The Accounting Disclosure of Social and Environmental Activities: A Comparative Study of the Industrial Jordanian Shareholding Companies*

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Abstract

Much debate has been taken in recent years concerning the demand for developments in social and environmental accounting and reporting. Hence much work has been conducted especially in the western countries on the practice of social and environmental disclosure. The concentration was on the amount of disclosure that appears in companies' annual reports. On the other side, few studies covered such important issues in developing countries. This current study investigates the patterns of social and environmental responsibility disclosures by the Industrial Jordanian Shareholding Companies (IJSCs). Content analysis is used to measure the extent of monetary, quantitative, and narrative disclosure in the areas of human resources, community and environment. The relations between a number of company characteristics and the level of social and environmental disclosure have been statistically tested. The findings showed that 74% of the companies in the study sample disclosed social and environmental activities. The findings also showed significant relationships between the company's size and management risk with the level of social and environmental disclosure. On the other hand, the findings did not support any significant relationship between the financial performance and the level of social and environmental disclosure.

Introduction

In recent times, accounting has played a key role in mediating the relationship between organization, society and environment. Consequently, much debate has taken place regarding the demand for developments in social and environmental accounting and reporting (Teoh et al, 2000). Social and environmental accounting is looking for ways in which accounting might be adjusted within current practice to encourage being more social and environmental interaction. "Social and environmental", in this context, is usually taken to embrace: local and international communities; workforce issues; product safety and consumer welfare matters; plus, increasingly, environmental questions arising from organizational behavior (Gray et al,
1995 and Teoh et al, 2000). So whilst current accounting has also been recognized as encouraging organizations, financiers and capital markets among others to take decisions that were likely to hasten environmental degradation, it was not like this until the academic or practitioner communities in accounting seemed willing to acknowledge that this represented an issue of relevant concern to the profession, (see, for example, Gray, 1990).

As a result of twenty years or more of empirical investigation of corporate social reporting practice world-wide, some significant progress in this direction has been noticed (Teoh et al, 2000). As an example for such a progress in 1998 some USA investors linked up with some public interest groups and trade unions in order to seek greater corporate disclosure requirements by Securities and Exchange Commission (Corporate Sunshine Working Group, 1998). Another example is that some British and European companies have recently produced a number of ‘best practice’ examples of environmental reporting as indicated by the environmental reporting awards in the UK which is sponsored by the Association of Chartered Certified Accountants (Kreander, 2000).

The importance of social and environmental issues has also been recognized by some developing countries. For example, the Jordanian government gave much attention to the environmental issues during the last ten years especially with the formation of The Law of Environmental Protection on October 1, 1995. The law established the Environmental Protection Corporation to undertake regular checks on companies to ensure compliance with its environmental control standards. Another positive step was taken in 1998 when the Jordan Securities Commission issued Directive No. (1), which required listed companies to disclose information if a contribution carried out on social and environmental issues in their annual reports.

The current study expands the area of investigation by covering the Jordan case. The objectives of this study are to analyze Social and Environmental Reporting (SER)1 in Jordan and to investigate the relationship between social and environmental disclosures and some company characteristics. The analysis will be based on the frameworks developed by Gray et al (1987), Mohamed and Hill (1996) and Teoh et al (2000).

The Importance and Objectives of the Study

The significance of this study comes as a result of attempting to fill the existing gap in our literature concerning the case of social and environmental disclosure. Little attempts have been found in terms of developing Countries

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1 SER defined as “the process of communicating the social and environmental effects of organisations’ economic actions to particular interest groups within society and to society at large” (Gray et al, 1996).
including Jordan. Under this reality, many researchers concluded that most of social reporting practices surveys and literature have focused upon developed countries (Abu-Baker, 2000). Consequently, the current study investigates the current practice of social and environmental accounting in Jordan. In addition, it serves the efforts toward the direction of building an accountability framework as a basis for social and environmental disclosure in Jordan.

