CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE (CSRD) DETERMINANTS OF LISTED COMPANIES IN PALESTINE (PXE) AND JORDAN (ASE)

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Palabras clave: Gobierno corporativo, Teoría institucional, Divulgación de Responsabilidad Social Corporativa, Países en desarrollo, Consejo de Administración
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Resumen

The purpose of this study is to characterize corporate social responsibility disclosure (CSRD) practices in Palestine and Jordan; and to determine the formal institutional factors that can influence in CSRD. The sample of the study consists of 101 companies; the data refer to 2011. Our results show that levels of CSRD in Jordan are higher than in Palestine in all aspects, though it is low in both countries when compared with Western countries. Moreover, we have found a positive association between CSRD and the legal system, external auditor firm characteristics and corporate governance (e.g. board size and board audit committee).
1. INTRODUCTION

Corporate social responsibility (CSR) has become an important topic in academic writing and the business field. Many organizations or institutions worldwide strongly emphasize that firms must take into consideration the economic, social and environmental effects of their activities (World Business Council for Sustainable Development 2000; European Commission 2002; World Bank 2004). Corporate social responsibility disclosure (CSRD) is a process of providing information about interactions between companies with regard to environment, employees, society and consumer issues (Gray et al. 2001). It is also a process of providing financial and non-financial information in the social and environment context (Hackston and Milne 1996).

In developing countries, CSR could present differences when compared with Western countries. Countries with specific situations, such a war, can prioritize other aspects related to CSR. In this research, we have focused in developing countries. In this context, we studied Palestine and we chose other country to be able to contextualize the situation in Palestine. We selected Jordan because these countries present similarities that make them comparable. Palestine is a country under Israeli occupation, and in a state of war that has lasted decades and, as Jordan, is an Islamic country. Many Palestinian have immigrated to Jordan due to Israeli occupation -non-official statistics suggest that 50-60% of Jordan's population are Palestinians--; and they have a similar geographical and cultural context. However, Jordan is living in a state of stability and safety.

The present study analyses and characterizes CSR information in Jordan and Palestine in an effort to ascertain the level of CSRD in both countries. This information will be useful to determine the most important elements of CSR in these countries, and to characterize CSR in Eastern developing countries. This research will be of interest because Palestine is a new state, and it is important to know whether a new country follows the same requirements and trends as other countries. Besides this, Palestine
has some specific problems: it is under permanent occupation and in a state of war, and has a poor legal system due to its weak and unstructured government.

Jordan is geographically close to Palestine and a large number of Palestinians live there; they have set up many companies and have become an essential part of the Jordanian economy. The high number of Palestinians in Jordan results in some similarities, though there are some differences between them also: Jordan is an old state, with a more developed legal structure, and has been politically stable for decades. Therefore, homogeneous patterns of behaviour can be expected. Palestinian firms can imitate Jordanian firms’ professional behaviour due to their strong cultural ties, so we can get comparable results in both countries that explain the differences in CSR development. The results received up to now will be of great importance for the institutions responsible for establishing the requirements, regulations and codes of good governance in these countries.

In recent years, companies’ responsibilities towards society have expanded significantly (Frias-Aceituno et al. 2013). There are several theories attempting to explain why and how companies disclose their CSR activities. In the context of this research, the institutional theory approach lets us explore how relationships between business and society are constructed, as well as to improve our understanding of the effectiveness of CSR within the wider institutional field of economic governance (Brammer et al. 2012); it also explains the links between business behaviour and the legal context. Campbell (2006) shows a relationship between firms’ responsibility to report and institutional contexts. Applying the lens of institutional theory to the study of CSR allows for a better understanding of two business responsibilities aspects: the diversity of CSR; and the dynamics of CSR. Institutional theory is considered the most consistent an appropriate conceptual framework for studying the incidence of the environment in business (Veciana, 1999). Institutional theory distinguishes between formal and informal institutions. Formal institutions are integrated by a set of laws, regulations and governmental procedures, while informal institutions refer to ideas,
beliefs, attitudes and values of people, standards of behavior and codes of conduct (North, 2005). In this paper we want to focus in formal institutions, specifically legal (Bushman et al., 2004) and corporate governance structures (Ho and Wong, 2001). On the other hand, legitimacy theory supports possible explanations for companies’ trends towards CSRD (Gray et al. 1995; Walden and Schwartz 1997), focusing on the expectations of society in general within the social contract (Deegan and Blomquist 2006). The motivation for legitimating strategies would be based on the existence of a ‘social contract’ or ‘license to operate’ between corporations and society at large which allows or disallows the use of resources and the support to operate within the community (Deegan 2000). Firms could adopt CSR criteria to attend the demands of stakeholders. The values of the firms and the society should merge to assure the continuity of the firms (Lindblom, 1994:2). Sometimes the actions of firms in ethical matters, especially those related to image, try to create a positive perception in community, to legitimize their operations and attract new investors.

Companies that act responsibly try to synchronize their reports to institutional settings or the areas they want to highlight or indicate a special interest in. The legal system exerts a coercive pressure, but when this system is weak, companies may establish other formal mechanisms of control to ensure the rights of the shareholders and consumer requirements, as well as to obtain an institutional legitimacy; in this instance, audits and other structures of governance are used. Boards of directors and committees are governance structures that can play this role of control in developing countries. These control mechanisms can lead to the disclosure of a higher volume of information, some of which could be related to CSR. As such, we are going to test which of these mechanisms are related to CSRD.

Firstly, this paper aims to characterize the types of CSR practices developed by firms in Palestine and Jordan. This information lets us to conclude if the practice of CSR presents differences respect to developed countries or they follow the same strategies. Secondly, we will measure the level of CSRD for listed companies on the Palestinian
Stock Exchange (PXE) and the first market of the Amman Stock Exchange (ASE); this can be useful for international comparisons of CSRD practices, as we could say whether or not the level of disclosure is similar to other countries. The purpose of this study is to analyse whether CSR presents specific characteristics in Palestine and Jordan with respect to the level of CSRD. Later, we will study the factors that have an impact on CSRD, specific formal institutional factors –legal system, audits and governance mechanisms-. We are then going to identify the variables of corporate governance that have an impact on the adoption of CSR practices, and will study the impact of control mechanisms like the legal system and the external audits on CSR. We adopted an institutional theory approach and legitimacy theory as a theoretical framework in this paper. Institutional theory can explain different mechanisms of formal control (external and internal) used as a substitute for legal deficiencies, while legitimacy theory can justify the reason why firms adopt CSR strategies. The outcomes let us understand the factors that can have an incidence in CSRD.

