



Social Movements and Corporate Social Disclosure: Evidence from Jordan

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Abstract

The purpose of the current study is to investigate the extent, trends, and practices of employee and community disclosure, important but yet largely ignored areas of CSR disclosure, in the context of emerging countries. The study also examined the impact of social movements on employee and community disclosure. The current study provides a fresh perspective by bridging the gap between prior literature at the nexus of social movement and organisation analysis and prior literature on employee and community disclosure. The Arab Spring, employees' strikes, and local communities' protests were used as proxies to study social movements. Data on employee and community disclosure was collected from the annual reports of 50 Jordanian companies over the period from 2008 to 2015. The data was collected using a content analysis and two disclosure indexes developed, based on the GRI 2013 guidelines. The findings are in line with the theoretical underpinning of the current study and prior literature. Precisely, the weak engagement by the Jordanian companies with employee disclosure and the role of socio-political factors in shaping such disclosure practices has been evidenced in this study. Moreover, employee and community disclosures are found to increase significantly in response to changes in social pressures and social expectations after the democratic movement of the Arab Spring, and in response to employees' strikes and community protests. The findings also shed some light on the role of media attention, SMOs, and poverty level in moderating the impact of a social movement and stakeholders' activism on both employee and community disclosures. Along with other implications, this study highlights the importance of the integration between the social movement perspective into organisational analysis to understand the role of social movement as a determinant of employee and community disclosure.

Keywords: Employee Disclosure, Community Disclosure, Social Movement, the Arab Spring.

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Chapter One

Introduction

Chapter One: Introduction

1.1. Background

Over the past decades, Corporate Social Responsibility (CSR) has been attracting growing attention of academics, regulators, practitioners, activists, and even the companies themselves. Although a unified definition of CSR does not exist, most definitions manifest CSR as the *voluntary* responsibilities that go beyond the traditional corporate responsibility of profit-maximisation to integrate social and environmental issues in their core business activities (Belal *et al.*, 2013; Yan and Zhang, 2020). Such responsibilities include, for instance, the duty to eliminate or minimise the negative impact of business on the environment and the society, and to engage in activities that improve the environment as well as individuals' wellbeing within society (Bigg and Ward, 2004; Yan and Zhang, 2020). This implies that companies have various obligations to multiple stakeholder groups – other than shareholders and creditors – such as employees, the local community, the natural environment, and the wider society.

CSR has been linked to the notion of a social contract, corporate stakeholders, and corporate accountability. In essence, reporting on CSR activities is a key tool for communicating with multiple stakeholder groups, and has the potential to hold companies accountable for their interaction and impact on the society as well as the natural environment (Gray *et al.*, 1988; Gray, 2002; Murray *et al.*, 2006; Belal *et al.*, 2013). Nevertheless, the recent corporate scandals and irresponsible behaviours have resulted in serious social and environmental disasters and serious human rights abuses, especially in the emerging countries (Sikka, 2011; Belal *et al.*, 2013; Yusuf *et al.*, 2014). These scandals and irresponsible behaviours have refuelled the concerns over the impact of economic globalisation on corporate social and environmental accounting. Many have argued that without having strong regulations and pressure from stakeholders to promote business

responsible behaviour, CSR will continue to be inadequate to deliver a substantive change (Newell, 2005; Belal *et al.*, 2013; Yan and Zhang, 2020).

Within the context of the developed countries, companies are under growing pressure to measure and report their social and environmental impact (Campbell, 2007; Cho *et al.*, 2012; Rodrigue *et al.*, 2013; Saxton *et al.*, 2020). Mechanisms such as the comprehensive regulations, strong Non-Governmental Organisations (NGOs) and labour unions, socially responsible investments (SRI), and ethical purchase behaviour create ‘invisible’ pressures on companies to adopt voluntary CSR practices (Newell, 2005; Hilson, 2012; Yan and Zhang, 2020). However, these mechanisms are either very weak or not available in most of the emerging countries (Newell, 2005; Utting, 2007; Sikka, 2011; Hilson, 2012; Belal *et al.*, 2013; Jamali and Karam, 2018). The structural dependencies of the emerging countries on the foreign direct investments coupled with the logic of authoritarianism and corruption rendered governments and stakeholders unwilling or unable to promote CSR and responsible business behaviour (Utting, 2007; Sikka, 2011; Belal *et al.*, 2013; Jamali and Karam, 2018).

It has been argued that social movement and stakeholders’ activism have the potential to promote CSR and hold businesses accountable for their social and environmental impact (Newell, 2005; King and Pearce, 2010; Georgallis, 2017; Michelon *et al.*, 2020). This proposition, however, has rarely been tested in the empirical literature, especially in the context of emerging countries. Within the nexus of social movement and organisational analysis, one area of research has been attracting increased academic attention to study the impact of social movement and stakeholders’ collective actions on businesses and corporations (Zald and Berger, 1978; Davis and Thompson, 1994; McAdam and Scott, 2005; Davis and Zald, 2005; Clemens, 2005; Den Hond and De Bakker, 2007; King and Soule, 2007; Soule, 2009; King and Pearce, 2010; King, 2008a,b, 2011). These studies have shown much evidence that social movement and stakeholders’ activism against

corporations are effective in creating social change and forcing corporations to change or to abandon their contested policies and practices. However, the majority of prior studies within this area have had their focus on the direct outcomes of social movement and stakeholders' activism on corporate decisions in terms of direct concession or resistance (McDonnell and King, 2013; King, 2016). Therefore, they largely ignore other types of intended or unintended outcomes and other types of corporate responses, other than direct concession or resistance (McDonnell and King, 2013).