Therefore, the principal objective of this study is to provide evidence for social and environmental disclosure in Jordan. Specifically, the objectives of this study are as follows:

1. Providing an up-to-date description of social and environmental reporting practice in the particular context of Jordan.

2. Examining the current practice of social and environmental reporting in order to ascertain if associations between companies' characteristics and the level of social and environmental reporting exist over the period of the study.

Previous Studies

In general, in this area of investigation several of the previous studies could be classified under the accounting positive theory. This is because the concentration was on describing the practice of social and environmental accounting or disclosure. Also many studies analyzed the relationship between the level of social and environmental disclosure and some other variables (such Graves and Waddock, 1994; Neu et al. 1998 and Teoh et al. 2000). The results of these studies revealed that the decision to disclose social information incorporate annual reports is positively correlated with social performance, economic performance and political visibility (Teoh et al. 2000).

A review of literature on social and environmental reporting pointed out that research about such an important topic mainly covered the case of western countries. Some of the earliest and well-known studies of this vital topic were prepared by Ernst and Ernst in the United States throughout the period of 1972-1978. The findings of these studies revealed that there was an increase in the amount of social disclosure during this period. Some other well-known studies, which examined the social disclosure practices in the UK, were prepared by Gray and Gray et al. during the period of 1987-1996. These studies also came to the conclusion that social and environmental disclosure increases significantly over the time. Over and above that many other researchers investigated the social and environmental disclosure practices over different periods of time and in different countries, some of these studies are as follows:
A study by Abdeen (1991) examined the disclosure level of social responsibility in the 1988-1989 annual reports. The study scanned 87 American companies and concluded that the level of social and responsibility disclosure is limited, particularly in human resources and environmental information.

A study of Graves and Waddock (1994), which investigated the relationship between the institutional owners and corporate social performance, came to the conclusion that institutional investors were favorably inclined toward companies which were disclosing more information about their social performance. Also, a study by Neu et al. (1998) which is about environmental disclosure in annual reports concluded that "environmental disclosure in annual reports provides organizations with an effective method of managing external impressions".

Al-Bastaki (1997) examined the voluntary disclosure of socially relevant information in Bahraini corporations. The study tested the association between the industry classification, company size and profitability with the level of social disclosure. The study found that the disclosure of socially relevant information in 1993 annual reports of Bahraini publicly traded corporations is extremely limited. It also found that there was an association between the level of disclosure of socially relevant information with company size and industry, while there was no such association with profitability.

In Jordan, research on social and environmental disclosure was limited, mainly concerned with investigating the extent of corporate social responsibility disclosure. For example, Al-Awamleh (1990) found that corporate social responsibility reporting and disclosure are clearly not an important part of the current corporate reporting and disclosure practices of large companies operating in Jordan. In 1991 Shashah’s study came to the same conclusion that the Jordanian governmental entities as well as the Jordanian external auditors supported the need to disclose information about social responsibility in the industrial Jordanian shareholding companies' annual reports (Shashah, 1991).

Another study by Abu-Baker and Abdel Karim (1998), which reviewed the social responsibility and accountability in Jordan, found that the vast majority of respondents (financial managers, public accountants, academics and official bodies) were ready to accept that companies should disclose social responsibility information. It also concluded that the respondents tended to believe that corporations would be unwilling to disclose this type of information without legal and professional pressures.

Also, Abu-Baker (2000) made a comparison between the different sectors in Amman Financial Market (AFM) and concluded that the human resources and community involvement were the most themes commonly disclosed across the Jordanian Shareholding Companies. Significant
differences among the various industry grouping (i.e. industrial, financial, services and insurance) were noted with respect to the amounts, methods and locations of corporate social disclosure in annual reports.