The remaining sections of this paper are organized as follows. In Sections 2 and 3, we review previous studies conducted on this topic, and formulate certain hypotheses regarding the present study. In Section 4, we describe the data employed and the methodology followed. We then present and discuss our results, and draw some conclusions and limitations, and propose possible studies for the future.

2. CSRD IN DEVELOPING COUNTRIES

CSRD can be considered a Western phenomenon. Many developed countries have implemented procedures to encourage companies to disclose their CSR strategies and practices: for example, in the United States, there have been several social indexes since 1990 (Domini Social Index); the European Commission announced that CSRD should be implemented in European countries from 2005 (Luetkenhorst 2004); the United Kingdom has a minister for CSR; and France has passed a compulsory law where large companies must issue their CSR reports (Wanderley et al. 2008). However, there are no similar initiatives in developing countries. As such, there are few
studies about CSR in developing countries, although it is possible to infer that many obstacles have contributed to the prevention of CSR’s implementation in developing countries (Jamali 2007). The institutions, standards and legal system that support CSRD in Western countries are relatively weak (Kemp 2001). CSR in developed countries is stimulated by a societal demand for responsible business responsibility. In addition to this, corporate governance is more developed in these countries, and thus there is greater encouragement of CSR (Mallin et al. 2005).

The level of CSRD in developing countries is, in general, very low and unsatisfactory: in Bangladesh and Yemen, CSRD is very low (Imam 2000; Alawi and Rahman 2011); in Egypt, it is a mere descriptive (Rizk et al. 2008); in most Arab countries, such as Qatar, Kuwait, Saudi Arabia, Bahrain, Oman, the United Arab Emirates, Syria and Jordan, CSRD is low (Kamla 2007).

Most of the studies into CSRD have been conducted in developed countries (Williams 1999; Newson and Deegan 2002; Branco and Rodrigues 2008; Lassaad and Khamoussi 2012). In developing countries, there is a lower number of studies, though it is growing (Imam 2000; Kamla 2007; Mirfazili 2008; Rizk et al. 2008; Uwuigbe and Egbide 2012). The level of CSRD in developed countries is higher than in developing countries; this may be a result of the latter’s lower economic development, weaker legal systems, corporate governance being a new concept or the low demands of stakeholders.

CSRD in Jordan has received a modest amount of attention in their annual reports of companies listed on the Amman Stock Exchange. The most disclosed items have been those related to human resources and community involvement. Environmental disclosure needs much more attention from Jordanian companies (Abu-Baker and Naser 2000). As for Palestine, there is a semi-consensus that the concept of CSRD is still below the required level. In Palestine, we can see that a vague concept of CSR is just starting to develop (PFMM 2008), although there is an absence of a suitable methodology to deal with this issue. The institutionalization of CSR in Palestine needs
to take many steps in order to promote policies and strategies related to it (PECDAR 2010). Palestine is a new state and has some specific problems. The conflict situation worsened in 2006 after the movements of Hamas and Fatah. Palestine has faced two conflicting situations: the Israeli occupation and internal division. These situations result in a further weakening of the legal system.

3. DESCRIPTION OF VARIABLES AND HYPOTHESES

The weakness of the legal system could lead to other formal institutional ways for firms to gain control; for instance, corporate governance or external control mechanisms may encourage the adoption of strategies such as transparency, CSR or codes of good practices. Taking into account the institutional theory, we have considered how the legal system and the existence of external control through audit firms and internal control through corporate governance mechanism – the size of the board, the existence of independent members on the board and committees (both governance board committee and audit committee) – would influence the quality and content of the information disclosed. Besides, the business strategy may aim to improve the image and legitimize their actions. In this context, some of the features of the control mechanisms could be related to CSRD.

3.1. Legal system

According to the institutional theory, companies alter their behaviour to fit with the guidance and expectations of institutions (Campbell 2007). Political and social systems are important factors for the facilitation and promotion of companies’ disclosure of reports into their CSR (Williams 1999) and in promotion practices of CSR at companies (Amran and Devi 2008). Country factors, such as economic development status, cultural values and legal systems, have a substantial influence on corporate disclosure (Dong et al. 2007; Durnev and Han Kim 2005). Firms follow guidelines to obtain institutional legitimacy; the differences in disclosure may be due to differences in public policy pressures, and these pressures can arise from cultural, political, or legal environments (Walden and Schwartz 1997). Financial reporting practices have evolved
in each country based on the nature of the market, the level of economic development, tax regulations, legal systems and the regulatory enforcement regime, among others (Mirshekary and Sandagaran 2005). The level of enforcement in a country can be considered an important element in determining the amount of pressure to disclose information. Companies tend to act more responsibly when they operate in institutional contexts where there is coercive and normative pressure (Campbell 2006). Palestine is a new country established in 1994. The political system and institutional laws are new, and often respond to the lack of security stability. This largely differs from the case of Jordan, which enjoys both institutional and security stability. We think the existence of a strong and stable legal system has an impact on the information reported. In this sense, the following hypothesis has been formulated.

\[ H_1: \text{There is a positive relationship between the strength of the legal system and CSR.} \]

3.2. Audit firms

Audit firms provide a guarantee on accounting to investors. It is a formal, external mechanism of control that can provide institutional legitimacy. Their report will be more important in countries where the legal systems are weak. The firm’s external auditor could have an impact on the quantity and quality of the financial and non-financial data. Large and international audit firms require more information. These audit firms follow internal procedures and implement aspects of control that are required by international auditing standards (Uwuigbe and Egbide 2012). International audit firms are interested in maintaining their popularity, and thus provide better quality in revision and auditing than the local companies (De Angelo 1981). They can usually advise on whether to disclose more information. These firms usually are larger than local firms. A study of a sample of companies in Nigeria shows that a significant difference exists between the size of the audit firm and the level of CSR.
In addition, as Palestine and Jordan are developing countries, it is more probable that firms apply CSR criteria if they are supervised by an international audit firm. These audit firms follow international audit standards, and control more aspects of disclosed information than local audit firms that usually are smaller than international firms. If the firm is audited by an international audit firm, it is probable that the level of CSRD will be higher than the firms audited by a local firm.

