

Nature and Determinants of CSR Disclosure: Experience of the Jordanian Public Shareholding Companies

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Abstract

Recently, much attention has been dedicated by researchers to the study of Corporate Social Responsibility (CSR) disclosures among corporations. However, most of the studies so far have been conducted in developed countries, with only a few being undertaken in developing countries. This study aims to investigate the extent to which CSR is disclosed in the annual reports of the Jordanian public shareholding companies. The study also examines whether the level of disclosure is influenced by a group of factors, including: age of the reporting company, sector, ownership structure, and market capitalization. In order to achieve its objectives, a research index with 41 items was designed for the purpose of data collection. In total, the annual reports and accounts and stand-alone CSR report of 234 public shareholding companies listed in Amman Stock Exchange (ASE) for the fiscal year 2011 were analyzed. The findings of this study indicate that practice of CSR reporting is improving in Jordan (where percentage of disclosure reached 19% of the investigated items in comparison with 13% in 2004, see Suwaidan *et al.*, 2004). In terms of the CSR dimensions, the results revealed that environment is still the weakest topic being disclosed (10.2%) while economic aspects are on the top of information disclosed (62.5%). One of the key results exposed in the current study is the weak engagement of the Jordanian largest businesses with stakeholders. This is evidenced by low attention being given to identify different groups of stakeholders, identifying their concerns, and presenting real responsiveness to these concerns. The study suggests that associations are exist between age of the reporting company and market capitalization with CSR disclosure (aggregated dimensions), while less associations exist between sector (industry type) and ownership structure with CSR reporting. This study concludes with some practical recommendations aiming at improving CSR practice and reporting practice within the Jordanian business environment.

Keywords: CSR; Jordan; Public Shareholding Companies; Disclosure Practices; Corporate Characteristics; Disclosure Index.

1. Introduction

With an increased number of business entities who report numerous data on their non-financial performance, it could be argued that the Corporate Social Responsibility (hereafter CSR) has been transformed from an irrelevant and doubtful idea to a high-ranking topic on research as well as on practice agenda (KPMG, 2011, 2013; Rosamaria and Robert, 2011). During the last two decades, volume of information produced by the business entities regarding their CSR activities has increased significantly (Kolk, 2004; Owen, 2006; KPMG, 2008, 2011, 2013). KPMG (2013) emphasized that corporate responsibility (CR) reporting is now undoubtedly a global mainstream business practice, undertaken by almost three quarters (71%) of the N100.¹ This rate in total represents an increase of 7% points since 2011 “when less than two thirds (64%) of the companies surveyed issued CR reports” (KPMG, 2013, p. 11).

Impact of the business entities on society is a growing global concern. Many organizations are becoming increasingly active in addressing social concerns namely those related to the local community. Uddin *et al.*, (2008) argued that social responsibility means “being accountable for the social effects the company has on people - even indirectly”. The expectations of consumers, employees, investors, and local communities on the role of businesses in society are also increasing (Adams, 2011). It could be argued that CSR reporting is a vehicle where different stakeholder groups could judge the reporting company’s performance when it comes to its corporate responsibility activities. Gary *et al.*, (1996) argued that the corporate CSR reporting has been developed because conventional accounting has failed to serve society’s needs, and as a sequence, CSR reporting has been further developed to extend the traditional model of financial reporting which emphasizes a company’s economic prosperity, to incorporate social and environmental dimensions (Adams, 2011).

In the recent years, considerable efforts have been given by public and private bodies to the sustainability issues

¹ Over through their CR surveys, KPMG adopt a methodology aims at analyzing practices of CSR disclosure in the largest 100 companies in different countries worldwide. In 2013 survey, N100 represents 4’100 companies (the largest public listed, private-owned, and stated-owned companies in 41 countries – for details see: The KPMG Survey of Corporate Responsibility Reporting 2013).

in Jordan. This includes environmental issues as well as social concerns. This research examines the extent to which do business entities in Jordan engage in sustainable development issues on the national level. To come into that end, the current study investigates the level of adopting and implementing the CSR practices by the Jordanian public shareholding companies through examining the CSR reported information within their annual reports or stand alone CSR reports. Results of this research would shed some light on the level of acceptability of the Jordanian private sector to behave responsibly, and its response to the national and global sustainability challenges.

In addition to this introduction, the flow of this paper is divided into several parts as follows: the research problem, the research questions; an overview of CSR reporting; previous literature on CSR disclosure; methodology and method which also describes the data collection process; limitations of the study; the descriptive analysis results; and finally results of the analytical statistics along with conclusion and recommendations.

1.1 The Research Problem

Like any other developing community, the Jordanian society suffers various environmental and societal problems. This includes for example: environmental pollution; the high rate of poverty (as it reached 13.3% in 2009); the unemployment high rate (12.9% in 2009); the child work (50,000 workers in 2009) (for more details see DOS, the Statistical Report, 2011). In the same context, the energy is another challenge gradually worsens not only in Jordan but also over the world, especially with the growing demand by at least 1.2% per year, and is expected to rise significantly over the coming period (Badran, 2011). Furthermore, Jordan is one of the ten poorest countries in terms of water resources, where the per person rate does not exceed of 150 cubic meter/year, and this number very far from the level of global water poverty user – which is equal to 1,000 cubic meter/per person per year (DOS, 2011).

It has been argued that accounting should play a key role in the sustainable development, and CSR practice and reporting is considered as one of these tools that help organizations to fulfill their duties towards society and the environment and sustainable development (Gray *et al.*, 1996). In this context, there are always calls on the national level for concerted efforts of all members of the society and organizations to contribute for the solution of the subcritical problems. It is therefore, a responsibility facing the private sector entities to share and engage in solving the national challenges mainly those related to energy, water, unemployment, and other social concerns. This study addresses such challenges and concerns through investigating engagement of the largest Jordanian business entities with the national sustainability agenda.

1.2 The Research Questions

The key motivation for carrying out this research is to measure responsiveness of the Jordanian largest businesses for the societal challenges and needs. Moreover, this study questioning extent to which does private sector in Jordan accept its responsibilities and respond positively to the society's concerns and the sustainability agenda through disclosing information related to its environmental, social and economic performance. To this end, the current research study addresses the following research questions:

- What are the key characteristics of the Jordanian public shareholding companies who disclose information related to the CSR activities?
- What are the mechanisms being employed by the Jordanian public shareholding companies to disclose CSR information?
- To what extent do companies report information related to issues of: Environment; Economic; Social and Community; and Labor and Employees?
- What factors (among company's age, size of the market capital, business type – sector, and the ownership structure) are associated with the CSR disclosure?