Some scholars, for instance, suggest that corporations may respond to social movements and stakeholders' activism by increasing their CSR disclosure to control the damage to their image and reputation and to manage the impressions of their stakeholders (McWilliams and Siegel, 2001; Baron 2001; Whetten *et al.*, 2002; Campbell, 2007; King and Soule, 2007; Soule 2009; King and Pearce, 2010; King, 2016; Georgallis, 2017). Yet, very limited studies have focused on this type of corporate response to a social movement. These limited studies, however, have focused only on the activism of consumers (McDonnell and King, 2013; Rhee, 2019), environmental activists (Hiatt *et al.* 2015), and shareholders (Yan and Zhang, 2020). Very limited is known about the corporate response, through CSR disclosure, to a democratic movement such as the Arab Spring and the activism of other stakeholder groups; such as employees and local communities (King, 2008a; Georgallis, 2017; Abdin *et al.*, 2018). Moreover, the vast majority of these studies have been conducted in the context of developed countries, and whether their findings can be extended to the context of the developing countries is an open empirical question.

In the same vein, despite the wide acceptance that employees and local communities are key stakeholder groups, employee and community disclosures, as distinctive areas of CSR, have rarely been addressed in the empirical literature (Campbell *et al.*, 2006; Yekini and Jallow, 2012; Williams and Roberts, 2013; Yekini *et al.*, 2015, 2017; Kent and Zunker, 2013, 2017). Moreover,

very limited is known about the impact of employees and community activism on corporate decisions to disclose CSR information, particularly employee and community disclosure.

The current study is set out to address the numerous calls from many scholars to benefit from the integration between a social movement and organisational analysis to test the impact of a social movement and stakeholders' activism on CSR (Den Hond and De Bakker, 2007; King, 2008a; Soule, 2009; King and Pearce, 2010; Baron *et al.*, 2011; Mahadeo *et al.*, 2011; Georgallis, 2017). In doing so, the current study is set out to examine the impact of a social movement and stakeholders' activism on CSR disclosure.¹ To be more exact, utilising a sample from the Jordanian public companies, the current study investigates the impact of the democratic movement of the Arab Spring on the extent of employee and community disclosure for the period from 2008 - 2015. This study is also set out to examine the impact of employees' strikes and local community protests on the extent of employee and community disclosure for the same period.

My interest in focusing on CSR practices in the Middle East is due to the fact that CSR has received a very little attention in the developing countries particularly in this region (Visser, 2008; Wanderley *et al.*, 2008; Islam and Deegan, 2008; Belal *et al.*, 2013; Kamla, 2007; Jamali and Mirshak, 2007; Jamali and Sidani, 2012; Jamali, 2014). Many scholars have highlighted the general lack of knowledge about CSR practices in the developing countries and the pressing need for more attention to be given to CSR issues in these countries to improve the current knowledge of CSR and social accountability (Jamali and Mirshak, 2007; Mahadeo *et al.*, 2011; Belal *et al.*,

¹ It must be recognised here that stakeholders' activism is a very wide concept that can be applied to various stakeholder groups and numerous types of activism, which ranges from silent resistance to the use of violent confrontations and deliberate sabotage. Within the wide concept of stakeholders' activism, the current study is mainly focused on two stakeholder groups namely employees and local communities, and two types of activism namely strikes and protests.

2013). Drawing on the perspectives of institutional theory, prior CSR research within the developing countries has highlighted the role of the different institutional factors on how CSR is perceived and practised in the developing countries (Jamali, 2014; Visser, 2008; Jamali and Sidani, 2012; Vinke and El-Khatib, 2012). These factors include the nature of cultural and religious systems, the nature of socioeconomic systems and priorities, the nature of political systems, alongside with the lack of institutional pressures exerted by other institutional actors such as development and welfare agencies, trade unions, business associations, and other pressure groups (Jamali, 2014). These studies have commonly concluded that CSR in the developing countries in general and the Middle Eastern context, in particular, has been shaped by the distinctive socio-political environment of these countries. Therefore, CSR in the Middle Eastern context has continued to be “silent”, largely underdeveloped, and usually equated with altruistic philanthropy with a minimal planning and systematic engagement (Jamali, 2014; Visser, 2008; Jamali and Sidani, 2012; Vinke and El-Khatib, 2012).

Before the Arab Spring, the lack of political participation and stakeholders’ pressure, for instance, had been identified as one of the main factors that had been hindering and shaping CSR in many of the Middle Eastern countries (Kamla, 2007; Visser, 2008; Rizk *et al.*, 2008; Menassa, 2010; Mahadeo *et al.*, 2011a; Jamali and Sidani, 2012; Vinke and El-Khatib, 2012; Khan *et al.*, 2013; Jamali, 2014; Nurhayati *et al.*, 2015; Ibrahim and Hanefah, 2016; Muttakin *et al.*, 2018a; Al-Abdin *et al.*, 2018). Most of these socio-political factors have changed since the early days of the Arab Spring, and as a result, the political activism has become a key factor in the political life of many of the Middle Eastern countries (Khatib and Lust, 2014; Yitzhak, 2018; David Hearst, 2018). Hence, the Arab Spring, as a unique and unprecedented democratic social movement, presents a great opportunity to study the impact of a social movement on CSR especially within the context of the emerging countries. Not only has the democratic movement of the Arab Spring had its main

impact on the state, but also many important implications for other civil society organisations below the level of the state, particularly for business corporations.