In addition, based on these discussions, CSRD is not interesting to local Palestinian audit firms (Jarbou 2007) or ones based in Jordan. Local audit firms apply local rules, and they only take responsibility for auditing financial reports. As a result, the following hypothesis has been proposed.

\( H_2: \) There is a positive relationship between the existence of an international audit firm and CSRD.

3.3. Corporate governance

Corporate governance (CG) is defined as the manner in which companies are controlled (Cadbury 1992), and how managers are accountable to the stakeholders of these companies (Dahya et al. 1996). Good governance of companies will lead to transparency, CSRD included (Wise and Ali 2009). The rules and principles of corporate governance have become an important topic in global economies. Lately, they have been applied in Palestine and Jordan. The security exchange market in both countries have proposed non-mandatory principles of corporate governance for listed companies based on international principles set by the Organization for Economic Cooperation and Development (OECD). CG could be related to CSRD. This paper examines the influence of characteristics of CG on the CSRD practices of companies in Palestine and Jordan, specifically, those that provide institutional legitimacy: board characteristics (size and independence) and the existence of board committees. We have not introduced other usual characteristics of the board, as gender or ownership, because of the Palestinian and Jordanian companies present a concentrated
ownership and the females’ participation in boards is low or non-existent. These variables have not an incidence in our model.

3.3.1. Board size
The board of directors of a company decides the strategies and policies of CSR. A larger board may bring a greater number of experienced directors (Xie et al. 2001) who can organize and divide various functions (control, monitor, advice and the establishment of strategies), including the tracking of CSR. A higher amount of attention can be given to CSR factors if a firm has a large board (Halme and Huse 1997). A study on 243 Malaysian companies showed a strong link between the size of the board of directors and the preparation of reports (Buniamin et al. 2008).

Some studies revealed a positive relationship between board size and corporate disclosure (Gandía 2008; Kent and Steward 2008), voluntary disclosure (Halme and Huse 1997) and CSRD (Buniamin et al. 2008). Conversely, several studies found no empirical association between board size and a company’s level of information disclosure (Cheng and Courtenay 2006; Donnelly and Mulcahy 2008). In Palestine and Jordan, we expect a positive relationship: a larger board size could increase experience and the generation of new ideas around the adoption of responsible strategies and the disclosure. As such, the following hypothesis has been formulated.

\[ H_3: \text{There is a positive relationship between board size and CSRD.} \]

3.3.2. Board committees (governance and audit)
The importance of applying the principles of good governance in running companies became a requirement in the current era of globalization, economic openness and the resulting crisis brought on by management malpractice. Over the past few years, many countries’ economies stumbled because of the absence of proper corporate governance rules. This situation has caused serious harm to shareholders, creditors, suppliers and other stakeholders. One of the results of this has been the establishment of codes of good practices. These codes of good corporate governance promote the forming of board committees – among them governance committees and auditing
committees– which are strongly related to controlling and determining strategies. However, there are few studies which measure the extent of the effect of these committees on the level of CSRD. In Bangladesh, Rouf (2011) and Khan et al. (2013) found a positive association between the level of CSRD and the existence of a board audit committee. Based on this result, the following two hypotheses will be tested.

**H₄**: There is a positive relationship between board audit committee and CSRD.

**H₅**: There is a positive relationship between board governance committee and CSRD.

### 3.3.2. Board independence

The board of directors is responsible for running the company, and takes responsibility for forming and monitoring plans and strategies (Weir and Laing 2001). Some members of this board can be independent, and could affect the content of social reports, since they usually assume to represent the stakeholders (Haniffa and Cook 2005). The independent directors usually possess great experience and, at the same time, are independent from management (Patelli and Prencipe 2007). They have an important role in creating or achieving balance, and in enhancing board effectiveness (Haniffa and Cooke 2002). CSRD is correlated with board independence (Jo and Harjoto 2011).

In developing countries, there are several studies which found a positive relationship between the proportion of independent directors and high levels of voluntary disclosure (Cheng and Courtenay 2006; Akhtaruddin et al. 2009) and CSRD (Rouf 2011). Higher proportion of independent directors enhances financial reporting (Barako et al. 2006). In Palestine and Jordan, we expect a positive relationship between independent directors and CSRD, but usually the board is formed of family members, and the presence of independent directors is limited this fact could affect to the incidence of this factor. Therefore, we propose the following hypothesis.

**H₆**: The level of CSRD is positively related to the percentage of independent directors on the board.

### 3.4 Control variables
Literature indicates that several variables could influence the CSRD of listed companies, and that they should be controlled. The size of the firm could determine the volume of disclosed information; hence it can affect CSRD. Large firms disclose more information so as to demonstrate that their actions are consistent with good corporate citizenship (Brammer and Pavelin 2006). Previous literature confirms that firm size is associated with CSRD (Haniffa and Cooke 2005; Broberg et al. 2009). Large firms could look for new investors, and disclose more information to attract possible new investors.

Performance can affect CSR policy and disclosure; good outcomes let firms use resources in new policies and new strategies. Companies that make a profit have the freedom and flexibility to disclose and implement responsible activities in order to legitimize their existence (Haniffa and Cooke 2005). A company with good outcomes has to satisfy demands for information of stakeholders. As a result, the outcomes could affect the companies’ level or CSRD (Ahmad and Courtis 1999). Profitability is expected to be positively associated with the disclosure of information on social responsibility (Suwaidan 2004; Zain and Janggu 2006; Uwalomwa 2011).