2. An Overview of CSR Reporting

Attention in the previous literature has been given to those reports being produced by the business entities, which provide data on different aspects of the organizations' performance activities (namely, environmental, social, and economic). These reports are variously examined and described in the numerous literature, includes: SustainAbility and UNEP, (1998, 2002 and 2004); Gray, (2001); Adams, (2004); Kolk, (2004); GRI (2006 and 2013); and KPMG (2008, 2011 and 2013). There is no common definition of the CSR reporting. The GRI (2006, p. 3) states that CSR (or what is called sustainability¹) reporting is "the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development". The GRI (2006) says that a good CSR report should provide a balanced and reasonable representation of the sustainability performance of a reporting organization – including "both positive

¹ The term "sustainability reporting" is being employed by the organizations to describe the reporting practice on various aspects of their environmental and social performance, as a social (and economic) dimension is introduced into reports in addition to the longer standing environmental focus (Owen, 2006, p. 217).

and negative contributions". In a content-oriented definition, Elkington (1997 in Deegan *et al.*, 2006, p. 331) states that a CSR report is "a publicly released document that provides information about the social, environmental and economic performance of the reporting organization".

Historically, and since its start in 1970s, CSR reporting has witnessed a crucial change in expectations of the society, moving its scope from totally internal-oriented coverage (i.e. employees) to a wide range of societal aspects (for details of CSR reporting development see, Idowu and Towler, 2004). It has been argued that pressure exerted by environmental activists on organizations that were perceived as being environmentally irresponsible is one of the key dynamic factors affecting CSR practices and reporting (Idowu and Towler, 2004). Furthermore, different factors were found to be influencing the CSR practice and disclosure such as, societal values; political and legal systems; and country of domicile (Raar, 2002). Overall, practice of CSR reporting has developed dramatically to include in addition to the environmental concerns many other aspects that are related to the social and economical dimensions within the society (such as employees, local communities, and economic effect of the business).

When it comes to usefulness of CSR reporting, Gray *et al.*, (1996) argued that this type of reporting was (theoretically) founded to achieve the goals of transparency and accountability through making organizational life more visible. In this regard, various motivations are offered in the literature for disclosing CSR information. Preserving the reputation, the economic incentives, and enhancing credibility of the reporting entities are the most dominant reasons offered (Gray *et al.*, 1996; Dando and Swift, 2003; Kolk, 2004; KPMG, 2005 and 2008). Further to these motivations, it has been argued that good CSR is expected to be "a tool for engaging with stakeholders and securing useful input to organizational processes" as well as enabling a robust assessment of the organization's performance (GRI, 2006, p. 6). However, investigations of contemporary CSR and other non-financial reporting practices indicate that while the practice is increasing less evidence exists as to who the users are of this type of disclosure.¹

It should be indicated in this context that investigating motivations of the reporting companies to disclose CSR information within the Jordanian environment is beyond the scope of the current research. In the next section, previous empirical literature on CSR reporting will be further explored.

3. Previous Literature on CSR Disclosure

In addition to numerous surveys been conducted by professional bodies, CSR disclosure has been widely examined within the accounting and business literature (see for example, Sustainability and UNEP, 1998; Gray, 2001; Adams, 2004; KPMG, 2005, 2008, 2011, 2013; Unerman, 2008; Craib and PwC, 2009; Klerk and Villiers, 2012).

Suwaidan *et al.*, (2004) evaluated the social responsibility (SR) disclosure practices in the annual reports of the Jordanian industrial companies. The key objective of their study was to determine the effect of certain company characteristics in explaining variation in SR information disclosed in the companies' annual reports. To achieve its objectives, the study utilized a disclosure index containing 37 items to analyze the annual reports of 65 industrial companies. Findings of the research revealed that on an average, the companies disclosed approximately 13% of the items identified in the index, with only three companies receiving disclosure scores of more than 30%. The study's results suggested that there is a significant scope for additional disclosure in the annual reports of the Jordanian industrial listed companies. Furthermore, the conducted regression analysis identified size, profitability and risk to be significantly and positively associated with the disclosure of SR information.

In a stakeholders-focused attempt, O'Dwyer *et al.*, (2005) ascertain and analyze the views of a number of Irish stakeholders regarding the adequacy and potential of corporate sustainability reporting to meet their information needs and help them hold corporations to account. The study focuses on ascertaining the views of a sample of Irish social and environmental non-governmental organizations (NGOs) who are arguably, constitute an important group of non-financial stakeholders. The results present an evidence of a widespread demand for mandated, externally verified sustainability reporting in either the annual report or a separate stand-alone report.

In the same context, Altintas *et al.*, (2007) examine evolution of reporting on corporate social responsibility in Istanbul Stock Exchange companies. In order to monitor the evolution of reporting on CSR relevant information in the 2003, 2004 and 2005 annual reports of the ISE-30 Index Companies were examined. The data collected were used to study in depth the following issues: information disclosed related to corporate governance; environmental policy; and social policy. The study reveals that the companies' attitude towards CSR is encouraging and they try to fulfill their duties as a corporate citizen regarding the social responsibility.

In an attempt to explore whether a relationship exists between CSR and firm performance, taking into account

¹ In this regards, two main doubts about the CSR reporting have emerged: completeness of the reporting, and the extent to which reports address all the material issues that arise from stakeholders' perceptions (Adams, 2004). Thus, a credibility gap has been perceived between the reporting organizations and the general stakeholders (Adams and Evans, 2004).

firm value and financial accounting performance, Criso'stomo *et al.*, (2009) examine the Brazilian market. A content analysis was conducted to extract data from two different sources, one relative to CSR data and another that provided financial data. CSR indexes and financial performance measures were calculated to allow the estimation of regression analysis conducted to examine the relationship between CSR and performance. The results indicate that CSR is value destroying in Brazil since a significant negative correlation between CSR and firm value was found. Additionally, a neutral relationship characterizes the mutual effect between CSR and financial accounting performance.

