

The Impact of National Contextual Factors on Corporate Social and Environmental Disclosure (CSED): The Perceptions of Jordanian Stakeholders

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Abstract

This paper reviews the corporate external contextual factors affecting the practices of CSED from the perspectives of internal and external Jordanian stakeholders. Specifically, this paper aims at exploring the views and perceptions of both internal and external Jordanian stakeholders about the importance of the historical, political, economic, socio-cultural, and non-institutional factors in motivating production of CSED information by Jordanian companies. By using semi-structured interviews; extracted information from multiple groups of Jordanian stakeholders was divided into four main themes. Thus, in order to add valuable and understandable information to the thematic analysis, interpretive paradigm is adopted as a research methodology to generate and analyse knowledge existing in the interviewees' minds. The overall findings for such analysis indicated that the political conditions, legal system, cultural values and economic development are all significant factors in explaining the level of CSER disclosure in the context of Jordan. The findings also emphasized that cultural factor seems to have the greatest impact on the corporate disclosure practices. As such, it can be concluded from this paper that Jordanian stakeholders regard local contextual factors as important fundamental determinants of CSER disclosures.

Key Words: Corporate Social and Environmental Disclosure, Contextual Factors, CSED, & Jordan.

Introduction

Accounting literature has provided much evidence of the importance of analysing the environment surrounding corporate accounting practices. Several studies also showed that a company's accounting system could be affected by external factors such as: political and economic issues, legal systems and the cultural values of each country (e.g. Gray, 1988; Adhikari & Tondkar, 1992; Doupnik & Salter, 1995; Al-Akra et al, 2009).

In fact, the majority of the above studies indicate that the differences in accounting practices among various countries lies with (i) improving understanding of the complex realities of accounting practices, especially the impact of environmental factors; and (ii) providing useful information in order to solve the accounting problems faced by those countries.

With respect to the relationship between environmental factors surrounding voluntary initiatives of CSED practices, many researchers indicate that companies in developing countries continue to face challenges attributable to the lack of attention paid to empirical investigation into external factors influencing CSED practices (e.g. Wallace, 1987; Mathews, 1993; Williams 1999; Brammer & Pavelin, 2004; Abu-Raya, 2012). Wallace (1987) argues that: "The conditions and problems of disclosure of accounting information in developing countries cannot be adequately appreciated if there does not exist a full knowledge of the general environment from which such disclosures emanate and of the different kinds of factors which influence that environment. Disclosure of accounting information is a product of, and a factor in, the formation of the cultural, political and economic environment of the country from which it originates" (p.42).

Although the above quotation was written in 1987, it is still relevant in explaining the impact of the economic, political and legal systems and the cultural context which affect corporate practices in all their forms. However, Ahmad (2004) argues that, there are currently few studies address the above factors, especially in developing countries, when compared with their counterparts in developed countries. According to Kisenyi and Gray (1998): "Whilst we are steadily learning more about social and environmental accounting and disclosure practices in the English-speaking and European countries, we still know too little about practices in ex-colonial, smaller and/or emerging countries" (p.16).

With this brief background, political, legal, economic and cultural systems are the main factors that have influenced accounting information systems in many countries. Hence, the purpose of this paper is to provide an overview of the history and background of Jordan, and to investigate external factors in the Jordanian business environment in order to gain a better understanding of Jordan's present CSER practices, as developing country.

A Brief Outline of Jordan History

Jordan is one of the youngest countries in the Middle East . It so named because it lies to the east of the Jordan River. The Jordan River is geographically considered the administrative border between Jordan and Israel (West Bank), while the other border is an extension of the Sham desert with the An Nafud desert among Iraq, Syria and Saudi Arabia (Mardini, 2012). In 1918, Jordan came after being divided the Levant into two parts: (i) Jordan and Palestine, under British mandate; (ii) Syria and Lebanon, under French mandate (Al-Momani, 2005).

The country covers a total area of 89,287,000 square kilometres (Al-Shiab, 2003; DOS, 2016). The population of the country is estimated to be about 7,985,263 as at end of December, 2016 (DOS, 2016). With these briefs, the next section looks into the country's political system and developments as a first external factor influencing Jordanian practices of CSED.

Political System and Development

Political system is viewed as mode of policy production, a way of formulating and implementing decisions that affects the society at large. Thus, it is argued that a political system is the interaction of the system's components composing of cultural values that are aimed at shaping policy goals; the structure that wield power on government, parties, domestic social groups, foreign institutions; and the behaviour of policy makers and individuals less involved in decisions making (Dong et al, 2007). From this it could be deduced that a country's political system encompass it's cultural, power control, and social systems prevailing at a given or over a period of time.

Jordan being a former colony of the British Empire was bequeathed a parliamentary political system of governance as practiced in Britain on attaining independence on 25 May, 1946, and Abdullah Bin Al-Hussein was installed as King (Abu-Baker, 1995; Hutaibat, 2005). King Abdullah took responsibility for
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the administration of Jordanian affairs until he was assassinated in 1951 in the Al-Aqsa Mosque in Palestine. Following the assassination, Prince Talal Bin Abdullah took over rule of Jordan, but his rule was short and he abdicated in 1952 due to health reasons. The throne was passed to King Hussein Bin Talal under the supervision of the Regency Council until he reached legal age to rule the country in 1953. King Hussein accomplished a series of achievements and administrative services before he passed away in 1999 (Haddad, 2005; Al-Momani, 2005; Mardini, 2012). King Abdullah II took his on constitutional role in 1999, devoting himself to serving his people and his country, and to completing the task of improving the future prospects of Jordan through moderate Arab thought, gained during his education in the USA and UK (Al-Momani, 2005).

Therefore, during the seventy years of independence, the country is still ruled by the democratic system and civilian parliamentary governments. In fact, this type of democratic systems reflects the confidence of a country's citizens on the ability of its laws, law enforcement agents and the judicial system to ensure fair outcome for all are argued as more likely to occur in countries with democratic governments (Dhaliwal, et al., 2012; Simmett, et al., 2009). Based on this index, it is argued that voice and accountability as measures of democracy and freedoms are likely to influence higher social disclosures. Indeed, it is found that firms make more social disclosures in countries with higher levels of democracy (de Villiers and Marques, 2013). In contrast, it is documented that military rule is characterised by suspension of the constitution, ruling by decrees, restriction of citizens freedom among others; while democratic governance is characterised by principles of rule of law, supremacy of the constitution, citizens rights etc. found to enhance corporate social disclosures (de Villiers and Marques, 2013).