Jordan, the focus country of this study, provides a unique setting to study the impact of the Arab Spring and stakeholders' activism on CSR within the Middle East region. Indeed, unlike some countries in the region such as the Gulf countries, which walked away largely unaffected by the Arab uprisings, Jordan has witnessed a substantial wave of public protests. These protests in Jordan have attracted thousands of people who organised many demonstrations demanding more genuine political reforms and protesting against poverty, corruption, and economic instability (Ryan, 2011; Moon, 2012; Köprülü, 2014; Yitzhak, 2018). Yet, unlike some other countries in the region such as Tunisia, Syria, Yemen, and Libia, in which the entire regimes have toppled and the countries drifted into a civil war, the Jordanian regime has survived with some reforms and democratic changes (Ryan, 2011; Moon, 2012; Köprülü, 2014; Yitzhak, 2018). Hence, the Jordanian context provides a unique opportunity to separate the impact of the democratic movement of the Arab Spring from the impact of new political leadership or a civil war.

Moreover, Jordan provides a unique environment to study the impact of stakeholders' activism, mainly employees' strikes and community protests against business corporations, which while being very uncommon in Jordan prior to the Arab Spring it has flourished since the early days of the Arab Spring. Following the Arab Spring, companies that have failed to improve the welfare of their employees in terms of fair wages, good working conditions, and the compliance with the regulations including the minimum wages, working hours, and vacations have been confronted with a wave of employees' strikes. Many of these strikes have been carried out in demand of higher wages, health insurance, better workplace conditions, and compliance with the regulations of minimum wages, working hours, and vacations (Labour-Watch, 2016; ESC, 2015). At the same time, companies that have not been able to improve the welfare nor build good relationships with

the local communities have also been confronted with many protests by the members of these local communities. These protests have been carried out mainly in demand of job opportunities for the unemployed in these communities. Protesters have been very active in their attempts to bring public attention to their causes via the press and social media. The recent changes in the Jordanian socio-political environment following the Arab Spring, I suggest, present an important opportunity to study the impact of a social movement such as the democratic movement of the Arab Spring and stakeholders' activism, particularly the employees and local community, on CSR within the context of emerging countries, which has been largely ignored in both prior social movement and CSR literature.

At its broadest, the information that can be deemed CSR material may, ultimately, embrace any subject (Gray *et al.*, 1995a). Among the wide range of subjects, which could be considered to be a CSR information, this study is mainly focused on social disclosure related to employee and local community issues as depicted in the annual reports of the Jordanian companies. This choice is made based on the findings of some prior research, which indicate that companies respond to particular external events by increasing the event-related CSR disclosure theme only (Deegan *et al.*, 2000; Ogden and Clarke, 2005). Moreover, Georgallis (2017: p.748) suggests that “even among movements that do expect firms to engage with social issues, the type of movement will of course matter for the type of social initiative”. This implies that companies will respond to social movements' attacks by adopting social initiatives related to the movements' issues and by increasing their disclosure about these initiatives. This choice is also justified by the fact that prior studies have limited their analysis to the events or movement-related CSR disclosure themes only (Patten, 1992; Ogden and Clarke, 2005; Hiatt *et al.*, 2015; McDonnell and King, 2013; Yekini *et al.*, 2017; Kent and Zunker, 2017). Accordingly, since this study is mainly concerned with the effect of a social movement (i.e. Arab Spring, employees' strikes, and local communities' protests)

on CSR disclosure, it will be defined by its focus on the related employees and community disclosure themes. The next section provides the motivations for undertaking this research.

1.2. Motivations for the Current Study

Economic globalisation, free markets, and the rapid increase in corporate power are matters of growing concerns over the past decades. In a modern globalised world, corporations have become economic, political, and cultural forces beyond the control of the state and its regulatory power (Roach, 2007; Sikka, 2011; Hilson, 2012; Belal *et al.*, 2013; Gondolf *et al.*, 2019; Clancy, 2020). It has been assumed that corporation has a responsibility to integrate social and environmental issues in the corporate operation and interaction with various stakeholder groups (Belal *et al.*, 2013; Yan and Zhang, 2020). However, recent corporate scandals have created many social and environmental problems and proven that corporations often prioritise profit-maximisation over other social and environmental responsibilities; such as maintaining high environmental, labour, and human rights standards. These social and environmental problems are far more appealing in emerging countries, where the mechanisms that promote corporate responsible behaviour are not available (Newell, 2005; Utting, 2007; Sikka, 2011; Hilson, 2012; Belal *et al.*, 2013; Jamali and Karam, 2018). Emerging countries are often characterised by their dependencies on foreign investments, corrupted and repressive regimes, lack of stakeholders' involvement, lack of knowledge and skills, as well as high poverty and unemployment rates (Utting, 2007; Roach, 2007; Sikka, 2011; Hilson, 2012; Belal *et al.*, 2013; Jamali and Karam, 2018). These factors undermined the social and environmental accountability in emerging countries and left their natural and human resources vulnerable to exploitation by large companies (Jamali, 2007, 2014; Belal *et al.*, 2013; Malik and Awadallah, 2013; Belal *et al.*, 2013; Muttakin *et al.*, 2018b).

It has been argued that social movement is an important, if not the only way, to counteract corporate power and hold businesses accountable for their social and environmental impact

(Newell, 2005; Soule, 2009; King and Pearce, 2010; Georgallis, 2017; Michelon *et al.*, 2020). Like the state, corporations are, in fact, another type of politics or systems of authority in which social movements can arise from within and without, and activists can operate as agents of institutional change (Zald and Berger, 1978; Davis and Zald, 2005; Strang and Jung, 2005; Soule, 2009; King and Pearce, 2010). Among others, Davis and Zald (2005), for instance, nicely document how the boundaries between the state and businesses evaporated, in which states, on one hand, have become more like businesses as they compete to attract more investments. Businesses, on the other hand, have become analogous to the state, in which their employees, for instance, become citizens for the corporations where they work. Hence, corporations become frequent targets of the same “kinds of activism previously experienced primarily by states” (Davis and Zald, 2005: p.347). This activism can be carried out by both internal stakeholders such as employees and shareholders and/or external stakeholders such as environmental activists, communities, and consumers (Schurman, 2004; King and Soule, 2007; Soule, 2009; Davis and Zald, 2005).