Ismail and Ibrahim (2009) investigate extent of the social and environmental disclosure in the annual reports of the Jordanian companies, and examine if the level of disclosure is influenced by size of the firm, government ownership and industry. In particular, disclosure with regard to environmental issues, community involvement and human resource are examined. Using a sample of 60 companies in the manufacturing and service sectors, content analysis is used to measure the level of disclosure. The findings indicate that 85% of the companies somehow disclose social and environmental information. Human resource is the most disclosed theme while the environmental issue had the lowest. In addition, a significant positive association is found between company size and social and environmental disclosure, and companies with high government ownership tend to have a lower level of disclosure compared to companies with low government ownership. Overall, no significant relationship was found between industry type and the level of social and environmental disclosure. However, when only environmental issues are examined, manufacturing companies tend to disclose more information compared to service-based companies.

In more focus into the environmental concerns, Buniamin (2010) examines the environmental reporting activities in the annual reports of 243 companies listed in the Bursa of Malaysia for the year 2005. Content analysis approach was utilized to determine the quantity and quality of the environmental information disclosure in annual reports. The results revealed that only 28% of the companies reported this information in their annual reports and only five sentences were dedicated for these reports. It was also discovered that the average quality of environmental reporting per company is 3.24%. In addition, it was concluded that larger companies and companies in environmentally sensitive areas published more information as well as provided higher quality disclosure.

Among the most updated CSR researches being conducted within the Jordanian environment, Flaifel (2011) examines the relationship between the disclosure of social responsibility information by the listed industrial Jordanian companies in 2010 and their financial performance. Additionally, the research investigates the extent to which companies disclose CSR information in their annual reports. The study's results indicate that the level of disclosure of CSR information by the targeted companies is low, additionally; there is no significant relationship between CSR disclosure and the financial performance of the companies.

Bayoud *et al.*, (2012) explore whether company age, industry type and company sizes have a potential influence on levels of Corporate Social Responsibility Disclosure (CSR) in the annual reports of Libyan companies. In this study quantitative and qualitative methods were used to collect data to determine the level CSR in Libyan firms. Hypotheses are tested using regression analysis on a sample of 40 annual reports from Libyan companies from 2007 to 2009. Additionally, thirty one of the financial managers and information managers express their perceptions about the determinants of CSR in Libya. The quantitative findings reveal that there is a positive relationship between company age and industry type and the level of CSR. The qualitative findings show a positive relationship between all factors influencing levels of CSR used in this study and level of CSR in Libyan companies.

Kabir and Akinnusi (2012) investigated the corporate social and environmental accounting information reporting practices in Swaziland. The aim of their research was to determine corporate social reporting practices and to examine the type and extent of such reporting in the corporate reports of manufacturing companies in Swaziland over a period of two years (2007 and 2008). The study utilized questionnaire and corporate reports to gather information from 30 selected manufacturing companies. Furthermore, the research employed content analysis of corporate reports as a method to measure the extent and nature of corporate social reporting according to the number of words disclosed over the period of the study. The results showed that the concept of corporate social responsibility is fairly new in Swaziland and very few companies disclose corporate social responsibility information in corporate reports. However, the study revealed that there is a trend of increasing CSR information disclosures among the companies from 2007 to 2008.

Finally, in their research which was applied in the South African market, Klerk and Villiers (2012) contribute to the debate on whether Corporate Responsibility Reporting (CRR) is associated with the information set that shareholders use to value a company's equity and therefore, the value-relevance thereof for investment decision making. Klerk and Villiers (2012) employed a modified Ohlson model developed by Hassel, Nilsson and Nyquist to examine the role of CRR in providing information to shareholders that may affect their valuation of a company. The study uses two data sets, namely a KPMG dataset on the CRR of the top 100 South African companies and the McGregor BFA database for financial data. The study found that the share prices of

companies with higher levels of CRR are likely to be higher.

Previous literature would have some implications for the current study. Based on findings of the studies indicted above, the current research would expect considerable information being disclosed by the large Jordanian businesses on different CSR aspects, with low association exists between level of disclosure and characteristics of the reporting companies. In terms of the research techniques applied, previous studies have some methodological implications for the current research. As with the most of the previous studies, this study will use a research index to find and to test the level of CSR disclosure in the Jordanian public shareholding companies, also as some previous studies, this study will examine the association between some variables such as age, sector and market capitalization. In contrast with previous studies, this study will take all Jordanian public shareholding companies and will not only focus on a specific sector (e.g. industrial or services). Moreover, the current research investigates the association between ownership structure (domestic vs. foreign ownership) and the level of CSR disclosure.

4. Methodology, Methods and Data Collection Process

This study adopts a mixed methodological approach (objectivism vs. subjectivism) (Burrell and Morgan, 1979), with a quantitative research method being utilized to collect the targeted data. The results' interpretation is heavily relying on the researchers' understanding of the existed societal values. Given the fact that the current study is a mainstream accounting research (Ryan *et al.*, 2002), it tends to adopt the descriptive-analytical methodology for the purpose of achieving its objectives, thus, the research will purely rely on objective and quantitative-oriented research Index being informed by: previous literature, benchmarks, and standards being applied on the field of the study. In this regard, content analysis is used to gather details of disclosure within the annual reports. This element of the study has identified the attendance of certain predefined characteristics. The research Index being used in the current study is developed by drawing on previous studies such as (Moneva and Archel, 2006; Ismail and Ibrahim, 2009; Hassan, 2010; Branco and Delgado, 2011), and benchmarks and standards on the CSR field.

4.1 Reliability of the Research Index

Reliability of the research Index has been examined through:

- a. Two external referees (both of them have previous experience in conducting studies in the CSR field); and
- b. Stability tests (Intra-observer, test-retest) and 'Reproducibility Test' were performed by the researchers. In this context, the researchers applied the test on the Index's items by analyzing a sample which consists of 10% of the population and reanalyzed it after two weeks of the first round. As necessary, some modifications were prepared, and another round of stability and reproducibility testing was performed. In this test, Cohen's Kappa Coefficient¹ was used to examine items included in the research Index, the coefficient result was (84.0%).