Although political history of Jordan shows post-colonial country has been left with many ideas about the reciprocal antagonism between coloniser and colonised, they have also frequently been bequeathed a set of cultural components and ethical values that could enrich the process of accounting practices (Kamla, 2007). Kamla (2007) argues that: "Postcolonial., allows us to realise how the colonial experience has affected the coloniser and the colonised, a realisation that helps in linking their experiences and potentially creating a common ground for developing a universal framework for global accounting/social accounting, where transactive and transcultural interactive dialogues form the basis for communication" (p.111).

According to Briston (1990) and Cleveland (1994) cited in Kamla (2007), the majority of countries formerly under the rule of colonial states found that following independence, their professional accounting bodies and legislation are based on Western models. For example, in Jordan, a number of the old British laws are still in use, although they have been modified. These include: Trademark Law in 1930, the insurance companies Act (24) in 1959, the law of control of companies No (5) in 1965, the insurance companies Act (76) in 1956 and law irregularities of Jordan (36) in 1944 (Haddad, 2005; LOB, 2016).

Therefore, from the preceding section, the Jordanian political system can be considered one of the local contextual factors that influence CSED practices. Thus, the research question to be raised here is: *What are the perceptions of stakeholders regarding the impact of political context on CSER disclosures in Jordan?*

Legal System and Development

Traditionally, the legal system of any country of the world has been classified into common law or code law (Salter & Douppnik, 1992). Common-law countries are those that have the ability to resolve their disputes using judges and precedents from judicial decisions to shape their laws, like the UK and USA. Those countries are characterised by their ability to formulate regulations that control the accounting practices of the private and public sector and stakeholder protection. Those countries also rely on capital markets as a dominant source of financing (Archambault & Archambault, 2003). In contrast, Code-law countries, like Jordan are those which rely heavily on comprehensive written instructions which cover areas that were not dealt with by the legal system when the code was first devised by legal scholars. Those countries are characterised by a reliance on banks for financing for commercial projects (Porta et al, 1998).

Jordan is classified as a code law country (ROSE, 2005), and therefore its legal system is a constitutional monarchy that consists of a set of legal texts promulgated in 1952. Its present form is derived Islamic principles, English common law and French codes. Therefore, the legal system of Jordan is a combination of Western civil laws and Islamic principles (Abu-Baker, 1995).

With respect to commercial laws that regulate accounting practice, we can say that the legislation is not new to Jordan as Islamic history indicates that Muslims used the Method of “Merdiban ” during the 8th century (Guvemli & Guvemli, 2007, cited in Al-Akra et al, 2010). Zaid (2004) argues that with the establishment of the Islamic state, Muslims adopted Shariah principles that were applied in their financial transactions from the 7th-19th Century during the Ottoman Empire, which contributed to the development of the accounting system under the name of the Ottoman commercial code, enacted in 1849-1850. This law remained effective until it was replaced following independence by the first Companies Law, which was applied to Jordan in 1964 (Al-Akra, 2010).

As a model of the law states, Jordan has adopted a set of business reforms in order to improve economic and investment. For example; (i) creating an appropriate environment to attract investment; (ii) trade liberalisation through Jordan's membership of the WTO; (iii) property rights reform and policy of privatisation; (iv) expansion of participation with the private sector in implementing projects; and (v) improving the level of corporate reporting (Abu-Baker, 1995; Al-Akra et al, 2009). These reforms have significantly influenced the accounting regulation and disclosure practices in Jordan (Al-Akra et al 2010).

Some researchers argue that the development and application of a legal system of any country might have a significant impact on accounting practice as one of the factors influencing management decisions regarding fair presentation, transparency, and full disclosure (Adhikari & Tondkar, 1992; Mashayekhi & Mashayekhi, 2008). Therefore, from the preceding sections, one broad research question which could be raised is: *What are the perceptions of stakeholders regarding the impact of the legal context on CSER disclosures in Jordan?*

The Cultural Values

Cultural values have increasingly been recognised in accounting literature as one of the external factors that affect many accounting practices in general and corporate reporting in particular of any country (e.g. Hofstede & Bond 1984; Nobes 1984; Gray et al, 1988; Jaggi & Low, 2000; Askary, 2006). Gibbins et al (1990) argue that the cultural value of organization provides some justification for disclosure of accounting practices, for example: (i) to support the efficiency of exchange and production among organizations; and (ii) to show their compliance with social values towards regulations and informal norms. Therefore, it can be understood that there is a relationship that is not immediately visible between social-cultural values and accounting practices, meaning it could have a positive impact on management behaviour regarding CSR activities. In this context, this section provides an overview of the relationship between Jordanian culture and CSER disclosures.

Cultural values are an essential element in understanding how societal behaviours can bring about substantial changes in an organization's decisions regarding accounting practices (Perera, 1989). Askary (2006, p.102) argues that: “Culture in different societies can strongly impact national accounting systems - a likely causal factor of different national accounting practices in accord with differing national cultures. The cultural environment is generally acknowledged to be a national (or regional) system comprising language, religion, morals, values, attitudes, law, education, politics, social organisation, technology, and material culture. The interactions of these cultural elements on accounting are expected to be exceedingly complex”.

Therefore, before discussing cultural values in Jordan, we should first define what these values are. According to Hofstede (1997) the cultural values are “the collective programming of the mind which distinguishes the members of one group or category of people from another” (p.5). In another definition by Schwartz (1994) as cited in Kang et al (2004) cultural values are: “...those values likely to be important in societies based on close-knit harmonious relations, in which the interests of the person are not viewed as distinct from those of the group. All of these values emphasize maintenance of the status quo, propriety and avoidance of actions or inclinations of individuals that might disturb the traditional order. These are socio-centric values, appropriate in settings where the self lacks autonomous significance but has meaning as part of the collective. Cultures that emphasize conservatism are primarily concerned with security, conformity and tradition” (p.5).