Social and Environmental Disclosure: Theory and Variables of the Study

Social and environmental disclosure involves reporting by companies and other organizations about wider social and environmental aspects of the organization’s performance than profit and financial position alone. It is usually seen as reporting to a broader range of interest groups than shareholders and creditors, including employees and even society as a whole (Perks, 1993). Consequently, social and environmental reporting becomes one of the main concerns in financial reporting and accounting. It becomes of interest because there is a need for wider disclosure that can contribute to the understanding, debate and solutions of the social and economic problems. In Jordan as in other countries there is an urgent need for change towards a greater social role that accounting might play; there is a need for an approach to corporate reporting and disclosure practices that will be of greater use than the present one which is based upon the Companies Act and the International Accounting Standards (Abu-Baker and Abdel Karim, 1998).

Certain previous efforts on social and environmental accounting and reporting analyzed the level of social and environmental disclosure based on some known theories. For example, Patten (1992) invoked the legitimacy theory arguments in an investigation of the change in annual report environmental disclosures by petroleum firms following the 1989 Alaskan Exxon Valdez oil spill. Underlining this theory is the concept of social contract which suggests that social disclosures represent one of the methods that firms can use to influence the public policy process. In other words, increased social and environmental disclosures in annual reports could be motivated by a desire to minimize exposure to the social and political environment.

Cornell and Shapiro (1987), on the other hand, relied on the corporate stakeholder theory to argue that the value of a firm depends on both the cost of explicit claims (e.g. wage contracts) and implicit claims (e.g. social responsibility). More socially responsible firms would be expected to encounter more low-cost implicit claims vis-a-vis less socially responsible firms and, consequently, would be likely to achieve better financial performance.

The other reasonable theory is the slack resources theory. According to this theory more social disclosure information is expected to be found in the annual reports of those companies which are big, more profitable and have less management risk. In this current study, the relationship between the variables will be explained based on the slack resources theory. This study tests the relationship between some company characteristics and the level of
social and environmental disclosure. The slack resources theory contends that high performance and big firms would have a large pool of resources available for investment in socially responsible programs.

Consequently, it is expected that there is a relationship between the social and environmental disclosure and the companies’ characteristics such as the financial performance of the company, company size, management risk, industry and age. These variables are expected to influence the extent of disclosure. Some of the major variables identified are company size, financial performance and industry classification (Williams and Graves, 1994 and Abu-Baker, 2000). Graves and Waddock (1994) found that different sectors displayed different levels of social performance since the problems faced by different industries in a given social area could vary significantly. Waddock and Graves (1997) then suggested that industry effect should be controlled to take account of the overall differences in corporate social performance among different industries. There is also evidence that the level of disclosure increases through time as concluded by Barrett (1977).

In this study the main variable is the social and environmental disclosure. The term disclosure simply means the release of information. It was defined as “Publication of necessary information to the users...” (Yusef, 1998). So the broad concept of disclosure includes any accounting or non-accounting information, historical or future information, disclosed by management within the reports and financial statements in the form of words, figures or pictures. In general terms, the most common types of disclosure can be classified as: the financial statements, footnotes to the financial statements, supplementary statements and schedules, and the auditor’s report. Such common types of disclosure are mainly included in the corporate annual reports. In recent times the annual reports are needed to include social and economic aspects of the organization’s performance and not just the profit and the financial position statements (Perks, 1993).

Throughout this paper, social and environmental disclosure is defined as the provision of financial and non-financial information relating to the environment, human resources, community involvement and other items (Kelly, 1981). Consequently, firms should not be judged by their financial performance alone, but also by their ability to adequately respond to wider societal expectations.

In the accounting practice, and mainly in the western countries, disclosure is confined by some regulations or requirements issued by the responsible professional bodies. The professional bodies in Jordan have no such task to act, and actually there are two major sources of regulation of corporate financial reporting in Jordan: the Companies Act 1997 and the Securities Commission law of 1998. The Companies Act 1997 requires the board of directors of every registered corporation to prepare and publish audited comparative financial statements. Further, these statements should be
prepared in accordance with generally accepted accounting principles (GAAP), which should be based on the International Accounting Standards. International Accounting and Auditing Standards have been adapted in Jordan since 1989.