The research Index designed in the current research is consisted of five main parts (see Appendix 1). These include:

- A. Information of the Reporting Company and the Report:** this part is designed to capture general information about characteristics of the reporting company and the report in which the CSR information is disclosed.
- B. Environmental Disclosure:** items of this section seek to record the extent to which reporting company disclosed information about environment and its relation to the company's activities.
- C. Economic Disclosure:** items of this section seek to record the extent to which reporting company disclosed information about the economic impact of its activities.
- D. Social and Community:** items of this section seek to record the extent to which reporting company disclosed information about the social impact of its activities, engagement with stakeholders, and contributions to the community
- E. Labor and Employee:** in this part of the Index, attention is given to some items that seek to record the extent to which reporting company disclosed information about how labor and employees issues being treated and dealt with by the reporting company.

Given the fact that this study examines the level of CSR disclosure in annual reports of the Jordanian companies for the year 2011, targeted companies are those publicly listed companies in Amman Stock Exchange (ASE). For the year 2011, information provided by the Jordanian Securities Commission (JSC) indicated that there were 243 companies listed on ASE as of December 2011. The whole set population of the study was targeted during the

¹ For categorical variables, Cohen's kappa is commonly used to determine the coefficient of agreement. Kappa is used when two raters or observers classify events or observations into categories based on rating criteria rather than a simple percent agreement, kappa takes into account the agreement that could be expected by chance alone (Kimberlin and Winterstein, 2008, p. 2277).

data collection stage. Out of the 243 targeted entries, information was available about annual reports and accounts for 234 companies.¹ All of these reports were subject to analysis by using the research Index.

4.2 Limitations of the Study

The current research has faced several limitations, these include:

- Unavailability of the annual reports for a number of the targeted companies, where they neither exist on the company's website nor on Amman Stock Exchange (ASE). This case exclusively related to companies who may face difficulties in publishing their annual reports due to legal constrains.
- Lack of standards, mandatory legislations or a generally accepted code of conduct on the national level to help companies to disclose their CSR performance, so this leads to different approaches of disclosing information among the companies which in turn, affects accessibility of information.
- There is a limited research on how CSR is perceived and implemented by companies in developing countries (Deegan, 2002), and indeed, Jordan among these countries.
- Shortage of resources – including absence of database – on the national level for CSR information.

5. Results of the Study

This section provides results revealed on the current research. Attention in this regard is given to highlight two types of results – based on the research questions, these include: descriptive analysis, and hypotheses testing.

5.1 Descriptive Analysis

5.1.1 Information of the Reporting Companies and the Reports

In this section attention is given into outlining the key characteristics of the reporting companies as well as type of the report produced. As a response to the first research question addressed in this study, results presented here are related to: sector of the reporting company; age of the company, and type of the report in which the CSR information is disclosed. However, section 5.2 provides further results about the potential associations exist between these characteristics and CSR disclosure. Table 1 exhibits results of the descriptive data analysis related the above mentioned characteristics.

Table 1: Information of the Reporting Companies and the Reports

Characteristic	Frequency	Percentage (%)
Sector of the reporting companies		
Financial	106	45.3%
Services	59	25.2%
Industrial	69	29.5%
Age of the company (in years)		
From 01-10	89	38.0%
From 11-20	49	20.9%
From 21-30	31	13.2%
From 31-40	34	14.5%
From 41-50	8	3.4%
More than 50	23	9.8%
Size of the reporting company market capital		
Small	213	91%
Medium	11	4.7%
Large	10	4.3%
Type of the report		
Annual reports and accounts	233	99.6%
Stand-alone CSR	1	0.4%
Ownership Structure (percentage)		
Domestic ownership	200	85.5%
Foreign ownership	34	14.5%

Σ n=234

A. Sector of the reporting companies

The results of the study indicate that 45.3% of the public listed companies in Amman Stock Exchange (ASE) are financial companies (banks, insurance businesses, real estate, and other financials). The data analysis also reveals that 25.2% of the reporting companies represent the services sector, while 29.5% of the reporting companies represent the industrial sector. Previous literature suggests that sector is a corporate characteristic that

¹ In total, disclosure and information were not available for 9 companies due to non-compliance with JSC rules (related mainly to disclosure and listing requirements).

has an association with the amount and type of the non-financial (including CSR) information disclosed (see for example, Hackston and Milne, 1996; Bayoud *et al.*, 2012). The reason for this association has been suggested to derive from the fact that industry sector may be an indicator of the relative impact which companies face from social and environmental activities (Hackston and Milne, 1996).

B. Age of the reporting companies

Results of the current research indicate that majority of the companies are between 1-10 years old (38.0%), while companies aged between 11-20 years represent 20.9%, and only 9.8% of the companies are more than 50 years old. This result suggests that the majority of the Jordanian public shareholding companies are immature, and this in turn, may affect experience of these companies when it comes to reporting of voluntarily activities (i.e. CSR).

C. Size of the market capital

It could be argued that the large companies have more stakeholders and are thus, more visible to the public than smaller companies. Large firms often possess sufficient resources for collecting, analyzing, and presenting extensive amounts of data at minimal cost. Although evidence on the association between size and CSED is varied, expectedly, numerous studies found the association to be positive (see for example, Ismail and Ibrahim, 2009). In the current study, and despite that fact that its population is represented by large businesses, it should be indicated that a gap is noted between market capitalizations of the targeted companies. Thus, size of the market capital is divided into three main categories: small, medium and large. Vast majority of the Jordanian public listed companies have a small market capital (91%), in comparison with only 4.3% of targeted companies have a large market capital.

D. Type of the report

With regard to the reported information and type of reports being produced, it should be indicated that only one company out of 234 (0.4%) which is the Arab Bank Group plc issued a stand-alone CSR report in 2011. This report was titled "Sustainability Report". Obviously, 99.6% of the companies disclosed their CSR information in the annual report and accounts.

E. Ownership structure

Ownership structure is a new factor being examined in the current research. What is different in this study, it gives attention into investigation the relationship between structure of the ownership (domestic vs. foreign) and level of CSR. Regardless of the actual volume of the capital being owned, results of the study show that 85.5% of the companies are local-oriented investments, while 14.5% have more than 50% of their investments own by foreign investors.