The culture of Jordan is a combination of Arab-Islamic principles (Sharia Law) established over many centuries, and modern Western cultures, developed over recent decades during the Jordanian colonial period. Jordanian's cultural diversity is now reflected in many aspects of cultural life (Al-Akra et al, 2009). The Jordanian community can be seen to have benefited from a co-existence between these cultures, which has created two types of cultural models. These include: (i) Traditional Islamic Tribal Model, which is based on village and rural life and is strongly influenced by tribal ideals; and (ii) Modern Western Culture, which is considered more urbanised from the tribal culture model (Khamis, 1998).

The Jordanian culture is influenced by Arab and Islamic culture, based on literary and moral standards derived from Muslim texts of the Holy Quran for all Muslims. However, Khamis (1998, p.68) argues that: “Not only is Islam the main religion of the country but it is also an established aspect of the culture of the country”.

However, Abu-Baker (1995) argues that Islamic principles are not the only prevailing thought in Jordan as there are political parties which embrace a number of ideologies based upon Socialism, Marxism and Secularist thought. Additionally, the cultures of non-Muslim minorities are also considered an important aspect of Jordanian culture.

Even though Islam is the predominant religion for the vast majority of the population (Muslims constitute 92% of the population, 6% are Christians, while 2% are Circassians, Chechens, Armenians and Druze), the ethnic and religious diversity of the country means the constitution guarantees complete freedom for all citizens to practice their religious ceremonies and traditions. They have a right to choose to be educated in a language other than Arabic, which is considered the official language of the country (Khamis, 1998; Al-Shiab, 2003).

However, this diversity of ideologies does not negate the importance of the Arabic language in forming the personality of Jordanian society, as it remains an extensively popular way for various ethnic groups to exchange cultural values, under one umbrella. In this regard Khamis (1998) argues that: “the Arabic became the most fundamental and stable element of the Jordanian culture, a matrix which has shaped people's particular ways of feeling, thinking and acting; The importance of the Arabic language can scarcely be overestimated; it is not only a medium of expression or the fundamental human mass medium, but it is also the language of the Koran and the mass medium through which all other media speak” (p.69).

Although, there is a vast diversity of cultures and ethnic backgrounds within Jordanian society, the fact of the matter is that: “Jordanians are quite conservative in their social way of life” (Helles 1992, p.116). In this context, Beard and Al-Rai (1999) argue that the community of Jordan is a collective society based on strong Arab traditions that tend toward confidentiality in disclosure requirements. In conjunction with this, individualistic societies are likely to disclose more information because people in more individualistic societies tend to be more competitive and less secretive (Jaggi & Low, 2000). Under the above discussion, the question which could be raised about stakeholders' perceptions is: *What are the perceptions of stakeholders regarding the impact of Jordanian cultural values on CSER disclosures in Jordan?*

Economic System and Development

An economic system is defined as “a set of institutions for decision making and for the implementation of decisions concerning production, income and consumption within a given geographic area”. From this perspective an economic system encompasses among other things the mechanisms, conventions, organisational arrangements, customs and decision making rules in the society. It can vary in its dimensions especially on its structure, its operation, and its adaptability to changes over time. It is also seen as “all those institutions, organisations, laws and rules, traditions, belief, attitudes, values, taboos, and the resulting behaviour patterns that directly or indirectly affect economic behaviour or outcomes” (Gregory and Stuart, 2013, p. 25).

The Economy Watch (2010) described three different types of economic systems; market, planned and mixed economic systems. In the market economy which is associated with capitalism, the market is playing major role on deciding a country’s economic development path. Thus, state or national governments have little role confined to ensuring fair play among actors in the economic system. In a planned economy, government play major role on decisions relating to production and distribution of goods and services, thus, market forces have little role to play. In the mixed economy, elements of both free market and planned market are cohesively combined together, thus, both government and the private sector are playing important roles in the production and distribution of goods and services for economic development.

Above is consistent with Jhingan (1977) who defined mixed economy as an economic system in which some means of production are privately and publicly owned, allocation of resources decided by individuals, firms, or co-operatives, while public corporations and authorities react to, control and create market opportunities. In this type of economic system, services with low expectations, requiring huge capital investments such as housing projects, education projects and encourage investment in extractive industries are operated under the public sector. Jordan is reported as practicing mixed economic system (UKessays, 2017).

It is opined that an economic system influences how companies and investors relate with one another as the system provides structures that determines information to be disclosed (Archambault and Achambault, 2003). Although this relationship focuses on investors thereby implying mandatory corporate disclosures, it could also extend to voluntary corporate social disclosures to satisfy corporate stakeholders interested in social disclosures (Solomon, 2009). It is argued that public demand for social and environmental disclosures are post materialist values associated with economically advanced countries (Inglehart, 1997). Thus, corporate social and environmental disclosures are reported as more prevalent in the developed capitalist economies of UK, USA, New Zealand, Canada, Australia, Germany etc. (Tsang, 1998). Closely relating to economic system in determining corporate social disclosures is economic development of a country.

Economic development has been defined as the process by which a community generates, preserves, and ploughs back wealth to improve quality of life (Lewis, 2006). It is also argued that as the economy becomes more developed, firms need to raise more capital, thus, the need for corporate disclosures increases (Archambault and Archambault, 2003) and this extend to corporate social disclosures. Relating to this, it is documented that corporate social disclosures are important in making investment decisions by investors (Hejazi and Hesari, 2012). Indeed, the Japanese capital market is reported as positively responding to corporate disclosures although marginally (Nuzula and Kato, 2011). Similarly, the existence of association between level of economic development and development of corporate social disclosures is documented (Welford, 2005).

Jordan is classified as a middle-income country, with a per capita income of \$US 4,945 (World Bank, 2013). The Jordanian economy as an emerging and sensitive economy is deeply affected by external conditions, such as the global political situation and the movement of foreign markets (Maghyereh, 2001; ISSN: 2306-9007

Haddad, 2005; Central Bank, 2011). Furthermore, a set of internal factors are considered the main determinants of Jordan's wealth creation. These include, such as; (i) the continuous disturbances of the Middle East (Suwaidan, 1997); (ii) limited space within the agricultural sector, which amounts to just 10% of the total land area (Ministry of Agriculture, 2013); (iii) the scarcity of water resources, which makes Jordan as the second water-poorest country in the world (International Report for Water Development, 2014). As a consequence of these factors, Jordan is in a position of economic dependency with friendly countries, resulting in significant reliance on those countries to provide aid and international loans.(Maghyreh, 2001)

On the other hand, Suwaidan (1997) argues that although these indicators reflect a number of negative aspects in Jordan; however, Jordan has (i) a developed human resource; (ii) an efficient infrastructure; (iii) a free-market policy; and (iv) a leadership that is open-minded towards a free economy. Furthermore, Jordan is also considered the third largest source of phosphates in the world (Jordan Phosphate Company, 2012). in addition, Jordanian reserves of shale oil are reported to have reached 60% (World Energy Council, 2012).