However, in the Companies Act 1997, there was no format provided for the financial statements nor any article or a requirement was related to social and environmental disclosure. The second source of regulations is the Securities Commission law. Based on the Securities Commission law some rules have been issued by Jordanian Securities Commission (JSC), which identified the disclosure requirements for the listed Jordanian companies. One of the disclosure requirements was the need to disclose information if a contribution carried out on social and environmental issues (JSC, 1998). These requirements have been mandatory since 1998; for this reason this study will be conducted over a three-year period from 1998 to 2000.

The social and environmental items selected for this study were based on the previous literature, and these were classified into three themes of social and environmental disclosure (see for example Gray et al. 1987; Perks, 1993 and Abu-Baker, 2000). Figure 1 presents a summary of these social and environmental themes and the thirteen items of information selected.

![Diagram](image)

**Figure 1 Social and environmental disclosure.**

These themes have been the main area of investigation by previous studies. Some concluded that there was a large level of human resources disclosure (Adams et al. 1995 and Gray et al. 1996) and an increasing number of large corporations world-wide make environmental disclosures in
their annual reports (Harte and Owen, 1991; Adams et al. 1995 and Gray et al. 1995). Some studies showed that few companies made community involvement disclosure in their annual reports (Yamagami and Kokubu, 1991 and Hackston and Milne, 1996). While others such as Abu-Baker (2000) showed that human resources and community involvement were the most themes disclosed in the annual reports.

Other main variables to be included in this study are the company size, management risk and the financial performance. The company size variable has been found to have a significant positive relationship with social disclosure (Blacconiere and Patten, 1994 and Mohamed and Hill, 1996). Larger firms were more likely to display better pollution control performance because they tended to be subject to increased public scrutiny and so would need to respond more openly to stakeholder demands. Similar to Mohamed and Hill’s study (1996), in this current study, two measures were used for size: total assets and total turnover (sales).

The other variable is the differences in management risk tolerance which could affect attitudes toward activities that potentially might lead to savings (e.g. recycling and waste reduction programs resulting in long term savings) or to the incurrence of higher regulatory costs (e.g. pollution control equipment or payment of penalties). Waddock and Graves (1997) reported that less risky firms displayed better corporate social performance. In this current study the risk was operationalized as the ratio of total debt to total assets. This approach has also been used in Teoh et al.’s (2000) study.

The financial performance variable is also expected to influence the level of social and environmental disclosure. Some of the previous studies found that there is a relationship between social and environmental disclosure and the financial performance. A positive association between financial performance and social reporting was found by some studies such as Graves and Waddock (1994) and Teoh et al. (2000). Financial performance is usually measured by accounting-based variables. The accounting measures were chosen because they facilitate evaluation of managerial policies on social and environmental disclosure (Herremans et al. 1993 and Teoh et al. 2000). Accounting-based variables were preferred for their greater explanatory or predictive value concerning a firm’s social and environmental disclosures vis-a-vis using market-based variables (Teoh et al. 2000).

In the choice of accounting-variables to proxy financial performance, guidance was provided by the literature, mainly the work of Freedman and Jaggi (1988). Accordingly, the following accounting ratios were employed:

\[
\text{Return on Investment (ROI)} = \frac{\text{Net income}}{\text{Total assets}}
\]

\[
\text{Return on Equity (ROE)} = \frac{\text{Net income}}{\text{Owners' equity}}
\]

\[
\text{Return on Sale (ROS)} = \frac{\text{Net income}}{\text{Sales}}
\]
Earning Per Share (EPS) = Net income/No. of subscribed shares

Hypotheses of the Study

In translating this framework into testable forms, the null hypotheses are provided as follows:

H01: There is no significant difference in the company’s characteristics between IJSCs that provide social and environmental disclosure and those that do not.