5.1.2 CSR Disclosure

In this section, attention is given to the CSR disclosure practices. Results presented here show the level of adoption of each element of CSR by public shareholding companies (according to the research Index – see Appendix 1) and its percentage. Overall, the companies disclosed approximately 19.2% of the items identified in the current research Index. This is slightly higher than what was been revealed in Suwaidan *et al.*, (2004) – where the investigated companies disclosed 13% of the items included on their research index. However, this result suggests that CSR reporting is improving within the Jordanian business environment. Nevertheless, on the forthcoming sub-sections results are presented separately for each of the four CSR dimensions adopted on the current research.

A. Environmental Disclosure

Table 2 shows that the disclosure level for environmental aspects is ranging from Zero to 24.4%. Almost quarter (24.4%) of the reporting companies claim that they are using waste management techniques, and according to the analysis, 22 company of these 57 company were from the industrial sector which in turn, presents (38.5%) of this element disclosure. This result slightly consistent with Flaifel (2011), which indicates that 36.5% (23 company out of 63 industrial companies) disclosed information about the usage of waste management. However, the results indicate that, the overall environmental disclosure is the lowest among all investigated dimensions in the current study, with only 10.2% of the examined items were disclosed by the reporting companies. This result is consistent with Ismail and Ibrahim (2009).

One of the key results revealed on the current research, is that no single company disclosed information about implementation of Environmental Information System (EIS), or Environmental Management System (EMS). This may due to the high cost of implementing such systems and the needs for experience, culture and knowledge in the topic, in addition to absence of regulations and good governance practices.

Table 2: Environmental Disclosure of the Jordanian Public Shareholding Companies for 2011

Environmental Disclosure		Frequency	Percentage (%)
E.1	The company disclosed information related to its Environmental policy (if adopted)	24	10.3%
E.2	The company disclosed information about compliance with the environmental regulations	40	17.1%
E.3	The company disclosed information related to the power saving techniques through using the unlimited resources as alternatives for the limited resources of energy	8	3.4%
E.4	Information disclosed indicate that the reporting company implement Environmental Information System (EIS), or Environmental Management System (EMS)	0	0.00
E.5	Information disclosed about water saving scheme, including water recycled and reused	19	8.1%
E.6	Information disclosed about measurement of the environmental pollution	10	4.3%
E.7	Information disclosed about protection of the natural resources through installation of equipment that preserve the environment (from mainly noise and air pollution)	33	14.1%
E.8	Information disclosed about the company's Environmental Strategy, including, review of previous year targets (if any), and establishment of KPIs of the environmental performance	8	3.4%
E.9	Information disclosed about the waste management, including techniques being applied in this regard	57	24.4%
E.10	Information disclosed about the company's participation in the national environmental initiatives, campaigns, or schemes.	41	17.5%
Overall			10.2%

Σ n=234

B. Economic Disclosure

As indicated below (see Table 3), the results show that the level of disclosure about economic aspects was ranging between 5.6% - 98.7%. The results indicate that, only three companies do not disclose information about their economic value generated and distributed. This may due to the fact that such information is mandated and should be disclosed within the financial part of the annual report. In the same vein, it could be argued that disclosing the economic contributions would have some symbolic implication where companies tends to announce value creation within the society (namely, increased sales, cost reduction, donations, and job creation). However, results indicate that the lowest percentage was given to information disclosed about payment contributions in taxes, social security, and other public funds (5.6%).

Table 3: Economic Disclosure of the Jordanian Public Shareholding Companies for 2011

Economic Disclosure		Frequency	Percentage (%)
EC.1	Information disclosed about economic value generated and distributed, including: revenue; employees' compensation; donations; retained earnings; and payments to capital providers and government.	231	98.7%
EC.2	Information disclosed about improvement of economic performance of the company (costs' reduction, sales' increase)	227	96.6%
EC.3	Information disclosed about payment contributions in taxes, social security, and other public funds.	13	5.6%
EC.4	Information disclosed about contributions in job vacancies, job creation, and reducing the unemployment	225	96.2%
EC.5	Information disclosed about the company's policy, practices, and proportion of spending on locally-based suppliers	36	15.4%
Overall			62.5%

Σ n=234

KPMG Survey (2011) shows that 95% of the 250 largest global companies (G250) now report their economic

aspects of corporate responsibility (KPMG, 2011). Results indicated above, would suggest that most companies are aware about their economic impact and are responsible for disclosing information about this aspect.

C. Social and Community

Results of the study (as shown in Table 4) reveal that the level of disclosure related to social and community was between 1.3% - 47.6%. Significantly, 47.6% of the companies disclosed information about their donations and contributions to the community's activities, national initiatives, universities and other educational institutions, and health organizations. It should be indicated here that in 53 cases out of 111 (22.6% of the whole population) donations and contribution were given to the educational institutions. According to (Ismail and Ibrahim, 2009), the percentage of financial donations and contributions to community in 2006 was 17.9%, thus, based on results revealed on the current research a noticeable improvement in this practice was evidenced.

Table 4: Social and Community Disclosure of the Jordanian Public Shareholding Companies for 2011

Social and Community Disclosure		Frequency	Percentage (%)
S.1	Information disclosed about donations and contributions for the communities' activities, universities, national initiatives, and other organizations	111	47.6%
S.2	Information disclosed about the company's efforts towards determining the stakeholders interests and concerns	43	18.4%
S.3	Information disclosed about whether the reporting company has determined how to respond to the stakeholders' concerns	6	2.6%
S.4	The company disclosed information about establishing sets of targets and indicators with regard the stakeholders' concerns	3	1.3%
S.5	The company disclosed information about its response to the past stakeholders' issues	4	1.7%
S.6	Information disclosed about projects carried out by the company in less developed (poor) areas	37	15.9%
S.7	Information disclosed about child labor avoidance	3	1.3%
S.8	The company disclosed information about training opportunities being offered to people from the local community	42	18.2%
S.9	Information disclosed about equality in job vacancies between men and women	6	2.6%
S.10	Information disclosed about creation of employment opportunities for local communities	53	22.6%
Overall			13.2%

$\Sigma n=234$

On the other hand, results showed that the lowest disclosed information was the one that related to child labor avoidance (with only 1.3% of the reporting companies disclosed information about the issue). This could be due to high degree of compliance (mainly by the largest businesses) with labor regulations that prevent child labor. However, DOS Statistical Report (2011) indicated that there are (50'000) child working in Jordan, without any clear indication where or in which type of jobs are they working.