Some studies showed that the levels of companies’ CSRD differ from one industry to another; this is due to the effects the companies have on both the society and the environment. Moreover, there are big differences in the level of CSRD among various industries. On the other hand, companies within the same industry tend to adopt similar disclosure practices (Ho and Taylor 2007). Companies in industries with high visibility among consumers are more likely to consider community involvement as an important issue, whereas companies in industries with a larger potential environmental impact are more likely to provide environmental information (Clarke and Gibson-Sweet 1999). Previous literature confirms that industry groups can have an impact on CSRD (Haron et al. 2008; Ponnu and Okoth 2009). Consequently, we introduce industry as a control variable.
With respect to age, younger firms disclose fewer issues than older corporations. In addition, to the detriment of their competitiveness, younger corporations may be more reluctant to disclose information or reports as they may be price-sensitive (Parsa and Kouhy 2008). Age can also influence CSRD (Roberts 1992). Most public companies in Palestine have been established after the advent of the Palestinian National Authority; as such, there are more young listed firms in Palestine than in Jordan.

4. METHODOLOGY

4.1. Sample and data collection

The sample size of the study consists of 101 companies. They are the listed companies in the Palestine (PXE) (46 firms) and the first market of the Jordan (ASE) (55 firms). The data refers to 2011, and was collected from annual reports and websites because most of the Palestinian and Jordanian firms disclose CSR information within annual reports. In order to achieve the objectives of this study, we have chosen all the listed companies in the PXE and the first market of the ASE. The sample is composed of all the large companies in both countries, thus covering a great percentage of the population that are expected to promote social responsibility activities. As shown in the table below, they act in five industrial sectors: banking, industry, insurance, construction and services.

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Jordan</th>
<th>Palestine</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
<td>%</td>
<td>No</td>
</tr>
<tr>
<td>Banking</td>
<td>13</td>
<td>24%</td>
<td>8</td>
</tr>
<tr>
<td>Industry</td>
<td>17</td>
<td>31%</td>
<td>11</td>
</tr>
<tr>
<td>Insurance</td>
<td>3</td>
<td>5%</td>
<td>7</td>
</tr>
<tr>
<td>Construction</td>
<td>5</td>
<td>9%</td>
<td>8</td>
</tr>
<tr>
<td>Service</td>
<td>17</td>
<td>31%</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>55</strong></td>
<td><strong>100%</strong></td>
<td><strong>46</strong></td>
</tr>
</tbody>
</table>

4.2. Disclosure index

We built a disclosure index to measure and assess the level of CSRD. Our main objective is to identify an index to measure the level of CSRD in developing countries from the annual reports and websites. Our study focuses on Palestine and Jordan,
which are considered to be developing countries. In these countries, firms include CSR information in annual report. Companies do not follow specific guides (Global Reporting Initiative, AA 1000, ISO 26000 or SA8000). There is not a model suitable to our context due to the different social concerns among countries, and the lack of uniform standards for social initiatives. We thus propose the appropriate items of the social and environmental information included in the disclosure index (Hossain et al. 2006).

We have found previous studies that use disclosure indexes as instruments to measure the level of CSRD in Eastern countries. Ghazali (2007) used a checklist containing 22 items; Rouf (2011) used 39 items; Hossain, Islam and Andrew (2006) used 60 items; and Bayoud et al (2012) used 25 items. We selected the items for our index from these indexes and completed it using proposals of developed countries (Table 2). These indexes study different aspects of CSR, but are not entirely suitable for Palestine and Jordan. We take into account the items of these studies and, besides, we consider the CSR information that these Palestinian and Jordanian companies are reporting.

In our proposal, disclosure items are classified into four categories: environmental; human resources; products and consumer; and community involvement. In this study, we have identified a comprehensive checklist of items relating to social responsibility that companies may disclose in their annual reports or on their website. The list includes the financial and the non-financial items that are related to the CSRD, and that have been already revealed by the companies. Table 2 shows the percentage of firms that disclose information about every item.

Table 2: CSRD index (including 48 items)