Taking into consideration the nature of the negative economic conditions within Jordan, which can be considered one of the most important factors influencing CSR practices, the research question to be raised here is: *What is the perception of stakeholders regarding the impact of economic conditions on CSER disclosures in Jordan?*

Research Methodology and Method

The aim of the interpretive paradigm is to generate knowledge existing in human minds by understanding and interpreting relevant meanings that have been collected around the social phenomena being studied (Burrell & Morgan, 1979). Collis and Hussey (2009) added that this paradigm “*involves an inductive process with a view to providing interpretive understanding of social phenomena within a particular context*” (p.57). This interpretive process depends on the aggregation of the relevant meanings and thoughts from the textual data, and then “*reconstructing them into meaningful wholes*” in order to add richness to the thematic analysis (Lincoln & Guba, 1985) cited in Folkestad (2008, p.5).

It is documented by Kawulich (2004), that the process of analysing qualitative data under the interpretative philosophy of social sciences research could be undertaken from different perspectives. For that purpose, Kawulich (ibid) adds that the key step in selecting appropriate analytical methods for processing and analysing qualitative data is typically based on the theoretical foundation of the study, along with nature of the research questions.

In this study, it should be noted that both the interpretive research approach and the research questions are totally compatible with the analytic philosophy for qualitative data, which aims to create valuable and understandable information from the new data collected using interviews.

The analysis of qualitative data can be handled by using different analytical methods either with or without software programs; however, Kawulich (2004) argues that this process is considered a special task for the researcher. She added that only the researcher can immerse himself in the data to become familiar enough with it to make sense out of it. Thus, in accordance with Kawulich's argument, this study intends to analyse the interview data without software programs; it is therefore decided to conduct the analysis manually by hand.

In keeping with the manual analysis, data analysis in this study will be conducted by following a number of proposed procedures as described by Hanafi (2006). These steps enable the researcher to generate insightful information to answer the research questions. Below is a summary of these steps. The first step of the

analysis of the interview data is to read in-depth notes taken during each interview over and over. Recording the relevant interview information discussed during the interviews and attaching a code for each important idea are the second step. Transferring the coded information that has been collected during the recording stage of each interview into separate pages is the third step. Following the previous stage, an Excel sheet is prepared for classifying codes representing the most important themes that emerged from the interviews, and then select the most important themes from the Excel sheet to start the process of analysis of interview data. *The final stage of the analysis of the interview material is to display the data in a form that facilitates subsequent writing up of the findings*" (Hanafi, 2006, p.277).

Interview Themes

Before starting the analysis of the interview data, it is useful, in this section, to show how the relevant data of the interview answers has been categorized into four themes, which are then summarized as below:

Theme.1: Stakeholders' perceptions regarding the political factors influencing reporting of CSED practices.

Theme.2: Stakeholders' perceptions regarding the legal factors influencing reporting of CSED practices.

Theme.3: Stakeholders' perceptions regarding the cultural values factor influencing reporting of CSED practices.

Theme.4: Stakeholders' perceptions regarding the economic conditions influencing reporting of CSED practices.

External Factors Affecting the Level of CSED Practices

It is documented in previous literature that:

"As a social science, accounting is affected by the environment in which it operates, but at the same time, it is one of the factors impacting on this same environment....(In particular) A country's accounting system is affected by a variety of historical (political), economic, socio-cultural, institutional, and other non-accounting factors" (Cerne, 2009, p.66)

From the above quotation, it could be understood that the external environment for companies is considered to be a contextual determinant that may have a vital role to play in influencing the corporate activities of any country (Dong et al, 2007). Thus, in order to better assess the local determinants of CSED practices, this section will provide a detailed analysis of the Jordanian contextual factors such as the political, legal, economic and cultural environment affecting corporate voluntary disclosure.

In the Jordanian context, a series of in-depth interviews were conducted with some stakeholders to explore the effect of local factors on the practices of CSED, as the third key objective of this study. Therefore, this section is designed to analyse all the relevant responses related to the impact of the Jordanian-contextual determinants on the CSED practices. However, in order to better understand the respondents' views; interviewees were asked to determine the degree of influence of these factors by selecting 1 of 5 available alternatives, in a method similar to the Likert scale, where (1) Certainly Yes, (2) Yes, (3) Probably, (4) No, and (5) Certainly No are the choices available.

It should be noted that, in many cases in accounting literature, Likert scale is still used as an effective tool to identify and measure attitudes, knowledge, perceptions, values, and behavioral changes (Vogt, 1999). However, it will be used in this study for two reasons, namely: (i) to help respondents to express their views more clearly; and (ii) to compare the overall response of stakeholders' views with each factor. Thus, the detailed responses to these factors are contained in Table 4 below.

Table 1 Interview findings on the external factors affecting CSED practices

External Factors			Political Conditions	Legal System	Cultural Values	Economic Situation
Stakeholder Groups	Local Community	EX1LC	Probably	Probably	Yes	Yes
		EX2LC	Yes	No	Yes	Certainly Yes
	Academic Researcher	EX1AR	Probably	Yes	Certainly Yes	Yes
		EX2AR	Yes	Yes	Certainly Yes	Yes
		EX3AR	Probably	Yes	Certainly Yes	Probably
	Government	EX1GO	Yes	No	Yes	No
		EX2GO	Yes	Probably	Yes	Probably
	Investors	IN1IN	Probably	No	Yes	Probably
		IN2IN	Yes	Yes	Certainly Yes	Yes
		IN3IN	Certainly Yes	Probably	Certainly Yes	Yes
	Auditors	IN1AU	Yes	No	Yes	No
		IN2AU	No	Yes	Certainly Yes	Yes
		IN3AU	No	Probably	Certainly Yes	No
		IN4AU	Yes	Probably	Yes	Yes
		IN5AU	Yes	Yes	Certainly Yes	Yes
	Managers	IN1MA	Yes	Yes	Certainly Yes	Yes
		IN2MA	Yes	Yes	Certainly Yes	No
		IN3MA	Certainly Yes	Certainly Yes	Certainly Yes	Certainly Yes
		IN4MA	Yes	Yes	Yes	No
		IN5MA	Yes	Yes	Yes	Yes
		IN6MA	Yes	Yes	Certainly Yes	Probably
	Total Percentage of Respondents		≈Yes	≈Yes	≈Certainly Yes	≈Yes

Table 4 shows a number of negative perspectives regarding the respondents' opinions on the effect of external factors on CSER reporting; however, overall response rates were significantly positive. In particular, stakeholders' views revealed that almost all of the contextual factors have the same degrees of influence on CSED practices, although the best response rates show that cultural values are seen as the most important factor. Overall, in order to make a meaningful comparison for the above views regarding the impact of national factors on CSED practices; each of these factors will be discussed separately in the next sections.