One of the key results being revealed in the current study is the low level of engagement with the stakeholders by the reporting companies. This is evidenced by the low level of disclosed information related to responsiveness of the companies towards their stakeholders' needs and concerns. Despite the fact that 18.4% of the investigated companies disclosed information about their efforts towards determining their stakeholders' interests and concerns, unsurprisingly, only 2.6% (6 companies) disclosed information in how to respond to the stakeholders' concern, and only 1.7% of the companies disclosed information about their response to the past determined stakeholders issues. In the same vein, the results indicate that there are significant weaknesses in companies' efforts towards systemization of stakeholders' engagement, with only 1.3% (3 cases) of the reporting companies disclosed information about establishing sets of targets and indicators related to their stakeholders' concerns. These results agree with several research findings (See for example, Unerman and Bennett, 2004; O'Dwyer and Owen, 2005; Al-Hamadeen, 2007; Cooper and Owen, 2007; O'Riordan and Fairbrass, 2008).

D. Labor and Employees

Results presented in (Table 5) show that the level of disclosure in the labour and employees is between 0.9% -

62.8%. The highest information being disclosed within this dimension is related to staff training issues, with 62.8% of the investigated companies disclosed information about maintaining employees training programs and continued education schemes. This result consists with Flaifel (2011) which indicates that 65.08% of the Jordanian industrial companies disclosed information about training programs given to employees. This point reflects importance of training as a key issue not only for the employee him/herself but also to the company in order to increase value of the human capital, which in turn, would positively affect performance of the company.

Table 5: Labor and Employees Disclosure of the Jordanian Public Shareholding Companies for 2011

Labor and Employees Disclosure		Frequency	Percentage (%)
L.1	Information disclosed that the company has a formal policy statement on labor and Human Rights.	15	6.4%
L.2	Information disclosed that the company record information about the compliance with labor standards and regulations	8	3.4%
L.3	Information disclosed that there is an adoption of occupational health and safety (OHS) policy by the reporting company	19	8.1%
L.4	Disclosed information indicates the employees' salaries and wages level	2	0.9%
L.5	Disclosed information indicates that there are staff training programs and continued education schemes being applied by the company	147	62.8%
L.6	Disclosed information indicates that the company enables its employees to volunteer through a system procedure to participate in programs.	17	7.3%
L.7	Disclosed information indicates that the company records information about its labor responsibility targets	6	2.6%
L.8	Disclosed information indicates that the company contributes to the employees' well-being (transportation; welfare; housing; health insurance)	17	7.3%
L.9	Disclosed information indicates that there is an adoption of a recruitment policy within the company	20	8.5%
Overall			11.9%

Σ n=234

One of the key findings within the labor and employees issues is the weakness of recording information about the labor responsibility targets by the reporting companies, with only 2.6% of the cases disclosed information about this issue. In the same context, and despite the fact that there is a minimum wage being enforced by the regulations on the national level, the results reveal that a very low disclosure exists regarding level of employees' wages and salaries, as only two companies (0.9%) disclosed information about employees' payment.

5.2 Results of the Hypotheses Testing

For the purpose of performing analytical statistics, four factors have been identified as potential independent variables namely: sector, size of the company's market capital, age of the company and ownership structure. These four factors are used as independent variables to test whether or not there is a significant relationship between each of these factors and each item (separately) included within the four dimensions of the CSR disclosure.

Drawing upon the relevant surveys and literature on CSR disclosure, four main hypotheses were developed in this study. This includes the following:

1. H0: There is no association between type of business (represented by sector) and the level of CSR disclosure
 H1: There is an association between type of business (represented by sector) and the level of CSR disclosure
2. H0: There is no association between age of the reporting company and the level of CSR disclosure
 H1: There is an association between age of the reporting company and the level of CSR disclosure
3. H0: There is no association between firm's ownership structure and the level of CSR disclosure
 H1: There is an association between firm's ownership structure and the level of CSR disclosure
4. H0: There is no association between the company market capitalization and the level of CSR disclosure
 H1: There is an association between company market capitalization and the level of CSR disclosure

To explore which of the four independent variables have a significant association with each dimension of the disclosure, Chi-Square used as a statistical tool to test the research hypotheses at 5% ($\alpha = .05$) level of significance. There is no generally accepted method to accumulate chi-square results for several items within one dimension; therefore, *number of significant relationships* related to each examined factor will be used as a rule to accept/reject the tested hypotheses. Table 6 demonstrates results of the statistical tests (P values [Asymp. Sig.] of

the Pearson's chi-square test – Independent variables versus Dimensions of CSR.

Table 6: P values of the Pearson's chi-square test – Independent variables versus Dimensions of CSR

P values of the Pearson's chi-square test – Independent variables versus Dimension of Environmental Disclosure										
Independent Variables	Dependent Variables									
	E.1	E.2	E.3	E.4	E.5	E.6	E.7	E.8	E.9	E.10
Sector	.011	.001	.489	-	.018	.044	.000	.162	.000	.001
Age	.551	.001	.430	-	.384	.750	.022	.084	.177	.203
Ownership %	.754	.558	.061	-	.232	.616	.913	.393	.064	.983
Market Capital Size	.376	.432	.011	-	.967	.036	.345	.425	.482	.004
P values of the Pearson's chi-square test – Independent variables versus Dimension of the Economic Disclosure.										
Independent Variables	Dependent Variables									
	EC.1	EC.2	EC.3	EC.4	EC.5					
Sector	.527	.369	.000	.595	.000					
Age	.422	.619	.019	.009	.041					
Ownership %	.472	.031	.928	.103	.155					
Market Capital Size	.861	.701	.002	.480	.078					
P values of the Pearson's chi-square test – Independent Variables versus Dimension of Social and Community Disclosure										
Independent Variables	Dependent Variables									
	S.1	S.2	S.3	S.4	S.5	S.6	S.7	S.8	S.9	S.10
Sector	.321	.014	.332	.580	.397	.178	.586	.117	.887	.000
Age	.017	.036	.066	.607	.000	.000	.028	.001	.001	.053
Ownership %	.166	.023	.000	.010	.042	.000	.000	.374	.185	.895
Market Capital Size	.002	.000	.000	.042	.000	.000	.000	.000	.002	.804
P values of the Pearson's chi-square test – Independent Variables versus Dimension of Labor and Employees Disclosure										
Independent Variables	Dependent Variables									
	L.1	L.2	L.3	L.4	L.5	L.6	L.7	L.8	L.9	
Sector	.028	.013	.001	.668	.313	.861	.292	.001	.090	
Age	.102	.008	.001	.356	.000	.155	.434	.009	.010	
Ownership %	.033	.061	.128	.001	.030	.274	.185	.001	.950	
Market Capital Size	.000	.000	.001	.006	.001	.271	.106	.000	.413	