H02: There is no association between the extent of a firm’s social and environmental disclosure and financial performance.

H03: There is no association between the extent of a firm’s social and environmental disclosure and the company size.

H04: There is no association between the extent of a firm’s social and environmental disclosure and the management risk

Independent F-test was utilized to investigate any difference between the two independent samples as will be explained later. The selection of F-test was because the number of observations exceeds 30. Furthermore, to establish the association between social and environmental disclosure and the company’s characteristics, a correlation analysis was performed using the Pearson correlation. The relationships between the variables were examined by correlating the social and environmental disclosure index with the average company’s characteristics measures on the sample of 34 companies disclosing social and environmental information. The analysis was designed to determine if a company’s characteristics would be associated with the social and environmental information disclosed in the annual reports.

Research Methods

Sample Selection

The sample consisted of 46 IJSCs out of 68 companies; the sample represents 68% of the entire population. The sample was selected randomly, for this research after a careful scrutiny of corporate annual reports over the period 1998 to 2000 to identify IJSCs that provided information on social and environmental issues. This study focuses on the industrial companies because studying companies in this sector might be more likely to provide social and environmental disclosure. Furthermore, and in comparison with the other sectors, the industrial sector has a major action to carry out in the Jordanian economy. It also has a large amount of influence on the Jordanian environment which is hard to be ignored.

The three-year period was selected because since 1998 it has become compulsory for IJSCs to disclose the contribution carried out on social and
environmental issues on social and environmental activities. Consequently, companies were classified into two samples: the first includes companies which disclosed information about social and environmental issues, and the second includes companies which did not disclose this information. The sample was selected such that 34 companies actually disclosed social and environmental information in their annual reports and 12 companies did not.

Data Collection

Data collection was based on a content analysis of corporate annual reports. Various studies have noted that the company annual report is the main communication medium for conveying corporate activities and intentions to stakeholders, and is also the primary source of corporate social and environmental reporting (Wiseman, 1982; Harte and Owen, 1991 and Christopher et al. 1997). Epstein and Freedman (1994) also found that shareholders would like companies to include certain social information in the annual report. Moreover, the environmental disclosure literature showed that the majority of prior research used a content analysis design with the annual report as the main data source (Freedman and Jaggi, 1988 and Teoh et al. 2000). In Jordan, the annual reports of publicly-listed companies are the most easily accessible source for studying social and environmental disclosures. Therefore, a content analysis of annual reports of Jordanian companies is more cost-effective.

The content analysis approach is defined as “a research technique for the objective, systematic and quantitative description of the manifest content of communication” (Berelson, 1952, p.18). For this purpose, a coding scheme was developed similar to previous studies (Wiseman, 1982; Freedman and Stagliano, 1992; Buhr, 1994; Walden and Schwartz, 1997), which evaluated the content of social and environmental disclosures in the annual reports.

The way of measuring disclosure is to count and code the disclosed information about the social and environmental issues in a specific company’s annual report. The coding procedure involved ratings by three independent coders using a scoring system that assigned scores which ranged from 1 to 3, according to the presence or absence and the degree of specificity for each item of social and environmental information (Walden and Schwartz, 1997). A score of 3 denoted an item of social and environmental information was present and was described in monetary or quantitative terms. A score of 2 represented social and environmental disclosure with company specific information in qualitative terms. A score of 1 was given when the disclosed item was expressed in general terms only. Non-disclosing companies were categorized into a separate group as non-disclosures. To conduct this study, complete annual reports were needed which were collected by the author.
Analyzing the Results

As tabulated in Table 1, it is noted that (26%) of the companies in the sample showed no social and environmental disclosures in the 1998-2000 annual reports. Thirty-four companies, or 74% of the sample, provided at least one social and environmental disclosure during the period of the study.