<table>
<thead>
<tr>
<th>Sub-Index</th>
<th>Items</th>
<th>Palestine %</th>
<th>Jordan %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental disclosure</td>
<td>1. Environmental policies or company concern for the environment</td>
<td>35%</td>
<td>64%</td>
</tr>
<tr>
<td>Environmental disclosure</td>
<td>2. Environmental management system</td>
<td>2%</td>
<td>11%</td>
</tr>
<tr>
<td>Environmental disclosure</td>
<td>3. Conservation of natural resources</td>
<td>17%</td>
<td>24%</td>
</tr>
<tr>
<td>Environmental disclosure</td>
<td>4. Recycling plant of waste products</td>
<td>11%</td>
<td>16%</td>
</tr>
<tr>
<td>Environmental disclosure</td>
<td>5. Installation of effluent treatment plant</td>
<td>7%</td>
<td>18%</td>
</tr>
<tr>
<td>Environmental disclosure</td>
<td>6. Pollution control in the conduct of business operations</td>
<td>13%</td>
<td>31%</td>
</tr>
<tr>
<td>Environmental disclosure</td>
<td>7. Air emission information</td>
<td>4%</td>
<td>18%</td>
</tr>
<tr>
<td>Environmental disclosure</td>
<td>8. Water discharge information</td>
<td>9%</td>
<td>22%</td>
</tr>
<tr>
<td>Environmental disclosure</td>
<td>9. Solid waste disposal information</td>
<td>11%</td>
<td>18%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>10.</td>
<td>Anti-litter and conservation campaign</td>
<td>4%</td>
<td>16%</td>
</tr>
<tr>
<td>11.</td>
<td>ISO 14001</td>
<td>2%</td>
<td>13%</td>
</tr>
<tr>
<td>12.</td>
<td>Goals and targets</td>
<td>11%</td>
<td>25%</td>
</tr>
<tr>
<td>13.</td>
<td>Involvement in environmental organizations (e.g. industry committees)</td>
<td>17%</td>
<td>16%</td>
</tr>
<tr>
<td>14.</td>
<td>Joint projects with other firms providing environmental management services</td>
<td>11%</td>
<td>33%</td>
</tr>
<tr>
<td>15.</td>
<td>Support for public or private action designed to protect the environment</td>
<td>20%</td>
<td>47%</td>
</tr>
<tr>
<td>16.</td>
<td>Prevention or repair of damage to the environment</td>
<td>35%</td>
<td>51%</td>
</tr>
<tr>
<td>1.</td>
<td>Employee health and safety</td>
<td>39%</td>
<td>65%</td>
</tr>
<tr>
<td>2.</td>
<td>Education and training</td>
<td>48%</td>
<td>87%</td>
</tr>
<tr>
<td>3.</td>
<td>Number of employees</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>4.</td>
<td>Employees’ salary</td>
<td>48%</td>
<td>93%</td>
</tr>
<tr>
<td>5.</td>
<td>Employees’ benefits</td>
<td>22%</td>
<td>47%</td>
</tr>
<tr>
<td>6.</td>
<td>Reduction or elimination of pollutants, irritants or hazards in the work environment</td>
<td>20%</td>
<td>16%</td>
</tr>
<tr>
<td>7.</td>
<td>Employee satisfaction</td>
<td>28%</td>
<td>40%</td>
</tr>
<tr>
<td>8.</td>
<td>Minorities in the workforce</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>9.</td>
<td>Safety in the workplace</td>
<td>20%</td>
<td>22%</td>
</tr>
<tr>
<td>10.</td>
<td>Provident and pension funds; compensation</td>
<td>50%</td>
<td>91%</td>
</tr>
<tr>
<td>11.</td>
<td>Employment opportunities</td>
<td>11%</td>
<td>33%</td>
</tr>
<tr>
<td>12.</td>
<td>Sponsoring educational conferences, seminars or art exhibitions</td>
<td>22%</td>
<td>31%</td>
</tr>
<tr>
<td>13.</td>
<td>Providing information on the stability of the workers’ job and company’s future</td>
<td>22%</td>
<td>93%</td>
</tr>
<tr>
<td>14.</td>
<td>Employee morale</td>
<td>17%</td>
<td>38%</td>
</tr>
<tr>
<td>1.</td>
<td>Product safety</td>
<td>59%</td>
<td>65%</td>
</tr>
<tr>
<td>2.</td>
<td>Product quality</td>
<td>83%</td>
<td>93%</td>
</tr>
<tr>
<td>3.</td>
<td>Product development</td>
<td>85%</td>
<td>93%</td>
</tr>
<tr>
<td>4.</td>
<td>Disclosing of consumer safety practices</td>
<td>35%</td>
<td>60%</td>
</tr>
<tr>
<td>5.</td>
<td>Consumer complaints/satisfaction</td>
<td>43%</td>
<td>65%</td>
</tr>
<tr>
<td>6.</td>
<td>Improvement in customer service</td>
<td>72%</td>
<td>84%</td>
</tr>
<tr>
<td>7.</td>
<td>Information on research projects set up by the company to improve its product</td>
<td>11%</td>
<td>22%</td>
</tr>
<tr>
<td>1.</td>
<td>Charitable donations and activities</td>
<td>72%</td>
<td>84%</td>
</tr>
<tr>
<td>2.</td>
<td>Support for education</td>
<td>52%</td>
<td>78%</td>
</tr>
<tr>
<td>3.</td>
<td>Support for the arts and culture</td>
<td>28%</td>
<td>53%</td>
</tr>
<tr>
<td>4.</td>
<td>Support for public health</td>
<td>28%</td>
<td>65%</td>
</tr>
<tr>
<td>5.</td>
<td>Sponsoring sporting or recreational projects &amp; gifts</td>
<td>37%</td>
<td>44%</td>
</tr>
<tr>
<td>6.</td>
<td>Parks and gardens</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>7.</td>
<td>Relations with the local population</td>
<td>26%</td>
<td>76%</td>
</tr>
<tr>
<td>8.</td>
<td>Social welfare</td>
<td>52%</td>
<td>73%</td>
</tr>
<tr>
<td>9.</td>
<td>Seminars and conferences</td>
<td>30%</td>
<td>35%</td>
</tr>
<tr>
<td>10.</td>
<td>Establishment of educational institution(s)</td>
<td>4%</td>
<td>29%</td>
</tr>
<tr>
<td>11.</td>
<td>Medical establishments</td>
<td>9%</td>
<td>11%</td>
</tr>
</tbody>
</table>


### 4.3. Model and variables

To test our hypotheses, the following regression model was estimated:

\[
CSRD-i = \beta_0 + \beta_1 \text{Legal System} + \beta_2 \text{Audit} + \beta_3 \text{Board Independence} + \beta_4 \text{Board Size} + \beta_5 \text{Board Audit Committee} + \beta_6 \text{Board Governance Committee} + \beta_7 \text{Size} + \beta_8 \text{Industry} + \beta_9 \text{Profitability} + \beta_{10} \text{Age}
\]
To measure the CSRD variable, we had to choose between a weighted and an unweighted approach (Cooke 1989). The weighted approach allows distinctions to be made for the relative importance to users of information items, and thus not all the index items are of the same importance; this is why these items are weighted in an arbitrary way by most researchers (Inchausti 1997). There is also another method – the unweighted approach – which we adopted in our study. This approach considers all items to have the same importance. In addition, all disclosure items are equally important to the average user. This approach is most appropriate when no importance is given to any specific user-group (Cooke 1989; Akhtaruddin et al. 2009; Rouf 2011).

After setting the disclosure index (CSRD-i), a scoring sheet was developed to assess the extent of social responsibility disclosure. If a company discloses an item of information included in the index, it receives a score of 1; otherwise it scores 0.

Related to the legal system, there are several indicators to measure its strength, but the most frequently used in the literature is the Worldwide Governance Indicator (WGI), which was prepared by the World Bank. This indicator measures the degree on enforcement of laws in every country in the world, and can be used as a proxy for the legal system (Kaufmann et al. 2010). The WGI consists of six composite indicators of broad dimensions of governance, covering over 200 countries since 1996: voice and accountability; political stability and absence of violence/terrorism; government effectiveness; regulatory quality; rules of law; and control of corruption. These indicators are based on several hundred variables obtained from 31 different data sources, capturing governance perceptions reported by survey respondents as non-governmental organizations, commercial business information providers and public sector organizations worldwide.