Σ n=234

5.2.1 Type of Business (Sector) vs. CSR Disclosure

In order to investigate whether relationships exist between sector of the reporting company and CSR disclosure (Hypothesis 1), 33 chi-square tests were carried out. The results indicate that 15 tests out of 33 (45%) are statistically significant at the 0.05 sig. level, while 18 tests (55%) are not statistically significant (p value > 0.05). Overall, this result suggests that there is no significant relationship exists between type of business (sector) and CSR disclosure (all dimensions aggregated). Subsequently, the first null hypothesis is accepted and the alternative one is rejected. This results consists with Ismail and Ibrahim (2009). Nevertheless, detailed results (of the statistical tests of all dimensions included within CSR discourse) show that there is a significant relationship exists between sector of the reporting company and the environmental disclosure (in 7 tests out of 9), with more information being disclosed by the industrial companies.

5.2.2 Age of the Reporting Company vs. CSR Disclosure

Some studies revealed that there is a positive and significant relationship between level of CSR and company age (Bayoud *et al.*, 2012). Results of their studies revealed that older companies tend to provide more information about CSR activities than immature companies.

In order to investigate whether relationships exist between age of the reporting company and CSR disclosure (Hypothesis 2), 33 chi-square tests were carried out. The results indicate that 17 tests out of 33 (51.5%) are statistically significant at the 0.05 sig. level, while 16 tests (48.5%) are not statistically significant (p value > 0.05). Overall, this result suggests that there is a significant relationship exists between age of the company and

CSR disclosure (all dimensions aggregated). Subsequently, the second null hypothesis is rejected and the alternative one is accepted. This result consists with Bayoud *et al.*, (2012). Detailed results suggest that the strongest relationship is existed between age of the reporting company and disclosure related to social and community (in 7 tests out of 10), with more information being disclosed by longer age companies.

5.2.3 Ownership Structure vs. CSR Disclosure

In order to investigate whether relationships exist between ownership structure within the reporting companies and CSR disclosure (Hypothesis 3), 33 chi-square tests were carried out. The results indicate that 11 tests out of 33 (33.3%) are statistically significant at the 0.05 sig. level, while 22 tests (66.7%) are not statistically significant (p value > 0.05). Overall, this result suggests that there is no significant relationship exists between ownership structure of the company and CSR disclosure (all dimensions aggregated). Subsequently, the third null hypothesis is accepted and the alternative one is rejected. In the same vein, it should be indicated that a reasonable association has been noted between ownership structure and social and community disclosure (in 6 tests out of 10), with more information being disclosed by companies owned by foreign investors.

5.2.4 Market Capitalization vs. CSR Disclosure

In order to investigate whether relationships exist between size of the market capital of the reporting company and CSR disclosure (Hypothesis 4), 33 chi-square tests were carried out. The results indicate that 19 tests out of 33 (57.5%) are statistically significant at the 0.05 sig. level, while 14 tests (42.5%) are not statistically significant (p value > 0.05). Overall, this result suggests that there is a significant relationship exists between market capitalization and CSR disclosure (all dimensions aggregated). Subsequently, the fourth null hypothesis is rejected and the alternative one is accepted. This result is consistent with (Ismail and Ibrahim, 2009; Suwaidan *et al.*, (2004). Remarkably, an association has been significantly observed between market capitalization and disclosure of social and community issues (in 9 tests out of 10). In the same context, an association also exists between market capitalization and disclosure related to issues of labor and employees (in 6 tests out of 9), with more information been disclosed by companies with large capital.

6. Conclusion

Based on the research results discussed above (including descriptive and analytical), the current study found that there are variation between the reporting companies when it comes to level of CSR disclosure. In consistent with the previous literature (namely; Suwaidan *et al.*, 2004; Flaifel, 2011) results of the current study indicate that CSR in Jordan seems to have received modest attention from most companies in terms of the subjects covered by such disclosure in the annual reports.

With respect to the CSR dimensions being disclosed on the annual reports of the Jordanian largest companies, the economic aspects are on the top among all other investigated dimensions (with almost 63% of the items included under this dimension were detected). One of the key results revealed on the current research, is the continued weak disclosure related to the environmental aspects (lowest among all investigated dimensions), with only – in average 10.2% of the investigated items were disclosed. This finding also consistent with previous studies conducted in Jordan (namely, Ismail and Ibrahim, 2009). It should be indicated that disclosure related to social and community aspects is still weak, with only 13% of the targeted items were disclosed. In this context, significant weaknesses were observed in the reporting companies' engagement with their stakeholders. Noteworthy, less attention has been given to identify different groups of stakeholders, establishing engagement's panels, and presenting real responsiveness to their concerns. Finally, the results show that almost 12% of the targeted items of labor and employees were disclosed in 2011, with an emphasis given to the training issues, while less attention was given to disclose information about employees' wages or indicators related to labor responsibilities targets.

The study suggests that associations are exist between age of the reporting company and market capitalization with CSR disclosure (aggregated dimensions). In this regards, significant associations were noticed between age and market capitalization of the reporting companies and disclosures related to social and community activities, with more information been disclosed by large capital companies. In the same vein, and despite the weak relationships exist between sector and ownership structure of the reporting companies with CSR disclosure, it was revealed that a significant association exists between sector and environmental disclosure. In this context, it has been noticed that in comparison with financial and service-based businesses, the industrial companies tend to disclose more information. This is due to sensitivity of the industrial sector to the environmental aspects and concerns.