Theme 1: Stakeholders' perceptions on effect of political system on CSED practices

Many researchers document that the political conditions are among the most important external factors broadly used in earlier research to explain the differences in corporate disclosures (e.g., Adams & Harte, 1998; Williams, 1999; Adams, 2002; Ahmad, 2004; Orij, 2012; Bayoud, 2013).

Based on these studies, the current section will review relevant stakeholders' views with regard to the impact of the Jordanian political system on the level of CSED practices, particularly in the industrial sector. Historically, politics and economics are seen as the science of creating wealth and managing resources (Adam Smith, cited in Scott, 2006). Moreover, Deegan (2002) argues that the politics and economics of any country are closely linked, and are both considered as ways of organizing organizational behaviour and managing potential conflicts; therefore, they cannot be separated from each other. With regard to the compatibility between political and economic entities, it is argued by (EX2AR) that:

“The organizations’ relationship with the political bodies is a complementary one, since the latter are responsible to the organizations through providing them with all necessary services (e.g. providing protection, ratification of transactions and facilitating international trade). In contrast, organizations are also accountable to the local authorities through providing some services that contribute to maintaining the political equilibrium of the country (e.g. providing new jobs, attract foreign investment, allocating benefits of the local community)”

The political system is an essential component in socio-economic stability for any country, and is also known as a legitimate power in formulating regulatory decisions that affect society at large (Whitley, 1999). Furthermore, a country’s political system is also defined as a set of laws and customs that regulate the internal and external affairs among individuals and groups within the social structure, especially financial ones (Ahmad, 2004).

Therefore, organizations as socio-economic actors operate within the country structure, and also play a major role in promoting economic growth; they could consequently be affected by the existing political system of that country (Elmogla, 2009). In this context, it is documented that the degree of political rights and civil liberties of any country may reflect the reality of corporate practices towards financial and non-financial disclosures in that country (Bayoud, 2013).

For example, it was found that firms with a higher level of democracy tend to disclose more information (Goodrich, 1986; DeVilliers & Marques, 2012). In contrast, Williams (1999) argued that a low level of corporate disclosure is linked largely with countries that have practiced civil oppression and violations of political rights.

The findings that emerged from stakeholders' views (as in Table 4) indicate that political stability in a developing country like Jordan positively affects corporate practices and voluntary disclosures in particular. This is consistent with Goodrich (1986) that says political factors, like political system types and international organizational membership, are significantly linked to the accounting practices. Similar to Goodrich, it is also argued by (IN3IN) that:

“Despite the risk of the current political transformations in Arab countries that are still playing a major role in global economies, especially emerging ones (in terms of oil and gas prices, asset prices, and corporate performance), Jordan’s political stability may have a positive impact on the financial system. This is probably due to several companies which have relocated their operations from Syria, Iraq and Lebanon to Jordan”

It is worth mentioning again that the Jordanian political system as a democratic system is a combination of the Western values inherited from its British colonisers and the modern multi-party system. This diversity of political values has provided common ground for developing a framework for the global accounting system (Kamla, 2007). Stakeholders’ responses in this regard indicated that, Jordan’s political heritage has contributed to its economic development by providing a number of accounting laws that helped to establish its financial practices (e.g. Trademark Law in 1930, the insurance law in 1959, companies law in 1965, and financial irregularities in 1944 (Haddad, 2005).

Furthermore, the current political system combines two types of governance structures, namely: the people's authority and a monarchy (Haddad, 2005). Therefore, the structural diversity of the political system may provide an opportunity for public participation in organizational decision-making. This is because it is based on the political idea which states that the people govern themselves rather than central authorities.

In light of this, it could be argued that local organizational decisions are often characterised as participatory, transparent and accountable. From this it could be deduced that the current political system

will affect the behaviour of policy-makers terms of greater involvement in decision making with partners. This argument could be summarised in the following statement made by one of the interviewees:

“Given that the current system can be considered as one of the most stable political systems in the region of Middle East and North Africa; I think that the Jordanian companies seek to keep their businesses in a stable political-social environment. Thus, corporate reporting on their activities is one of the easiest ways for implementing sustainability strategies” (EX2GO)

Obviously, the interviewees' responses on this theme indicate that the majority believed that the Jordanian political system is closely related to the level of corporate non-financial disclosure. This is consistent with Goodrich (1986), Williams (1999), Adams (2002), Bayoud (2013), who found that the political factor can be used as a contextual determinant to explain differences in CSER disclosures. It is therefore concluded that the political system is one of the main drivers of corporate practices, which can also reflect either positively or negatively the level of corporate disclosure in that country.

Theme 2: Stakeholders' perceptions on the effect of the legal system on CSED practices

Another local contextual factor that has received attention in CSR literature is the legal system (Salter & Doupnik, 1995; Belal, 2001; Ahmad, 2004; Orij, 2012; Adelopo et al, 2013; Bayoud, 2013). In line with the studies above, this section will look at Jordanian stakeholders' perceptions on the national legal context as one of the local contextual determinants of corporate reporting practices, as shown in Table 4.

The legal system term has been defined in the dictionary of the history of ideas as a published set of moral and social rules which together form a system called a constitution. These rules are usually used for regulating the institutional and human behaviours of any country (Weiner, 1973). In other words, a country's legal system is also defined as a set of regulatory standards which should be respected by all individuals, organisations and even state officials (Department for International Development (DFID, 2014).

