Company Characteristics and Environmental Disclosure among Industrial Sector in Jordanian Companies

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Company Characteristics and Environmental Disclosure among Industrial Sector in Jordanian Companies

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Universiti Utara Malaysia

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ABSTRACT

This study aims to examine the extent of environmental disclosure of industrial sectors in Jordan based on 46 companies listed on Amman Stock Exchange. Specifically, this paper examines the influence of four firm specific characteristics on the level of environmental disclosure. The four variables are firm size, profitability, leverage, and type of audit firm. A content analysis is used to measure the environmental disclosures in words. The results indicate that environmental disclosures in Jordanian companies are incomplete and at a very low level. The results also show that firm size and leverage are significantly related to the environmental disclosure. Other companies' characteristics such as profitability and type of audit firm have no significant relationship with environmental disclosure.
DEDICATION

I dedicate this humble work to my father and mother; the spring of loyalty, affection, and dedication. They raised me on the principles of virtue, to my brothers, sisters, and friends; who spared no effort helping me during my school years. I dedicate this work also for my brother Osama who shared my journey to study in Malaysia.

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CHAPTER ONE
BACKGROUND OF THE STUDY

1.1 Introduction

Research studies on social and environmental accounting and reporting have been conducted for the past few decades (Saida, 2009). According to Rizk, Dixon and Woodhead (2008), the issues on social and environmental accounting have been growing as one manifestation of the organization-society's interface that started in the last decades of the Second World War.

Deegan and Gordon (1996) state that companies face different experience with regards to the impact of their companies on environmental issues. Thus, the companies will react differently towards corporate social and environmental accounting and reporting. In the case of multinational companies, a great deal of corporate management has built environmental management systems and highly approved environmental reporting in the annual reports. Cowan and Gadenne (2005) show that the level of disclosure of environmental information has increased all around the world. One of the reasons for the increase in reporting of environmental information is the need for companies to estimate the threats of their operations on the environment.

In order to survive, companies should emphasize on the sustainability of the environment. Companies are responsible for the disclosure of environmental information to meet the public expectation. Solomon and Solomon (2006) argue that environmental disclosure is also used to decrease the pressure of legitimacy by the public. In this case, environmental restoration is greatly emphasized by the
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References