Prior studies have shown much evidence that social movement and stakeholders’ activism against corporations are effective in creating social change and forcing corporations to change or to abandon their contested policies and practices. However, studies on the outcomes of the social movements are largely focused on the direct outcomes; those associated with the success or the failure of the social movement to achieve their intended goals and the direct responses of corporations by either conceding or resisting to movements’ demands (McDonnell and King, 2013; King, 2016). According to Andrews (2001: p.72), “the success [or the failure of any social movement] implies the attainment [or nonattainment] of widely shared goals, but the goals of the most social movements are contested by participants and observers. Goals also are changing throughout a movement”. Therefore, focusing on the direct outcomes of social movement has led scholars to largely ignore other types of intended or unintended outcomes of social movement and other types of corporate responses (McDonnell and King, 2013).

Although rarely addressed in the empirical literature, some scholars suggest that companies do respond to social movement attacks by engaging in CSR activities to control any potential damages to their image and reputation (Georgallis, 2017). This implies that even when the direct concession is not offered, corporations may engage in other types of responses such as CSR disclosure to shield themselves from the negative publicity and potential threats to their image and reputation (McDonnell and King, 2013; King, 2011, 2016; Georgallis, 2017). Yet, very few is known about the other types of corporate responses to social movement attacks other than a direct concession or resistance (Reid and Toffel, 2009; McDonnell and King, 2013; Hiatt *et al.*, 2015; King, 2016; Georgallis, 2017).

In the same way, it has been argued that CSR disclosure is a key tool for communicating with multiple stakeholder groups, and it has the potential to hold companies accountable for their interaction and impact on the society and the natural environment (Gray *et al.*, 1988; Gray, 2002; Belal *et al.*, 2013). Yet, there is very limited knowledge about the relationship between CSR and both social movement and stakeholders' activism (Baron *et al.*, 2011; Georgallis, 2017). In other words, it is yet unknown whether social movement and stakeholder activism can indeed improve corporate social and environmental accountability and promote CSR. This knowledge is far more limited in emerging countries (Georgallis, 2017). Hence, it is the main interest of the current study to examine the impact of a social movement and stakeholders' activism on CSR disclosure. Accordingly, the current study is motivated by the dearth of prior research that studied the impact of social movement and stakeholder activism on CSR disclosure, especially with regard to emerging countries.

In addition, it has been widely recognised that employees are a key stakeholders group, who play an essential role in the corporate ability to succeed and generate profits and have a legitimate right to transparency and accountability (Khan, 2010; Möller *et al.*, 2011; Rimmel *et al.*, 2012; Williams and Adams, 2013; GRI, 2016a; Kent and Zunker, 2017). Similarly, the local community is widely

perceived as an important stakeholder group (Clarkson, 1995; Campbell *et al.*, 2006; Banerjee, 2008; Yekini *et al.*, 2015; GRI, 2016b; Yekini *et al.*, 2017); whose needs and expectations must be met by companies to maintain their social legitimacy (Campbell *et al.*, 2006; Yekini *et al.*, 2017). One important way through which corporations can manage their relationship and gain the support of their employees and the local community is through employee and community disclosure (Campbell *et al.*, 2006; Yekini and Jallow, 2012; Yekini *et al.*, 2017). However, the vast majority of the available studies have focused on environmental disclosure or CSR as a broad category (Campbell *et al.*, 2006; Yekini *et al.*, 2015; Kent and Zunker, 2017). In fact, prior studies have generated a wealth of important insights to improve our understanding of the factors associated with corporate engagement with CSR disclosure. Such insights and understandings are, nonetheless, “issues specific, and although they all fall under a broad category of social and environmental accounting ... each subset of this broad category are unique” (Yekini *et al.*, 2015: p.251, see also Campbell *et al.*, 2006). Accordingly, the current study is also motivated by the lack of prior research that focused on employee and community disclosure as distinctive areas of CSR.

Moreover, a growing number of scholars have called for more theoretical openness to help CSR literature to move forward (Campbell, 2007; Basu and Palazzo, 2008; Bebbington *et al.*, 2008; King, 2008a; Georgallis, 2017; Yekini *et al.*, 2017). The current study adopts a multi-theoretical framework based on the integration between certain social and political theories (i.e. legitimacy, stakeholder, and institutional theory) and the insights obtained from the social movement perspective. Prior research at the nexus of social movement and organisational analysis highlights the efficacy of the integration between these two areas for the development of both areas (Zald and Berger, 1978; Davis and Thompson, 1994; McAdam and Scott, 2005; Davis and Zald, 2005; Den Hond and De Bakker, 2007; King and Soule, 2007; Soule, 2009; King and Pearce, 2010; King, 2008a, 2011; Georgallis, 2017). The integration between these two areas is deemed important to improve our knowledge about the role of social movement in creating social and institutional

change at the level of organisations below the level of the state; such as universities, NGOs, and corporations (Soule, 2009; Georgallis, 2017). It also provides a more dynamic view of the interaction between organisations and their stakeholders, and that enriches our understanding of the instances where institutional change occurs as a result of social movement and stakeholders' activism (Davis and Zald, 2005; Schneiberg and Lounsbury, 2008; King, 2008a). The effectiveness of this integration to improve CSR research is also well documented in the literature (see, for example, King, 2008a, b; McDonnell and King, 2013; Georgallis, 2017). Hence, the current study is set out to address the numerous calls from many scholars to benefit from the integration between a social movement and organisational analysis to test the impact of a social movement and stakeholders' activism on CSR (Den Hond and De Bakker, 2007; King, 2008a; Soule, 2009; King and Pearce, 2010; Baron *et al.*, 2011; Mahadeo *et al.*, 2011; Georgallis, 2017).