Despite the fact that this study concludes with no association exist between ownership structure and overall CSR disclosure, a reasonable association observed between this factor and social and community disclosures. Noticeably, companies with foreign-investment majority tend to disclose more information (namely related to social and community activities). This result may practically help in developing further regulations or national guidelines for the purpose of promoting and encouraging foreign responsible investments within the country.

7. Recommendations

Based on the research results revealed above, some practical recommendations that may help in improving corporate social responsibility reporting and practices are presented here. First, it is strongly recommend that Parliament, governmental authorities, or the non-profit organizations to develop national indicators. These indicators could be used to measure the performance of the companies regarding CSR aspects, which in turn, would facilitate producing CSR report. Second, activate the role of inspection units of government ministries such as the ministry of health, labor, social affairs, and environment. This inspection will help in detection of any violence in CSR aspects (mainly in environment, health and labor). Third, developing educational curricula within the accounting programs at the Jordanian universities, with an aim to increase education on CSR, responsible practices, and ethics. Finally, establishing programs specifically aimed to raise the awareness of CSR among the Jordanian society (mainly cross the business entities).

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Appendix (1): The Research Index

A- Information of the Reporting Company and the Report

A.1	Serial number of the report	
A.2	Name of the reporting company	
A.3	Sector of the reporting company	
	Financial (1)	
	Services (2)	
	Industrial (3)	
A.4	Age of the company (in years)	
	From 01-10 (1)	
	From 10-20 (2)	
	From 20-30 (3)	
	From 30-40 (4)	
	From 40-50 (5)	
	More than 50 (6)	
A.5	Format of the report	
	Printed copy (1)	
	Web-based (2)	
	Both (3)	
A.6	Size of the reporting company market capital	
	Small (1)	
	Medium(2)	
	Large (3)	
A.7	Type of the report	
	Annual reports and accounts (1)	
	Stand-alone CSR (2)	
A.8	Title (name) of the stand-alone CSR report (if any)	
	Sustainability (1)	
	CSR (2)	
	Environmental (3)	
	Community (4)	
	Other (5)	
A.9	Ownership Structure	
	Domestic-ownership (if > 50%) (1)	
	Foreign-ownership (if domestic share < 50%) (2)	

B- Environmental Disclosure

Items of this section seek to record the extent to which reporting company disclosed information about environment and its relation to the company's activities

E.1	The company disclosed information related to its Environmental policy (if adopted)	
E.2	The company disclosed information about compliance with the environmental regulations	
E.3	The company disclosed information related to the power saving techniques through using the unlimited resources as alternatives for the limited resources of energy(figures to be indicated below)	
E.4	Information disclosed indicate that the reporting company implement Environmental Information System (EIS), or Environmental Management System (EMS)	
E.5	Information disclosed about water saving scheme, including water recycled and reused (figures to be indicated below)	
E.6	Information disclosed about measurement of the environmental pollution	
E.7	Information disclosed about protection of the natural resources through installation of equipment that preserve the environment (from mainly noise and air pollution)	
E.8	Information disclosed about the company's Environmental Strategy, including, review of previous year targets (if any), and establishment of KPIs of the environmental performance	
E.9	Information disclosed about the waste management, including techniques being applied in this regard	
E.10	Information disclose about the company's participation in National Environmental Initiatives, campaigns, or schemes	

Extra disclosures about environmental aspects to be indicated here (including key figures disclosed about

issues mentioned above)

C- Economic Disclosure

Items of this section seek to record the extent to which reporting company disclosed information about the economic impact of its activities

EC.1	Information disclosed about economic value generated and distributed, including: revenue; employees' compensation; donations; retained earnings; and payments to capital providers and government.	
EC.2	Information disclosed about improvement of economic performance of the company (costs' reduction, sales' increase)(KPIs; if any to be indicated below)	
EC.3	Information disclosed about payment contributions in taxes, social security, and other public funds.	
EC.4	Information disclosed about contributions in job vacancies, job creation, and reducing the unemployment	
EC.5	Information disclosed about the company's policy, practices, and proportion of spending on locally-based suppliers	

Extra disclosures about the economic impact of the reporting company to be indicated here (including key figures disclosed about issues mentioned above)

D- Social and Community

Items of this section seek to record the extent to which reporting company disclosed information about the social impact of its activities, engagement with stakeholders and contributions to the community

S.1	Information disclosed about donations and contributions for the communities' activities, universities, other organizations, and health services (figures and details to be indicated below)	
S.2	Information disclosed about the company's efforts towards determining the stakeholders interests and concerns	
S.3	Information disclosed about whether the reporting company has determined how to respond to the stakeholders' concerns	
S.4	The company disclosed information about establishing sets of targets and indicators with regard the stakeholders' concerns	
S.5	The company disclosed information about its response to the past stakeholders' issues	
S.6	Information disclosed about projects carried out by the company in less developed (poor) areas	
S.7	Information disclosed about child labor avoidance	
S.8	The company disclosed information about training opportunities being offered to people from the local community	
S.9	Information disclosed about equality in job vacancies between men and women	
S.10	Information disclosed about creation of employment opportunities for local communities	

Extra disclosures about the social impact of the company's activities, engagement with stakeholders and contributions to the community to be indicated here (including key figures disclosed about issues mentioned above)

E- Labor and Employees

Items of this section seek to record the extent to which reporting company disclosed information about how labor and employees issues being treated and dealt with

L.1	The disclosed information indicates that the company has a formal policy statement on labor and Human Rights.	
L.2	Disclosed information indicates that the company record information about the compliance with standards and regulations	
L.3	Information disclosed indicates that there is an adoption of occupational health and safety (OHS) policy by the reporting company	
L.4	Disclosed information indicates the employees' salaries and wages level	
L.5	Disclosed information indicates that there are staff training programs and continued education schemes being applied by the company	
L.6	Disclosed information indicates that the company enables its employees to volunteer through a system procedure to participate in programs.	
L.7	Disclosed information indicates that the company records information about its labor responsibility targets	
L.8	Disclosed information indicates that the company contributes to the employees' well-being (transportation ; welfare; housing; health insurance)	
L.9	Disclosed information indicates that there is an adoption of a recruitment policy within the company	

Extra disclosures about labor and employees issues to be indicated here (including key figures disclosed about issues mentioned above)

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