The external international audit firm (Audit) takes the value 1 whether the auditor is affiliated with an international audit firm and 0 otherwise (Uwuigbe & Egbide 2012; Barako et al. 2006; Lassaad & Khamoussi 2012).
The board size is measured through the number of board members (Gandía 2008; Kent and Steward 2008). The board audit committee is a dummy that takes the value 1 whether company has a board audit committee and 0 otherwise (Rouf 2011). The board governance committee takes a dichotomous value, 1 whether company has board governance committee and 0 otherwise.

The board independence measures the proportion of independent directors in the board. This variable is measured through the ratio of independent directors to the total number of directors in the board (Rouf 2011; Cheng and Courtenay 2006; Barako et al. 2006). The firm size (Size) is measured through the logarithm of total assets (Rouf 2011; Hackston & Milne 1996). The profitability is measured through the return on assets (Hackston & Milne 1996; Hossain et al. 2006). To measure the corporate age (Age), we have used the year of establishment the companies and, finally, industry is measured through a variable that takes values between 1 and 5, (banking (1); insurance (2); service (3); industry (4); construction (5) (Gandía 2008; Hossain et al. 2006).

5. RESULTS AND DISCUSSION

We analysed the importance of CSR items in each country. Table 3 presents information about the level of CSR disclosure in both Palestine and Jordan. In Palestine and Jordan, the first theme most commonly disclosed was products and consumers. A possible explanation is the need to legitimize their activities. All the items related to this issue have a high value. The companies are worried about the quality of the product and the attention of clients; thus they disclose the policies and strategies in this area. In developing countries, the first concern is to maintain and improve sales, so firms attempt to justify and legitimize their policies. Their priorities are aimed at achieving stability and progress in their activity. The environment and the community involvement are secondary concerns. The companies' interests lie in gaining more profits, and improving their image. A tool is the disclosure of information in annual reports and the Internet.
In Palestine and Jordan, a second theme commonly disclosed was human resources. A possible explanation for this is that the companies improve the working conditions and living standards of the workers to attract talent, because they are worried about the migration of qualified personnel to Gulf States. They focus attention on safety, education, training and pensions (Table 2). In the case of Palestine, these aspects are especially relevant to assuring the satisfaction of workers who frequently face conflicts in the country.

A third theme commonly disclosed in Palestine and Jordan was community involvement. In both countries, companies pay great attention to charitable donations, support to education and social welfare (Table 2). As for Palestine, social work has become a national obligation due to the Israeli occupation. Environmental policies were established after, and, despite laws that call for the protection of the environment in both countries, the level of disclosure is lower than other CSR factors. There is a shortage of legal requirements referred to social and environmental disclosures in Palestine and Jordan. Companies assume responsibilities beyond basic legal requirements in these areas to satisfy society’s expectations and clients’ demands. Western firms usually focus their attention on environmental aspects. Developing countries’ firms face other priorities – education, training, stability of the staff and consumers, etc. –. Their main concerns are human resources and consumers. Both countries focus on the same issues, possibly because the cultural context is similar in Jordan and Palestine, and they have thus adopted homogeneous patterns of behaviour. Jordan’s disclosure is wider than the Palestinian one, but they consider the same items to be important.

Table 3: Summary of average CSR disclosure

<table>
<thead>
<tr>
<th>Sub-Index</th>
<th>Palestine</th>
<th>Jordan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental</td>
<td>13%</td>
<td>26%</td>
</tr>
<tr>
<td>Human resources</td>
<td>32%</td>
<td>54%</td>
</tr>
<tr>
<td>Products and consumers</td>
<td>55%</td>
<td>69%</td>
</tr>
<tr>
<td>Community involvement</td>
<td>32%</td>
<td>51%</td>
</tr>
</tbody>
</table>
It is clear from the previous percentages that the level of CSRD in Jordan is higher than in Palestine. This is possibly due to the latter is a new country, in a state of conflict and under Israeli occupation; meanwhile, Jordanian state is old, quiet and safe. In general, the level of CSRD in Palestine and Jordan is low, just as is the case in developing countries (Imam 2000; Rizk et al. 2008; Alawi and Rahman 2011). In developed countries, the rate of disclosure was higher (Guthrie and Parker 1990). Previous studies on developed countries have shown that CSRD in annual reports has increased over time in response to a number of factors: legislation increases, activities of pressure groups, ethical investors, awards, media interest, societal awareness and legitimizing aims (Haniffa and Cook 2005). However, we can observe growing concern, and several companies disclose more information about these same topics than developed countries. These companies need to satisfy the possible demands of stakeholders and new investors, and adopt CSR policies as other international companies. Companies develop CSR activities, perhaps to enhance the image and attract new clients and investors, because there are no legal requirements.

Table 4 provides the descriptive statistics of the variables of the model. Previously, we analysed this data before discussing the outcomes. As institutional theory suggest, the results show that there was an inverse association between legal system and audit firm; when the legal system is strong, the firms do not use an international audit firm. Control is exerted through laws. A stronger legal system is associated to other control institutions -audit committees- that assure internal control and the presence of independent members on the board. Referring to the international external audit, we have found that it is associated to the existence of a committee of governance and the size of the board, perhaps due to a suggestion of audit firms. The size of the board is related to the existence of a board committee; when the board is large, it is possible to establish different committees and to divide functions; therefore, there is a significant association between board governance committee and board audit committee. It looks as though when firms decide to have board committees, they promote several of them.
When a company decides to use a particular institutional form usually develops different aspects of it. We have found a relationship between the existence of an audit committee and the existence of independent members on the board. Perhaps the independent members propose structures of control that are not necessary when there are insiders on the board, because the latter has all the information.