1.3. Research Objectives and Questions

Following the previous discussion, the main objectives of the current study are to empirically examine the impact of social movements (i.e. the Arab Spring, employees' strikes, and local community protests) on the extent of employee and community disclosure in the annual reports of the Jordanian companies throughout the period from 2008 to 2015. This study also aims at providing an in-depth analysis of the extent, trends, and practices of employee and community disclosure as it has been portrayed in the annual reports of the Jordanian companies and the changes it underwent throughout the period from 2008 to 2015. To achieve these objectives, the current study seeks to answer the following four main research questions:

RQ1: What are the extent and trends of employee disclosure of the Jordanian Public Companies?

RQ2: What is the impact of the social movement on the extent of employee disclosure of the Jordanian Public Companies?

Related to this major question are the following two sub-questions:

RQ_{2a}: What is the impact of the Arab spring on the extent of employee disclosure of the Jordanian Public Companies?

RQ_{2b}: What is the impact of employees' strikes on the extent of employee disclosure of the Jordanian Public Companies?

RQ₃: What are the extent and trends of community disclosure of the Jordanian Public Companies?

RQ₄: What is the impact of the social movement on the extent of community disclosure of the Jordanian Public Companies?

Related to this major question are the following three sub-questions:

RQ_{4a}: What is the impact of the Arab spring on the extent of community disclosure of the Jordanian Public Companies?

RQ_{4b}: What is the impact of community protests on the extent of community disclosure of the Jordanian Public Companies?

By answering these research questions, this study will contribute to prior research at the nexus of social movement and organisational analysis and prior CSR literature in many different ways. First: this study extends prior research at the nexus of social movement and organisational analysis, and prior CSR research by studying the impact of a social movement (i.e. Arab Spring), employee and local community activism on corporate decisions to disclose information about their social performance. Second, the longitudinal nature of this study allows it to uncover the long-term impact, if existed, of social movement and stakeholder collective actions on social disclosure. Third, this study extends prior legitimacy-based CSR literature by focusing on the corporate legitimization strategies, through their CSR disclosure, in response to social movement and

stakeholders' activism. Fourth, this study extends prior stakeholder-based CSR literature by studying the changes in social disclosure in response to pressures exerted by employees and local communities through their collective actions. Fifth, this study is focused on employee and community disclosure, two important, yet previously neglected, areas of social disclosure in relation to the activism of two key, yet previously neglected, stakeholder groups namely the employees and local community. Sixth, this study will focus on the context of the developed countries and emerging economies, particularly, in the Middle Eastern context, a previously neglected context by social movement and CSR research. Finally, this study explores the extent of social disclosure in the Jordanian context, a previously neglected context with all the available studies provide out-dated accounts, which do not reflect the current trends and development in CSR reporting of the Jordanian companies. Providing answers to the above research questions will be guided by the theoretical and methodological foundations adopted in the current study.

1.4. Overview of the Research Methods

The current study adopts the positivist research paradigm, deductive reasoning approach, longitudinal and cross-sectional research design, and quantitative methods to collect and analyse the data. To answer the research questions, the data on employee and community disclosure was collected through a quantitative content analysis approach. Two disclosure indexes were developed based on the Global Reporting Initiative (GRI, 2013) guidelines and the relevant prior literature. Data on employee and community disclosure is collected and coded following pre-determined decision rules from the annual reports of 50 Jordanian companies over 8 years. In doing so, the volume of employee and community disclosure was measured using a sentence count of disclosure related to employee and community issues. Moreover, the breadth and depth of employee and community disclosure were measured using two coding approaches based on the

presence or absence of certain items in the annual reports; and by assigning different scores to each item based on the nature of disclosure.

By adopting a multi-theoretical framework based on the integration between legitimacy theory, stakeholder theory, institutional theory and social movement perspective; the methodology adopted in this study is set out to answer the four research questions. The data on employee and community disclosure were computed and analysed using the descriptive statistics for the eight years of this study. In answering the first research question, the current study provides an in-depth analysis of the recent trends and practices of employee disclosure as it portrayed by the Jordanian companies as well as the changes it underwent throughout the period from 2008 to 2015. Moreover, in answering the second research question, the relationships between the extent of employee disclosure and social movement variables (i.e. the Arab Spring and employees' strikes) were predicted in the light of the theoretical framework. These relationships are then expressed in the form of testable hypotheses and tested using quantitative analysis techniques and various regression analysis methods controlling for corporate characteristics. Four main hypotheses were tested in relation to the second research question using the pooled Ordinary Least Squares (OLS) regression models, controlling for various corporate-specific characteristics and both the year and industry effect.

Similarly, in answering the third research question, the current study presents an in-depth analysis of the recent trends and practices of community disclosure as it has been portrayed by the Jordanian companies and the changes it underwent throughout the period from 2008 to 2015. In addition, in answering the fourth research question, the relationships between the extent of community disclosure and social movement variables (i.e. the Arab Spring and local communities' protests) were predicted in the light of the theoretical framework. These relationships were then expressed in the form of testable hypotheses and tested using quantitative analysis techniques and various

regression analysis methods controlling for corporate characteristics. Three main hypotheses were tested concerning the fourth research question using the pooled Ordinary Least Squares (OLS) regression models, controlling for various corporate-specific characteristics and both the year and industry effect. Many illustrations and examples are provided through the analyses, and the findings are explained in light of the theoretical framework of this study and the relevant prior literature.