According to Salter and Doupnik (1992), there are two main types of legal systems, namely: common law or code law. Countries with common law are those with the have ability to resolve their disputes by using a number of judicial decisions. These countries simply rely on previous judicial decisions to interpret new cases. While, code-law countries rely heavily on comprehensive written instructions which cover all potential cases (Salter & Doupnik, 1992).

Each legal system has its own character, which generally refers to the application a set of ethical standards in order to regulate the behaviour of individuals and groups in a particular environment. However, with particular reference to institutional behaviour as part of the social behaviours practised daily; the literature of accounting has also attempted to explain the relationship between the accounting and legal systems. Doupnik and Salter (1995) reported that:

“The legal system is a part of the institutional framework with which the accounting system is likely to interact. The legal system influences the way in which accounting rules are promulgated, which in turn could influence the nature of the rules themselves” (p.195).

Therefore, this section aims to answer one of the third key questions regarding the influence of the local legal system on the applied accounting system in general and on the practices of CSED in particular. Each country has its own sources of different legal texts; Jordan is classified as a code-law country (ROSE, 2005). Jordan's legal system has derived its present form from Islamic principles, English common law and French codes. Therefore, it can be argued that this local system is a combination of Western civil laws and Islamic legal principles (Abu-Baker, 1995).

“Legal system as a constitutional monarchy consists of a set of legal texts that were promulgated in 1952, which was also amended in 1958, 1976, 1984 and 2011. This Constitution includes 9 chapters (Ch1 the governmental structure; Ch2 the rights and duties of citizens; Ch3 the general provisions of the country; Ch4 the executive branch’s composition; Ch5 the legislative branch’s composition; Ch6 the judicial branch’s composition; Ch7 financial issues; Ch8 defence Law; Ch9 the enforcement and repealing of laws)” (ROSE, 2014).

Al-Akra et al (2010) stated that, Jordan has adopted a set of the legal reforms of business in order to promote local economic performance. These include: (i) creating an appropriate environment for attracting appropriate investment; (ii) trade liberalisation by Jordan's membership of the WTO; (iii) property rights reform and a policy of privatisation; and (iv) expanding the base of participation between public and private sectors.

As part of the legal reform project, there are some particular local provisions that have also been adopted by the Jordanian government to regulate corporate voluntary practices. These include (the Labour Law, ASE Reporting Guidelines, Investment Promotion Law, the Environmental Protection Act, Consumer Protection Act, & Environmental Police). These give the government the right to monitor the activities of organizations. Therefore, the standards of environmental protection, employment rights, small investors' rights, imposing fines, as well as encouraging firms to report their activities are important actions carried out by government bodies in accordance with these legal amendments.

In light of the legal changes above, some Jordanian stakeholder responses are of the opinion that these changes are fundamental to rebuilding the trust between the governmental system and corporate management. Specifically, one of these responses stated that:

“In the Jordanian context, the relationship between the legal system and corporate practices is based on mutual trust, due to the legal guarantees provided by the government for businesses to practice their activities in a safe environment. Therefore, the recent legal reforms would likely reduce the risk that might have an effect on their strategy, thus increasing the level of trust between them. From this, we think that the corporate voluntary disclosure is considered as one of the outputs of the existence of a strong and stable legal system, or mutual trust.” (IN5MA).

Another perception of this theme was that:

“The implementation of legal provisions relating to corporate practices may lead firms to pay more attention to finding a deeper level of organizational commitment. Consequently, it could be argued that corporate voluntary reporting could easily be employed as a tool for the implementation of such voluntary commitments. In addition to this voluntary implementation, it could also help in achieving their own strategic goals over time (such as: getting tax savings, or to satisfy stakeholders or enhance the company's reputation)” (EX3AR).

In addition, regardless of the corporate strategy of this kind of disclosure, another response refers to how the local legal system will likely affect the level of corporate voluntary practices:

“As a result of the recent changes in commercial laws, the current legal provisions as effective principles to support corporate activities are not inconsistent with the purposes of the voluntary disclosure provisions. Therefore, it could be argued that there is a tangible orientation by corporate management towards enhancing the level of corporate reporting within their policies, where CSED is considered one of these orientations” (IN2IN).

With this background, several researchers (Adhikari & Tondkar, 1992; Adelopo et al, 2013) argue that such legal actions might positively influence company strategy toward more voluntary practices such as CSED

practices. In this context, Adelopo et al (2013) reported that *“the financial firms operating in countries with stronger levels of legal enforcement engage in more socially responsible activities, but financial firms in countries with stronger shareholder rights engage in less CSER activities”* (p.2).

From Table 4 it is noticeable that the Jordanian stakeholders' responses on this theme were generally satisfactory. In particular, the majority of interviewees who provided their views agreed that the domestic legal system has a positive role in promoting CSED practices. However, there are a small number of responses that emerged from stakeholders which reflect different views about the role of local legal provisions regarding voluntary practices. Specifically, one stated that:

“The Jordanian legal reforms have provided a fertile environment for the practice of disclosure. However, corporate voluntary reporting can't directly be subjected to the current commercial rules... [He added] simply because it is, still voluntary. It is therefore, difficult to talk about the real practices of CSED without stakeholders' awareness of the use of their power for getting such social and environmental information by themselves” (EX1AU).

Although the above view expressed a negative attitude towards local legal provisions, it also refers to the conflict of interest between internal and external needs of information in Jordan. However, consistent with stakeholder theory, it can be argued that this opinion reflects the ability of stakeholders to impose their influence in balancing corporate disclosure, which could sometimes be used as a legitimate force, equal to legal provisions in terms of influencing corporate voluntary disclosure. This argument is consistent with Haniffa and Cooke (2002, p. 327) who also suggested that *“corporations in general are unlikely to provide high-quality information if the demand function does not exist (asking for information)”*.

The majority of interviewees expressed a positive attitude toward local legal provisions as one of the local contextual factors that could be used to explore the differences in CSED practices. It can be concluded that these national legal provisions can be considered an important element in determining the level of non-financial information. This is consistent with studies by (Williams, 1999; Orij, 2012; Adelopo et al, 2013) who found that firms that operate within legal contexts tend to be more responsible than firms with unstable legal contexts. This is contrary to Ahmad (2004) and Belal (2001) who found no significant effect on the level of voluntary disclosure by the legal context of a country.

