emphasizing the company's commitment to provide job opportunities for Saudi nationals, is not contentious or sensitive, whereas disclosures regarding, for example, women's rights would be contentious. Examples of the employment and diversity disclosures that are aligned with the Saudization programme are below:

[The company] has a strong focus on employing and retaining local nationals and is working with government authorities such as Saudi Human Resource Development Fund and Technical Vocational Training Corporation to attract, recruit and train young talents for various positions throughout the company. (MR annual report, 2009, p. 32, emphasis added)

In line with the conviction of NSCSA that Saudization is a national requirement, it has completed Saudization of most of the leadership positions in the company and its subsidiaries (BH annual report, 2009, p. 27, emphasis added)

In confirmation of the supreme commitment to the requirements of Saudization, the company worked during the year 2011 to develop Saudi professional competencies in the insurance sector; This was represented by an increase in the percentage of Saudi employees in the company at the end of the year compared to last year. (TW annual report, 2011, p. 5, emphasis added)

The findings reveal a substantial link between influential stakeholders and limited levels of disclosure in the employment and diversity categories. External stakeholder pressures and legislative demands have a greater effect on corporate employment and diversity disclosures than internal organisational values or voluntary commitments to gender inclusion. Furthermore, Al-Ulama has not issued any statements on what corporations must do to solve gender inclusion. As a result, our paper accepts the hypothesis H_1 that corporate diversity disclosures are primarily shaped by external legitimacy pressures, with limited internal commitment to genuine inclusivity or transparency in reporting practices in SA. Furthermore, corporate employment disclosures in SA are more strongly influenced by government labour policies and stakeholder pressures than by internal commitments to transparency or employee welfare. Therefore, the hypothesis H_3 is accepted.

5.2.3. Equal Opportunity Disclosures

Equal Opportunity disclosures in the annual reports primarily focus on discussions about employee incentive programs and benefits, aligning with Saudi Labour Law and regulations. These benefits include compensation, a savings program for employees, and housing loan programs. However, these reports avoid addressing sensitive issues, such as equal rights for women. Companies provide equal opportunity disclosures in their annual reports to demonstrate their compliance with the government regulations, as shown in the example disclosures below:

The Bank pays compensation and benefits to employees according to Saudi Labour Law and Regulations, and the statutory requirements applicable to foreign branches and subsidiaries." (NB annual report, 2016, p. 27, emphasis added)

The Housing Loans Program is also still being offered and during 2010, 211 employees benefited from it by borrowing an amount of SR 264 million. (ST annual report, 2010, p. 29, emphasis added)

The company has a savings program for employees ... Under this program, a specific percentage of the employees' salaries is deducted and the company invests it in one of the investment funds that comply with the provisions of Islamic Sharia. (TW annual report, 2011, p. 18, emphasis added)

Despite matters such as women's empowerment being sensitive, there is, however, an additional discussion that needs highlighting. Some companies have provided a minimal number of disclosures in their 2018 annual reports, which demonstrate their general support for the government's women's empowerment initiatives. Under King Salman's leadership, SA has witnessed several socio-economic and political reforms [45]. As a result, women have been granted greater rights, including the opportunity to participate in municipal elections as both candidates and voters for the first time in December 2015. On the economic front, the government made further amendments to the labour law regarding working women's rights, such as maternity leave, vacation time, work-life balance, and nurseries [42]. Therefore, providing this type of disclosure regarding women's empowerment can be understood as an attempt by Saudi companies to demonstrate their support for the government's openness goal to maintain their approval, as shown in the example disclosures below:

Special attention was paid to female employees who received new benefits including child-care allowances. (RJ annual report, 2018, p. 23, emphasis added)

Believing in the importance of the role of women and in line with SA's vision 2030 in supporting women, the company has supported its female employees, mothers, to contribute to enabling them to perform their work easily and easily by contributing to the costs of custody for their children. (ST annual report, 2018, p. 38, emphasis added)

Another initiative taken in 2018 to help us retain staff was the opening of a nursery for the children of employees, which was received positively. (MB annual report, 2018, p. 35, emphasis added)

In addition, with the recent decree in 2018 allowing women to drive cars for the first time in SA's history, some companies demonstrate their general support for the government announcement, as shown in the example disclosures below:

The company also bears the cost of obtaining driving licenses for female employees by covering the fees of (Training - lectures - issuance of a driver's license) as 50 female employees benefited from these programs. (ST annual report, 2018, p. 38, emphasis added)

In line with the Saudi government's decision to allow women to drive for the first time in SA, we organized an initiative under the name "Jahza" ... reflecting our belief in supporting women ... to show our support we decided to cover the costs of issuing a driving license for the first 30 female employees. (SV annual report, 2018, p. 42, emphasis added)

However, while the government has emphasized women's participation in the workforce in recent years, the companies' disclosures on women's empowerment are still limited and result in a relative lack of disclosure on employment, equal opportunity, and diversity. Our paper accepts the hypothesis (H₂) that corporate equal opportunity disclosures are primarily shaped by external legitimacy pressures, with limited internal commitment to genuine inclusivity or transparency in reporting practices in SA.

6. Conclusion

Our paper explores how various contextual factors—such as regulatory policies, cultural traditions, and economic dynamics—shape corporate disclosures on EEOD in SA. The findings suggest that corporate reporting in this area is primarily influenced by religious values and a lack of compulsory rules by the government related to EEOD, rather than a proactive commitment to inclusivity and transparency. A key factor shaping disclosure practices is the influence of two dominant stakeholders: religious authorities and the Saudi government. Many companies demonstrate their accountability to Islamic principles by limiting EEOD disclosures. The fear of potential damage to their image often discourages firms from openly reporting on workforce diversity initiatives, particularly those that may be perceived as conflicting with traditional beliefs.

Government policies, while playing a role in shaping employment practices, have had a relatively limited impact on corporate transparency. For instance, initiatives such as the Saudization program aimed to address unemployment and promote women's participation in the workforce. However, while firms may acknowledge these policies, their disclosures remain constrained by the need to align with cultural and social expectations rather than fully embrace workforce inclusivity.

With the launch of Vision 2030, SA has introduced reforms to enhance labor market participation, particularly for women. However, despite these efforts, corporate reporting remains largely selective and symbolic, focusing on elements that align with national labor policies and cultural norms rather than adopting global best practices in transparency and diversity reporting.

The findings of our paper have significant implications for regulators, investors, and academic researchers. Regulators should consider implementing standardized reporting frameworks to enhance transparency in employment and diversity disclosures. While Vision 2030 has initiated progress, a more structured approach—such as mandating firms to disclose gender and employment statistics in a uniform format—could reduce symbolic reporting and encourage substantive workforce inclusivity. At the same time, policymakers must balance international best practices with cultural and religious sensitivities to ensure effective adoption.

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