1.5. Originality and Contribution to Knowledge

The originality of the current study stems from the fact that this is the first study – as far as I am aware to investigate the impact of social movement on employee and community disclosure, as distinct areas of CSR disclosure within the context of emerging countries. Despite the wide acceptance of the fact that employees and local communities are key stakeholder groups, employee and community disclosures, as distinctive areas of CSR, have been rarely addressed in the empirical literature (Campbell *et al.*, 2006; Yekini and Jallow, 2012; Williams and Roberts, 2013; Yekini *et al.*, 2015, 2017; Kent and Zunker, 2013, 2017). Furthermore, prior CSR research has highlighted the systematic variation in CSR practices and disclosure among different countries as a natural result of the different political, social, economic and cultural institutional factors of these countries (see, for example, Gray *et al.*, 1995a; Neu *et al.*, 1998; Adams, 2002; Laan Smith *et al.*, 2005; Baskin, 2006; Golob and Bartlett, 2007; Matten and Moon, 2008; Visser, 2008; Gjolberg, 2009; Jamali *et al.*, 2009; Ramanna, 2013; Jamali, 2014; Tilt, 2016; Jamali and Karam, 2018). Yet, most of the available studies on employee and community disclosure were conducted in developed countries. The current study will focus on emerging countries, particularly in the Middle East, a previously neglected area by social movement and CSR research.

In the same vein, this study contributes to prior legitimacy-based CSR literature by focusing on the corporate legitimation strategies through their employee and community disclosure, in

response to social movement and stakeholders' activism. According to Deegan (2002), it is important to explicitly consider the national, historical, and cultural contexts when investigating the corporate legitimation strategies, which may vary between countries. Yet, very little is known about corporate legitimation strategies in relation to social movement events, and this knowledge is far more limited in the context of developing countries (Georgallis, 2017). Moreover, while the majority of prior studies, which explored the relationship between a social movement and CSR disclosure, have merely focused on the volume of CSR disclosure only; the current study goes a step further to analyse the volume, breadth, and depth of employee and community disclosure with a social movement.

The originality of the current study also stems from the fact that this is the first study – as far as I am aware to investigate the impact of social movements such as the democratic movement of the Arab Spring on the extent of employee and community disclosure. This study is also the first, as far as I am aware, to examine the impact of employee and community activism on the extent of employee and community disclosure. Prior studies have only focused on the impact of the environmental movement (Hiatt *et al.*, 2015), consumers (McDonnell and King, 2013; Yang and Rhee, 2019); and shareholders' activism (Michelon *et al.*, 2020) on CSR disclosure. The impact of other types of social movements such as the Arab Spring and the activism of other stakeholder groups such as the employees and local communities on CSR disclosure has remained largely unexplored (Georgallis, 2017). Therefore, the relationship between a social movement and CSR has largely remained as a matter of faith rather than a matter of rigorous and systematic empirical testing (Baron *et al.*, 2011). No studies, as far as I am aware, have had its main focus on the impact of the Arab Spring and the activism of employees and local communities on CSR disclosure.

The current study is the first to examine the impact of social movement on employee and community disclosure within the context of emerging countries, particularly in Jordan. Much of

the prior research suggests that the socio-political context has a significant impact on corporate responses to social movement and stakeholders' activism (King and Soule, 2007; Soule 2009; Reid and Toffel, 2009; King and Pearce, 2010). Yet, most of the prior studies on the impact of social movements and stakeholders' activism on corporations were conducted in developed nations and mostly in the US context. Thus, the findings might be limited to the context of developed countries (mainly the US context), and yet to be supported or refuted in other contexts. Notwithstanding the various calls from scholars to study the impact of private politics activism on corporations across a variety of contexts (King and Soule, 2007; King, 2008a; Georgallis, 2017), there is an apparent scarcity of research on this type in the context of emerging countries.

Finally, the longitudinal nature of this study will allow it to uncover the long-term impact, if exists, of social movement and stakeholder activism on the extent of employee and community disclosure. Many scholars have suggested that the process of change is a long-term and ongoing process of negotiations, bargaining, concessions, repressions, resistance, and a mix of these tools over the course of a social movement (Bosi, *et al.*, 2016; Bartley, 2007; Luders, 2006; Schneiberg and Soule, 2005). Moreover, activists may change their goals, tactics, and targets over the course of a social movement (Andrews, 2001; Soule, 2009), which in turn might affect the corporate response to a social movement. However, the majority of prior studies within the nexus of social movement and organisational analysis have investigated the impacts and consequences of social movement within a relatively short timeframe (Luders, 2006; King, 2008a; Weber *et al.*, 2009; Eesley and Lenox, 2006; McDonnell and King, 2013; Hiatt *et al.*, 2015; Yang and Rhee, 2019). Thus, they largely ignore the long-term impacts and consequences of social movements and stakeholders' collective action on corporations.

1.6. Structure of the Thesis

This thesis is organised into eight chapters. The first chapter provides the general background of the current study alongside the motivations to undertake this research. The chapter then addresses the research objectives, research questions, and offers a review of the methods used to answer the research questions and achieve the objectives of the current study. The importance of this study is highlighted and justified in light of its contributions to knowledge in the field of CSR and social movement.