<table>
<thead>
<tr>
<th>Existence of Social &amp; Environmental Disclosure</th>
<th>Number of Firms</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No disclosure in annual report</td>
<td>12</td>
<td>26%</td>
</tr>
<tr>
<td>Disclosure included in annual report</td>
<td>34</td>
<td>74%</td>
</tr>
<tr>
<td>Total firms analyzed</td>
<td>46</td>
<td>100%</td>
</tr>
</tbody>
</table>

Furthermore, as shown in Table 2, (97%) of these 34 companies disclosed some information on human resources. The vast majority of disclosures were qualitative with financial as the quantitative information being less prevalent. A number of employees were particularly popular disclosures; (97%) of the companies disclosed information about the number of employees while (94%) disclosed some information about employees' training and (47%) about the incentives level. On the other side the disclosure on health and safety was low overall; it does not exceed (18%) of the 34 companies.

Furthermore, 60 percent of the 34 companies made community disclosure in their annual reports; (60%) disclosed information about their donations to community activities, and (50%) about their contribution to the public welfare. Finally, in terms of environmental issues, just 30 percent of the 34 companies made environmental disclosures; it was mainly about the environmental expenditures as well as just (26%) disclosed information about their recycling programs.

In the majority of cases, the information disclosed was brief, discursive and illustrative. The companies which disclosed social and environmental information have been traced over the period of the study (1998-2000). Figure 2 showed the trend of their social and environmental disclosure from 1998 to 2000. The result indicates that the level of social and environmental disclosure increased over the period of the study.
Table 2
Social and Environmental Disclosure Level for the LJSCs in 2000

<table>
<thead>
<tr>
<th>Number of companies</th>
<th>Percentage</th>
<th>Human Resources</th>
<th>Community Involvement</th>
<th>Environmental Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>92%</td>
<td>33</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>60%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>S &amp; E Disclosure Level</th>
<th>Number of companies</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of employees</td>
<td>33</td>
<td>97%</td>
</tr>
<tr>
<td>Employee training</td>
<td>32</td>
<td>94%</td>
</tr>
<tr>
<td>Health and safety</td>
<td>6</td>
<td>18%</td>
</tr>
<tr>
<td>Incentives level</td>
<td>16</td>
<td>47%</td>
</tr>
<tr>
<td>Employment of the disabled</td>
<td>8</td>
<td>24%</td>
</tr>
<tr>
<td>Other services to employees</td>
<td>29</td>
<td>85%</td>
</tr>
<tr>
<td>Community involvement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations to community activities</td>
<td>20</td>
<td>60%</td>
</tr>
<tr>
<td>Public welfare</td>
<td>17</td>
<td>50%</td>
</tr>
<tr>
<td>Other community activity information</td>
<td>20</td>
<td>60%</td>
</tr>
<tr>
<td>Environmental issues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental expenditure</td>
<td>10</td>
<td>30%</td>
</tr>
<tr>
<td>Pollution abatement</td>
<td>5</td>
<td>15%</td>
</tr>
<tr>
<td>Environmental preservation</td>
<td>6</td>
<td>18%</td>
</tr>
<tr>
<td>Recycling programs</td>
<td>9</td>
<td>26%</td>
</tr>
</tbody>
</table>

Social and environmental disclosure

![Diagram](image)

**Figure 2** The corporate social and environmental reporting practice in Jordan from 1998 to 2000.

Moreover, it is obvious from Table 3 that the means of the company’s characteristics were higher for those companies which provided social and environmental disclosure in comparison with those who did not provide such information. The comparison of means was shown in Figure 3. In addition
Table 3 presented the results of F-test for testing hypothesis HO1 of no significant differences in the companies' characteristics between IJSCs that provide social and environmental disclosure and those which do not. The table showed some significant differences between the two groups of IJSCs that provide social and environmental disclosure and those that do not. The significant differences were found in terms of all companies' characteristics and the only exception was with the return on the equity variable. Consequently, the null hypothesis of no significant differences was rejected. This result coincides with some previous studies such as the study of Teoh et al. (2000).