Table 4: Descriptive statistics of the variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>S.D</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. CSRD</td>
<td>18.42</td>
<td>10.58</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Legal system</td>
<td>0.4</td>
<td>0.09</td>
<td>.39**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. External auditor firm</td>
<td>0.67</td>
<td>0.47</td>
<td>.24**</td>
<td>-.17*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Board size</td>
<td>9.19</td>
<td>2.15</td>
<td>.42**</td>
<td>0.06</td>
<td>.35**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Board audit committee</td>
<td>0.62</td>
<td>0.48</td>
<td>.41**</td>
<td>.36**</td>
<td>0.11</td>
<td>0.16</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Board governance committee</td>
<td>0.22</td>
<td>0.41</td>
<td>.28**</td>
<td>0.10</td>
<td>.32**</td>
<td>.30**</td>
<td>.41**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Board independence</td>
<td>0.77</td>
<td>0.22</td>
<td>-.20*</td>
<td>-.34**</td>
<td>0.11</td>
<td>-0.15</td>
<td>-.18*</td>
<td>-.0144</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Profitability</td>
<td>0.04</td>
<td>0.05</td>
<td>.30**</td>
<td>.27**</td>
<td>-.18*</td>
<td>0.05</td>
<td>0.11</td>
<td>-.26**</td>
<td>0.04</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Log. Total assets</td>
<td>8.91</td>
<td>9.54</td>
<td>.38**</td>
<td>.18*</td>
<td>0.15</td>
<td>.21*</td>
<td>.17*</td>
<td>.36**</td>
<td>-.07</td>
<td>-.08</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Corporate age</td>
<td>45.79</td>
<td>17.74</td>
<td>-.41**</td>
<td>-.32**</td>
<td>-.20*</td>
<td>-.34**</td>
<td>-.011</td>
<td>-.23**</td>
<td>.22*</td>
<td>-.02</td>
<td>-.41**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>11. Industry</td>
<td>3.01</td>
<td>1.55</td>
<td>-.23**</td>
<td>-.06</td>
<td>-.24**</td>
<td>-.19**</td>
<td>-.09</td>
<td>-.53</td>
<td>-.01</td>
<td>.17*</td>
<td>-.24**</td>
<td>0.272**</td>
<td>1</td>
</tr>
</tbody>
</table>

With regards to the sample, the literature does not usually consider financial firms in this type of research. We tested if we could consider all the listed firms in our study. We applied a non-parametric test (Mann–Whitney U test). The results (Chi-squared = 1.759; Sig. = 0.185) let us confirm that there was no difference in the sample between financial companies and non-financial companies related to CSRD; consequently, we could consider all the firms of the sample.

Table 5 shows the results of the regression model. The legal system, the existence of an international auditor and an audit committee, and the board size have an incidence on CSRD. The CSRD is affected by the size and performance of the firm.

Table 5: Regression between dependent (CSRD) and independent variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Beta</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal system</td>
<td>0.22</td>
<td>2.59**</td>
</tr>
<tr>
<td>External auditor firm</td>
<td>0.18</td>
<td>2.20**</td>
</tr>
<tr>
<td>Board size</td>
<td>0.24</td>
<td>2.97**</td>
</tr>
<tr>
<td>Board audit committee</td>
<td>0.20</td>
<td>2.494**</td>
</tr>
<tr>
<td>Board governance committee</td>
<td>0.03</td>
<td>0.35</td>
</tr>
</tbody>
</table>
There is a positive and significant association between institutional formal factors of control (e.g. the legal system, audit firms and board characteristics) and the level of CSRD. The institutional formal factor motivates mandatory and voluntary disclosure (Vander Bouwhede and Willekens 2008; Buhr and Freedman 2001). The Jordanian legal system is stronger than in Palestine. Unstable security and political uncertainty in the Middle East, the absence of the rule of law, and weakness in preventing and fighting corruption have an incidence in the development of other formal institutions that have an impact on the policies of the firms. Jordanian firms disclose more voluntary (social) information than Palestine. These results are consistent with the institutional theory. Formal institutions help us to understand the activities related to corporate social responsibility. A strong legal system promotes more transparency, and firms give more importance to accountability. We therefore accept Hypothesis 1.

Similarly, there is a significant positive association between the level of CSRD and the external auditor firm. This means that firms audited by international auditing firms tend to have a significantly higher level of corporate social disclosure than those that are audited by local audit firms. This result could be due to the fact that these audit firms follow internal procedures required by international auditing standards (Kent and Steward 2008; Dahawy 2009; Uwuigbe and Egbide 2012). The adoption of CSR policies could be related to the demand of other institutional actor, audit firms. Hence, Hypothesis 2 is supported. Local audit companies do not follow international audit rules, and they do not advise on or supervise CSRD. The majority of quoted companies usually deal with international external auditor firms to handle the latest developments in the field of auditing and reporting, and this may be connected with CSRD. Audit firms
constitute a guarantee for investors, which is imperative in countries where the legal system is weak.

Related CG variables, the results of the regression show that the relationship between the level of CSRD and CG is quite positive in general. There is a significant positive association between the board size and CSRD. The results indicate that companies that have more directors on the board are more interested in CSRD. This institution can assume multiple functions when has a size because the members can divide their roles, and some of them can pay attention to CSRD. Large boards can address social pressures and stakeholders’ demands and develop policies to satisfy them. In our sample this strategy is related to products and human resources and could have an effect on results (for example, retention of talent or improving sales). As a result, we accept Hypothesis 3. The result is consistent with Cheng and Courtenay (2004) and Buniamin et al (2008). Larger boards of directors increase experience and new ideas about the adoption of policies on social responsibility. There is also a positive relationship between CSRD and board audit committees (Dulacha 2007; Rouf 2011). Therefore, Hypothesis 4 is accepted. The results show that the different means of control (boards and committees, legal system and external auditor) promote the development of a major volume of information through financial reports and non-financial data.

On the other hand, there is a no significant relationship between board governance committees and CSRD, and we tend to refuse Hypothesis 5. In the analysis of the annual reports and websites, we have observed that there is not usually a board governance committee. Companies have not established this formal control mechanism, and therefore this variable is not explicative in the model.