In general, it could be concluded that the stakeholders' perceptions summarised in Table 4 support the view of Gamble et al (1995) who claim that an understanding of CSED in a given country cannot come only from its legal system. This means that the legal system in Jordan might be able to explain some, but not all, differences in the practices of CSED among industrial companies.

Theme 3: Stakeholders' perceptions on the effect of cultural values on CSED practices

According to Violet (1983), cited in Deegan (2006, p.99):

“...accounting practices have integrated certain cultural customs and elements within the constraints of cultural postulates. Thus accounting cannot be isolated and analysed as an independent component of a culture”.

The moral and cultural values of human beings are an integral part of daily social and personal practices that have a major impact on individuals' attitudes within their own organizational contexts (Archambault & Archambault, 2003). However, the term *“culture”* has been defined in different ways in the literature of accounting. For example, Mathews and Perera (1996) argue that culture, as one of the local contextual factors, can be taken to refer to some national features that may have a probable influence on the accounting system of a country and especially corporate practices. In this context, Askary (2006, p.102) argues that:

“Culture in different societies can strongly impact national accounting systems; it is therefore the causal factor of different national accounting practices in accord with differing national cultures”

Hofstede (1984) also defined a country's culture as a combination of the local societal values and customs that plays a significant role in determining an individual's behaviour, in addition to its role in supporting socio-economic systems. These cultural characteristics generally include the country's official language and customs (Ahmad, 2004); religion (Hamid et al, 1993) and education level (Archambault & Archambault, 2003).

The country's culture deserves to be one of the practical concerns that can help to give a better understanding of how corporate practices affect individuals' behaviour within their societies (Belal, 2001). However, literature on corporate disclosure reveals that, analysis of the relationship between national characteristics and corporate voluntary practices has received little attention in CSER studies compared with the literature on corporate financial reporting (Gray, 1988; Haniffa & Cooke, 2005).

National cultural values are reported as one of the external factors that determine the practices of corporate social and environmental disclosures. Adims (2002) asserts that *“there is a relationship between the cultural value context and corporate reporting”* (p.227), which can help to explain differences in the corporate voluntary disclosures. Furthermore, Ristea et al (2006) argued that, culture is a key element in developing many aspects of society, which basically depends on understanding the nature of the individuals' behaviour in interaction with the surrounding social systems. In line with this argument, this section highlights a number of major cultural values in the Jordanian context by analysing the perceptions of stakeholders regarding the effect of such values on CSED practices.

The culture of Jordan is a combination of Arab-Islamic principles (Sharia Law) established across many centuries and modern Western cultures, developed over recent decades during the Jordanian colonial period, and now reflected in the many aspects of the cultural life of society (Al-Akra et al 2009). In this regard, it could be understood that Jordan's community has benefited from their coexistence with the above cultures in creating two types of cultural models; (i) the traditional Islamic tribal model, which is based on village and rural life (strongly influenced by tribal ideals); and (ii) modern Western culture, which is considered more urbanised from the tribal culture model (Khamis, 1998).

All of the interviewees' responses indicated that this contextual factor is one of the characteristics of local society and has a direct influence in determining and explaining the differences in the level of CSER disclosure. As can be seen in Table 4, stakeholders' views on the relationship between cultural values and the level of CSED practices were totally consistent with “Certainly Yes” and “Yes” were the sole interview answers to this question.

Stakeholders' perspectives on the relationship between cultural dimensions and CSED practices clearly provided a number of unique explanations during the survey period, whether in terms of (values and beliefs, language and level of education in Jordan). For example, in relation to CSR in religious values, an interesting personal opinion was offered by one Jordanian stakeholder, who specifically (IN4MA) says that:

“The Islamic religion as one of the local societal values that stem from the divine constitution (Holy Quran), has a significant influence on the self-ethical awareness of individuals to engage in voluntary practices, whether in personal dealings in everyday life or in financial practices between people, which made such practices a holy commitment of everyone in this society”

Equally, it has been argued by Aribi (2009) that several of the shar'ia laws from the Quran and Hadith call on the people to build a balanced socio-economic order based on mutual knowledge. Some of these ethical values from the Islamic point of view on voluntary reporting practices are presented below:

In Chapter Al-Baqarah, the Noble Quran mentions that:

“Indeed, those who conceal what we sent down of knowledge and guidance after we made it clear for the people in the Scripture - those are cursed by Allah and cursed by those who curse” (Verse no. 159).

Moreover, the Messenger of God (Allah) said that:

“Whoever is asked about some knowledge that he knows, and then he conceals it, he will be bridled with bridle of fire”. (Chapter: What Has Been Related about Concealing Knowledge, Jami` at-tirmidhi 2649, Book 41, Hadith no.5)

And he also reported that:

“The most beloved of people to Allah are those who are most beneficial to the people, and the most beloved of deeds according to Allah is that you bring happiness for many people, or relieve someone of distress, or pay off his debt or stave away hunger from him” (Mu'jam Al-Awsat, Hadith no.6192)

With regard to the official language in Jordan; Arabic has also played a significant role in establishing and shaping the local culture. The vast majority of the Jordanian people use Arabic in all aspects of life. However, English is also practiced among the upper classes as a language spoken internationally in many countries (Mardini, 2012). In this regard Khamis (1998) argues that:

“Arabic became the most fundamental and stable element of the Jordanian culture, a matrix which has shaped people's particular ways of feeling, thinking and acting” (p.69)

Consistent with the above argument, it could be argued that there is a clear agreement among responses from Jordanian stakeholders about the importance of the Arabic language in forming the personality of the Jordanian society. It seems that these positive responses (as summarised in Table 4) reflect a genuine desire to use a formal Arabic in corporate reporting, as it is universally understood among Jordanian native speakers.

The level of education has also been documented in previous literature as one of the national cultural values that influences corporate reporting practices. According to Douppnik and Salter (1995) there is a positive relationship between the level of education and corporate disclosures, where corporate disclosure typically increases with level of education, where the latter typically increases with the former. This is supported by the stakeholders' perceptions of the importance of the role of educational level in improving various aspects of corporate voluntary practices, which is basically perceived as one of national factors that may help to explain the differences of CSED practices.