Table 3
The companies' characteristics for IJSCs that provided social and environmental disclosure and those did not

<table>
<thead>
<tr>
<th>Data</th>
<th>Companies provide S&amp;E disclosure</th>
<th>Companies do not provide S&amp;E disclosure</th>
<th>F test</th>
<th>Sig†</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Sddev</td>
<td>Mean</td>
<td>Sddev</td>
</tr>
<tr>
<td>ROI</td>
<td>7.114</td>
<td>4.711</td>
<td>6.932</td>
<td>2.979</td>
</tr>
<tr>
<td>ROE</td>
<td>13.924</td>
<td>9.79</td>
<td>18.574</td>
<td>4.458</td>
</tr>
<tr>
<td>ROA</td>
<td>9.189</td>
<td>3.949</td>
<td>7.72</td>
<td>3.079</td>
</tr>
<tr>
<td>EPS</td>
<td>0.485</td>
<td>0.382</td>
<td>0.294</td>
<td>0.187</td>
</tr>
<tr>
<td>Total Assets</td>
<td>1349590050</td>
<td>198681929</td>
<td>1111218128</td>
<td>16341322</td>
</tr>
<tr>
<td>Turnover**</td>
<td>12.136</td>
<td>8.211</td>
<td>13.42</td>
<td>4.449</td>
</tr>
<tr>
<td>Management Risk</td>
<td>46.894</td>
<td>17.115</td>
<td>26.36</td>
<td>6.922</td>
</tr>
</tbody>
</table>

*Significant at p value of 5% or less
** The sales figures have been transformed by using log transformation.

Figure 3: Comparison of means between companies provided S & E disclosure and companies which did not provide
Furthermore, this study aimed to identify whether there is an association between financial performance, company size and management risk and the extent of the social and environmental disclosure. Table 4 presented the results of the correlation test for testing hypotheses 2, 3 and 4. As shown in the table the results showed some association. All the averaged financial performance measures (ROI, ROE, ROS and EPS) were failed to show significant and positive associations with the level of social and environmental (S&E) disclosure. Consequently hypothesis (2) will be accepted. This result is consistent with some prior studies (such as Freedman and Taiggi, 1988) which concluded that there was no association between the financial performance measures and the level of social and environmental disclosure. Also, it is consistent with Al-Basteki’s (1997) study, which found that there is no significant association between profitability and level of social disclosure.

The company size variable which was measured by total assets and turnover and the management risk variable showed a positive and significant relationship with the level of social and environmental disclosure. The total assets showed a significant relationship at the .01 level of significance, while the turnover and the management risk variables showed significant relationships at the .10 level of significance. So those variables are the factors that might affect the levels of social and environmental disclosure. Consequently, hypotheses (3) and (4) are rejected. The results coincide with many previous studies which indicated that there is some association between the company size and the level of social disclosure and between management risk with the levels of social and environmental disclosure (see for example, Kelly, 1981; Mohamed and Hill, 1996; Neu et al. 1998 and Al-Basteki, 1997).

<table>
<thead>
<tr>
<th>Correlation results between company characteristics and S&amp;E disclosure.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROI</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>****</td>
</tr>
<tr>
<td><strong>Pearson Correlation</strong></td>
</tr>
<tr>
<td><strong>Sign (2-tailed)</strong></td>
</tr>
<tr>
<td><strong>Pearson Correlation</strong></td>
</tr>
<tr>
<td><strong>Sign (2-tailed)</strong></td>
</tr>
<tr>
<td><strong>Pearson Correlation</strong></td>
</tr>
<tr>
<td><strong>Sign (2-tailed)</strong></td>
</tr>
<tr>
<td><strong>Pearson Correlation</strong></td>
</tr>
<tr>
<td><strong>Sign (2-tailed)</strong></td>
</tr>
<tr>
<td><strong>Pearson Correlation</strong></td>
</tr>
<tr>
<td><strong>Sign (2-tailed)</strong></td>
</tr>
<tr>
<td><strong>Pearson Correlation</strong></td>
</tr>
<tr>
<td><strong>Sign (2-tailed)</strong></td>
</tr>
</tbody>
</table>