The second chapter focuses on providing a detailed background by reviewing the relevant literature on social movement and organisational analysis, and prior literature on employee and community disclosure. In the light of the very limited number of prior studies that examined employee and community disclosure, the chapter commences with a review of the general CSR literature with an eye on the studies that have utilised the lenses of legitimacy theory, stakeholder theory, and institutional theory. Moreover, due to the focus of the current study on the context of emerging countries particularly the Middle East, a review of prior CSR literature within this context is also provided through the chapter. This would help in placing the current study in a meaningful context. Finally, the chapter concludes with the discussion of the findings of the relevant prior research, highlighting the current gaps emphasising the numerous calls to address these gaps and setting out the current research questions that aim at filling these gaps.

The third chapter provides an overview of social and political theories, particularly legitimacy theory, stakeholder theory, and institutional theory – the most widely used theories in prior CSR literature. It highlights the overlapping nature of these theories and the shared view of the “social contract” perspective between corporations and their environment. It also highlights the mutual interest of these theories in studying the corporate relationship with its external environment and CSR disclosure. It also highlights the limitations of each theory when used in isolation to

investigate CSR disclosure in general and employee and community disclosure in particular. The chapter commences with providing an overview of the social movement perspective and the utility of this perspective in understanding the dynamic interaction between companies and their external environment. The chapter then proceeds with the discussion of the link between social and political with social movement perspective. The adequacy and efficiency of the theoretical framework in explaining the relationship between employee and community disclosure and social movement variables are discussed throughout the chapter. Finally, the chapter concludes with a discussion of the link between the theoretical framework and the study context which is expressed in the form of testable research hypotheses.

Chapter four provides a detailed review of the context of the current study. It commences with providing a detailed background of the Arab Spring and the socio-political environment of MEAN countries before and after the Arab Spring. The chapter then continues by providing a detailed background of the Jordanian business environment before and after the Arab Spring. It highlights the implications of such democratic movement for the organisational-society relationship, which presents a great opportunity to study the impact of a social movement and stakeholders' activism on CSR within the context of emerging countries.

Chapter five provides the philosophical and methodological choices of this study alongside the research design, which will be used to answer the research questions. A review of the philosophical and methodological choices are presented in the chapter. The chapter commences with providing a detailed research design including the sample selection, research methods and instrument, data collection methods, definition and measurement of variables, and the statistical analysis.

Chapter six provide an in-depth analysis of the recent trends and practices related to employee disclosure as portrayed by the Jordanian companies and the changes it underwent throughout the period from 2008 to 2015. The role of the general socio-political factors in shaping employee

disclosure practices in Jordan is emphasized. The chapter then proceeds with an examination of the relationship between social movement (i.e. the Arab Spring and employees' strikes) and the extent of employee disclosure in the annual reports of Jordanian companies. The descriptive analyses of dependant, independent, and control variables are presented through the chapter alongside the regression analysis to examine the association between the extents of employee disclosure and social movement variables controlling for corporate characteristics. The chapter concludes with a discussion of the results in light of the theoretical framework of the current study and the relevant prior literature.

Chapter seven provide an in-depth analysis of the recent trends and practices related to community disclosure as portrayed by the Jordanian companies, and the changes it underwent throughout the period from 2008 to 2015. It highlights the role of the general socio-political factors in shaping community disclosure practices in Jordan. The chapter then pursues with an examination of the relationship between social movement (i.e. the Arab Spring and local communities' protests) and the extent of community disclosure in the annual reports of Jordanian companies. The descriptive analyses of dependant, independent, and control variables are presented through the chapter alongside with the regression analysis to examine the association between the extents of community disclosure with social movement variables controlling for corporate characteristics. The chapter concludes with a discussion of the results in light of the theoretical framework of the current study and the relevant prior literature.

Chapter eight provides a summary of the main analysis and findings of the current study and the effectiveness of the multi-theoretical framework in explaining the findings. The potential implications of the current study for academics, researchers, policymakers, and corporate stakeholders are identified. Finally, the chapter concludes with the limitations of the current study alongside the suggestions and recommendations for future research.

Chapter Two
Literature Review

Chapter two: Literature Review

2.1. Introduction

This study aims at investigating the impact of a social movement (i.e. the Arab Spring, employees' strikes, and communities' protests) on the extent of employee and community disclosure. To situate this study within a meaningful context, this chapter focuses on providing a detailed background by reviewing the current and relevant literature on social movement and organisational analysis, and the prior literature on employee and community disclosure. A review of the literature, however, has yielded a very limited number of prior studies that examined employee and community disclosure as distinctive areas of CSR. Accordingly, to aid my analysis and to place this study in a meaningful context, I decided to start the review of prior studies that had their focus on employee and community disclosure as distinctive areas of CSR disclosure. This chapter then commences with a review with general CSR literature with an eye on the studies that have utilised the lenses of legitimacy theory, stakeholder theory, and institutional theory. A review of prior CSR literature within the context of emerging countries and the Middle East is also deemed necessary due to the focus of this study on these contexts.

This chapter is organised into seven main sections. The first section provides the introduction of the chapter. The second section provides a review of prior research at the nexus of social movement and organisational analysis. The review starts from the broader role of social movement in the society and then moves to focus on those studies that investigate the impact of social movement on corporations particularly on CSR disclosure. The third section provides a detailed background of prior studies that had its focus on employee disclosure. The fourth section provides a detailed background of prior studies that had its focus on community disclosure. The fifth section provides a detailed overview of prior CSR research with an eye on those studies that investigate CSR through the lenses of legitimacy theory, stakeholder theory, and institutional theory within the

context of developing countries. The sixth section provides a discussion of the findings of the relevant prior research, highlights the current gaps in the literature, emphasises the numerous calls to address these gaps, and sets out the current research questions that aim at filling these gaps. Finally, the last section provides concluding remarks.