However, board independence does not have a significant influence on CSRD. This outcome has no support from Rouf (2011), Cheng and Courtenay (2006) and Khan et al (2013); thus, Hypothesis 6 is rejected. The reason for this result could be that the ratio of independent directors is very low in listed companies on the PEX and ASE. We
principally witnessed family firms, and these play an insignificant role in helping or supporting company boards to become work teams with distinguished performances; or in enhancing transparency, competency or creativity; or in pushing companies toward adopting CSRD policies. Family firms tend to disclose less information than companies with a wider range of shareholders.

With respect to control variables, we have found a positive relationship between CSRD and the firm's size (Uwalomwa 2011; Yao et al. 2011; Lassaad and Khamoussi 2012) and profitability (Uwalomwa 2011; Lassaad and Khamoussi 2012). The largest and most profitable firms possibly can apply resources to policies of CSR, as these firms have to legitimize their activities and, further, improve its image to attract investors and clients; one way of doing this is investing in CSR. Large companies make more social disclosures for reasons of accountability and visibility, as outlined in the legitimacy theory (Cormier and Gordon 2001). Most researchers consider increasing financial performance as the key motivator for firms to report non-financial information. The argument is that firms who communicate about environmental and social aspects will increase profits, and those that do not will suffer adverse effects on their financial performance (Lassaad and Khamoussi 2012).

There is no significant association between the level of CSRD and industry. When explaining the result, we do not find differences in CSRD between financial companies and other companies. Furthermore, the firm age does not affect CSRD. Perhaps companies who wish to operate in new markets have to adopt CSR strategies to attract investors, but elder companies have been adopting CSR policies anyway ( Parsa and Kouhy 2008; Yao et al. 2011).

6. CONCLUSIONS

This study focuses on the level of corporate social responsibility information disclosed in developing countries, specifically Palestine and Jordan. Companies’ annual reports have been considered to be the most reliable way of disclosing information, and the Internet the most accessible means of collecting data at a fast pace and low cost.
Institutional theory and legitimacy theory approaches have been considered as the most suitable theories to explain the influence of different factors on CSRD. In developing countries institutional theory, specifically formal institutions, helps to explain the different ways to assure control when the legal system is weak. We have found that audit firms and board (size, and audit committees) have an incidence in the disclosure of CSR information. On the other hand, the CSRD could be related to the pressure and demands of stakeholders or could be used to improve the image and legitimize the activities of the firm. The legitimacy theory could explain that the policies could be targeted to get new clients, investors or retain employees, something that is important because of the situation of conflict that exists in some developing countries. These results are confirmed by the relationship between CSRD and profitability.

The results of the analysis of the annual reports and websites for the sample 101 listed companies in Palestine and Jordan showed that levels of CSRD in Jordan are higher than in Palestine in all aspects. However, the level of CSRD in Palestine and Jordan is low, as is the case in most other developing countries. As a result of a state of peace and the wealth of experience of companies, Jordan's level was highest; meanwhile, the Israeli occupation and the weakness of the legal system has made CSRD in Palestine lowest. The most relevant topics are related to products and consumers (protection, attention and quality) and human resources (formation and safety). We have found differences with respect to Western countries, where the most important topic is related to the environment. Palestinian and Jordanian firms give similar importance to human resources and consumers, possibly as a result of a similar cultural context; they show homogeneous patterns of behaviour, although CSRD is more developed in Jordan. Perhaps this is due to Palestinian firms mimicking the model and norms of Jordanian firms, adopting a similar institutional framework. In developing countries, we find great concern with regards to human resources and the amount of attention to clients. CSRD priority focuses on the development and strengthening of the company, while in developed countries focuses on the effect on society, particularly in the environment.
The results show that, in the context of developing countries, the influence of the institutional framework is very important. An important concern (social work) is related to the existence of requirements (national obligations).

Regression analysis is used to determine the variables that are affecting CSRD. The results show that formal institutional variables - the legal system and external auditor firms - have an impact on CSRD. The elements of a company’s control promote the disclosure of social activities developed by the firms. Besides, we found a positive and significant relationship between the board size and the existence of a board audit committee and the level of CSRD. The companies with larger boards can divide their functions, create committees and follow more of the firms’ aspects, thus paying more attention to CSRD. Besides this, the means of control of the reporting of firms led to increases in non-financial information, specifically, CSRD. There was no relationship between CSRD and board governance committee and board independence.

There was a significant relationship between CSRD and firm size and profitability, yet no significant relationship with industry and the age of the firm. In brief, these results show that the factors suggested in this study and other previous proved to be the ones that specify the level of CSRD, and which played an important role in the context of these countries.

Firstly, an important conclusion that can be drawn from this study is the proposal of a suitable disclosure index for measuring the level of CSRD in Western developing countries; this would also be used in order to study the impact of formal institutional factors on CSRD. We have focused on Palestine and Jordan, countries that have received little attention in the literature. Secondly, in this research we have highlighted that in developing countries where the legal context is weak, the institutional context is reinforced by the existence of other formal control mechanisms such as audits, boards of directors and board committees. Thirdly, we must stress the importance of the existence of patterns of behaviour that facilitate implementation in other nearby countries. The Jordanian model – the countries in a state of safety and stability-
supposes a guideline for other countries with a similar culture, which would enable institutions to establish new norms. Fourth, the disclosure of CSR in both countries is low. More legal requirements promoting CSR practices could be interesting whether firms in developing countries want to attract new investors or to legitimize their activities.

However, there are limitations to this study. Firstly, the study discussed the CSRD of companies for the year 2011. Consequently, it becomes impossible to generalize this study for other periods or intervals. Secondly, the study focused solely on annual reports and websites despite it being commonly known that there are other means of disclosure and other methods to communicate with stakeholders, such as media. Thirdly, the study is restricted to listed companies on the PEX and the first market of the ASE; in other words, it dealt only with public limited companies.

In spite of these limitations, the results arouse importance, consideration, and a reason to extend this study to include more companies. Of course, the entails extending it to study other developing countries’ economies and the comparison of them with emerging and developed economies, before studying the level of voluntary disclosure, transparency and integrated reporting as a future subject for research. In addition, future research would be to include informal institutional variables such as national and corporate cultures.

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