*Correlation is significant at the 0.01 level (2-tailed).
*Correlation is significant at the 0.05 level (2-tailed).
Conclusions, Limitations and Further Research

Essentially, there are three key points in this paper: firstly, the results showed that 26% of the IJSCs in the study sample produced no social and environmental disclosure in the annual reports. Secondly, the results indicated that the level of social and environmental disclosure in the IJSCs has increased over the period of 1998 to 2000. Finally, the results showed that there is a significant difference in the company's characteristics between IJSCs that provided social and environmental disclosure and those which did not provide such information. The company size and the management risk are associated with the extent of social and environmental disclosure. On the other side, there is no association between social and environmental disclosure and financial performance. Consequently, the companies that make social and environmental disclosures are generally characterized by a big size and less management risk.

Inherent in the exploratory nature of this study are many limitations. First and in relation to internal validity, the list of items on social and environmental activities to compute the social and environmental disclosure index might not be exhaustive. Furthermore, the sample of this study was taken from the industrial sector, so the results may have limited external validity beyond the industry setting of the study.

Consequently, further evidence is required from other settings in order to consider any generalizations of such studies. This study would also encourage greater focus on the social and environmental disclosure in Jordan and its relation with some other variables such as the needs of the annual reports' recipients and the industry type. The findings of those variables associated with the level of social and environmental disclosure should provide an incentive for Jordanian companies to increase the content of their social and environmental reporting in annual reports. This might happen if other companies followed those companies which have a big size and less management risk and which are disclosing more social and environmental information.
الأعمال الحسابي للأنشطة الاجتماعية والبيئية: دراسة مقارنة للشركات الصناعية المساهمة العامة الأردنية

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ملخص

لقد حمل موضوع مسؤولية المسؤولية الاجتماعية والأعمال عن الأنشطة الاجتماعية والبيئية بالعديد من الاهتمام والنقاش في الآونة الأخيرة. وتيرة ذلك لعدة عدد من الدراسات، وخصوصاً في الدول الغربية، التي تناولت مدى اقتصاد الشركات عن أنشطتها الاجتماعية والبيئية. إن تركيز هذه الدراسات جاء بشكل عام حول حجم الأعمال الذي يخصص هذه الأنشطة كما يظهر في تقاريرها المالية إلا أنه وفي المقابل يوجد قلة في عدد الدراسات التي تناولت هذا الموضوع في الدول العربية. أن هذه الدراسة الحالية تبحث في اختراق الأعمال عن النشاط الاجتماعي والبيئي في الشركات الصناعية المساهمة العامة الأردنية. وقد استخدم تحليل المحتوى لقياس مدى الأعمال المادي والئوبي والكلاسيك في مجالات الموارد البشرية والاجتماعية والبيئية. لقد تم حسب العلاقة بين عدد من خصائص الشركة ومستوى الأعمال الاجتماعي والبيئي إحساسياً. وجدت النتائج أن 74% من شركات عينة الدراسة كان لديها أعمالاً تجارية تركز على أنشطة الأعمال الاجتماعية والبيئية. وقد عرضت النتائج أيضاً وجود علاقات ذات دلالة إحصائية بين حجم الشركة والمخاطر الإدارية من جهة ومستوى الأعمال عن النشاط الاجتماعي والبيئي من جهة أخرى. وفي المقابل، ظهر النتائج عدم وجود علاقة ذات دلالة إحصائية بين مستوى الإنجاز المالي للشركة ومدى الأعمال عن النشاط الاجتماعي والبيئي.

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