It is true that a number of traditional customs were deeply embedded in the minds of many people in Jordanian society, particularly claims that mutual benefit should be limited to the families and tribes. However, nowadays, such negative thoughts are gradually decreasing in conjunction with the growing phenomenon of cultural awareness. Therefore, based on views that emerged from different stakeholder groups, it could be argued that, such positive views leads us to conclude that increase the level of cultural awareness among Jordanian stakeholders will affect a company's ability to develop its non-financial disclosure in the Jordanian business environment in the near future.

Theme 4: Stakeholders' perceptions on the effect of the economic situation on CSED practices

It is argued in the vast majority of empirical CSER studies that a clear and significant relationship exists between corporate profits and it's non-financial performance (Davis, 1960; Friedman, 1970; Abbott & Menson, 1979; Ullmann, 1985; Freedman & Jaggi, 1988; Belkaoui & Karpik, 1989; Hackston & Milne, 1998; Bani-Khalid & Kouhy (2017)

1996; Cormier & Magnan, 1996; McGuire et al, 1998; Rowley & Berman 2000; McWilliams et al, 2006; Saleh et al, 2011). Specifically, these studies reported that profitable corporations usually have more financial resources to undertake such non-financial activities.

Under this relationship, Saleh et al (2011) argue that, over the last three decades, the empirical literature on CSER has provided large numbers of studies on the possible relations between corporate financial performance and the practices of CSER. For example, by using the method of Meta-analysis, Margolis and Walsh (2003) investigated this in 122 relevant studies over 30 years (1971-2001). Researchers through this empirical investigation identified a gap in the descriptive and normative theories regarding the impact of companies on society; however, public pressure and social awareness of corporate non-financial responsibilities still continue to mount. Similarly, Orlitzky et al (2003) carried out a systematic review of 52 studies of such relationships, which revealed that the majority found that financial performance had a positive impact on CSER practices.

CSER practices and financial performance are, therefore, closely related to each other. However, it can be argued that the vast majority of these previous studies focused on analysing the relationship between CSER practices and the level of financial performance within the organizational bodies. In other words, there are few empirical studies that have examined this kind of relationship within the national context (Williams, 1999; Ahmad, 2004; Hassan, 2010; Orij 2012; Bayoud, 2013).

Therefore, as a new empirical contribution to the existing studies of this theme which have previously received little attention, this section seeks to analyse the perceptions of stakeholders of the effect of the level of economic development in Jordan on corporate social and environmental disclosures.

When compared with other developing countries, it has been argued that Jordan was and still continues to engage in the development of its local economic policies. In the early years of its existence, particularly since 1927, the government of Jordan developed the first company's law, replaced by the Companies Act No.33 of 1964 (Suwaidan, 1997).

Furthermore, it should be noted that a number of British laws which were applied in Jordan have been modified, such as the Trademark Law in 1930, the insurance companies Act (24) in 1959, the law of control of companies No (5) in 1965, the insurance companies Act (76) in 1956 and law irregularities of Jordan (36) in 1944; and the Amman Financial Market (AFM) was established in 1976 (Suwaidan, 1997; Haddad, 2005).

In addition to these measures, Jordan has recently adopted a set of economic development programmes to improve its economic level in the local business environment (Al-Htaybat, 2005). For example, the establishment of the Securities Depository Centre (SDC) in 1999; the development of Investment Promotion Law in 1995; integration with international financial operations by joining the WTO in 2000; and developing the privatization Law in 2000 (Al-Akra et al, 2010).

From emerging markets, Jordan's economic development is now seen as one of the most competitive economies in comparison to other developing countries (ASE, 2014). This level of economic development was clearly supported by the views of multiple Jordanian stakeholders in this survey, who agreed that the country's level of economic growth is an important contextual factor in explaining the differences of accounting practices in Jordan (see Table4). In this context, one interviewee expressed his optimism regarding the ability of the local economic development programmes to improve the fortune of its economy in this unstable region, specifically this view indicates that:

“Actually, we believe that the economic plans adopted by the government are able to achieve optimum utilization of public resources. But, on the other hand, we can say that these economic plans are in fact

conditioned by deepening the concept of fair practice within the accounting system, and enhancing the role of a company's responsibility for its performance. So we can say that the relationship between the country's economic development and the accounting practices is an integrated relationship" (IN3AU)

Based on the above view, it has been argued by Carroll and Einwiller (2014) that the voluntary practices of CSED are morally considered as part of the company's responsibility towards its stakeholders. It could thus be noted that the level of economic development is an important factor in explaining the variance in the level of CSED practices among countries (Williams, 1999). In the clearest explanation for such a relationship, Ahmad (2004) argued that:

"Logically, there should be a positive impact on the level of CSED practices in a given country as the level of economic development increases" (p.80)

Consistent with this, Table4 shows that no differences exist in the perceptions of Jordanian stakeholders regarding the effect of local economic development on the practices of CSED. Indeed, the vast majority of responses indicate that local economic development is one of the main drivers for supporting organizations to become more involved in the voluntary practices of social and environmental disclosures.

The findings of this current study are broadly similar to the results found in previous studies. In fact, the vast majority of empirical studies that examined the influence of the level of development on the practices of CSED found that economic conditions are useful in explaining the level of CSR disclosures (Ahmad 2004; Xiao et al 2005; Hassan, 2010; Bayoud, 2013). The only exception was Williams (1999), who found that the level of economic development in the Asia-Pacific region was not a significant factor in explaining CSER practice within that region.

Overall, it has been argued that economic development is one of the main drivers of institutional capacity in order to achieve socio-economic sustainability (Husted, 2005). Therefore, under stakeholder theory; it could be concluded that such sustainability cannot be done without enabling firms to respond to the demands of its stakeholders (Jenkins & Yakoleva, 2006).

Conclusion

This paper aimed to investigate whether the practices of corporate social and environmental disclosures are affected by national contextual factors in Jordan .The sample of this study consisted of 21 interviewees, who were divided into (i) internal and (ii) external stakeholders. this sample covered different groups of Jordanian stakeholders, and this includes: Local community, academic researchers, government, investors, auditors and managers. Semi-Structured interview and interpretive paradigm are adopted as a research method-methodology to generate and analyse knowledge existing in the interviewees' minds. All our findings were consistent with the philosophical assumptions of stakeholder theory. The results indicated that the vast majority of the interviewees have considered the historical-political, legal, socio-cultural and economic development factors help in the production of corporate non-financial reports. In the overall, it can be concluded that CSED practices are likely to be influenced by national contextual factors in Jordan.

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