2.2. Social Movement and Corporate Social Change

Calls for increased integration between social movement studies and organisation studies – two of the most active areas of sociological analysis – have been spanning many decades and have gained increased urgency during the last two decades (Zald and Berger, 1978; Davis and Thompson, 1994; McAdam and Scott, 2005; Strang and Jung, 2005; Davis and Zald, 2005; Den Hond and De Bakker, 2007; King and Soule, 2007; Schneiberg and Lounsbury, 2008; Soule, 2009; King and Pearce, 2010; King, 2008a, 2011; De Bakker, 2012; Georgallis, 2017). Both of these areas of research have started to gain ground and increased academic attention since the early 1960s, but there have been limited interaction and interchange between them (McAdam and Scott, 2005). Social movement literature, on one hand, has produced a wealth of research on the outcomes and impact of a social movement. Yet, scholars have limited their attention to studying the impact and the outcomes of social movement at the level of a state (Scully and Segal, 2002; McAdam and Scott, 2005; King and Soule, 2007; Soule, 2009; Weber *et al.*, 2009; King and Pearce, 2010). In doing so, they have largely ignored the impact of social movement and constituencies' collective actions on localised or specialised regimes; such as NGOs, universities, and corporations (Schurman, 2004; McAdam and Scott, 2005; King and Soule, 2007; Soule, 2009). Organisational scholars, on the other hand, paid very little attention to unconventional or unintended routes of corporate and market change such as social movement and stakeholders' activism (Scully and Segal, 2002; McAdam and Scott, 2005; Clemens, 2005; King and Soule, 2007; Schneiberg and Lounsbury, 2008; King and Pearce, 2010).

According to many scholars, the integration between a social movement and organisational analysis is critical for the development of both of these areas (Zald and Berger, 1978; Davis and Thompson, 1994; McAdam and Scott, 2005; Davis and Zald, 2005; Den Hond and De Bakker, 2007; King and Soule, 2007; Soule, 2009; King and Pearce, 2010; King, 2008a, 2011; Georgallis, 2017). This integration can help researchers to investigate additional types of movement outcomes, and to enrich our understanding of the bottom-up process through which social movement generates corporate institutional change (Scully and Segal, 2002; Soule, 2009; Reid and Toffel, 2009; King and Pearce, 2010). According to King (2008a: p.43), the incorporation of social movement perspective into organisational analysis “enriches our understanding of the environment in which organizational decision making occurs as a result of stakeholder collective action”. Thus, this integration provides a dynamic view of the organisational change process and seeks to enhance our understanding of the dynamic interaction between corporations and their stakeholders (King, 2008a; Georgallis, 2017).

One key area of research within the nexus of social movement and organisational theory is the impact of social movement and stakeholders’ activism on corporations (Davis and Zald, 2005; Clemens, 2005; King and Soule, 2007; Soule, 2009; King, 2008; Schneiberg and Lounsbury, 2008). According to this view, both states and corporations are continually contested polities that must deal with various political constraints imposed by different actors who seek to attain and further their interest (King, 2008; Davis and Zald, 2005). Although both of them are formally organised in hierarchies, their outcomes and changes can be shaped by social movement through informal, non-authoritative, and non-routine processes of mobilisation, contestation, and confrontation (Clemens, 2005; King, 2008; Schneiberg and Lounsbury, 2008). Thus, in many contexts, the efforts that promote innovation and change in the world of business and corporations are better understood as a process of a social movement, through which the logic of mobilisation and confrontation replaces the logic of authority (Strang and Jung, 2005).

In this regard, social movement refers to collective actors who act with “some degree of organization and continuity outside of institutional channels for the purpose of seeking or resisting change in some extant system of authority” (Soule, 2009: p.33). Like the state, corporations are, in fact, another type of politics or systems of authority in which social movements can arise from within and without, and activists can operate as agents of institutional change (Zald and Berger, 1978; Davis and Zald, 2005; Strang and Jung, 2005; Soule, 2009; King and Pearce, 2010). Among others, Davis and Zald (2005), for instance, nicely document how the boundaries between the state and businesses evaporated, in which states, on one hand, have become more like businesses as they compete to attract more investments. Businesses, on the other hand, have become analogous to the state, in which their employees, for instance, become citizens for the corporations where they work. Hence, corporations become frequent targets of the same “kinds of activism previously experienced primarily by states” (Davis and Zald, 2005: p.347). This activism can be carried out by both internal stakeholders such as employees and shareholders and/or external stakeholders such as environmental activists, communities, and consumers (Schurman, 2004; King and Soule, 2007; Soule, 2009; Davis and Zald, 2005).

The state usually offers many conventional and legitimate channels through which constituencies can participate and influence their decision-making; such as elections, public media, and the logic of citizen rights (Weber *et al.*, 2009). But, in contrast to states, corporations are relatively closed politics that limit their decision-making influence to owners, managers, and legislators. They offer very few “*conventional access channels*” through which non-shareholders stakeholders can influence their decisions (Weber *et al.*, 2009: p.122 my emphasis; see also King and Soule, 2007; King, 2011, 2016). A fundamental insight of social movement theory is that changes in the world of corporations and business are often wrought by disadvantaged individuals who “lack of any of the formal rights of citizenship” and, routine access to formal channels of influence (Clemens, 2005: p.356; see also King and Pearce, 2010; King, 2011). Stakeholders who lack access to routine

to formal channels of influence can – through social movement – challenge the existing institutional arrangements, gain membership in the corporate polity, and have their interests taken into account (King, 2011; Weber *et al.*, 2009; King and Soule, 2007; Davis and Thompson, 1994).

In this regard, social movements can generate pressure and influence corporations through two strategies namely, “public politics” and/or “private politics” (Baron, 2001, 2003; Reid and Toffel, 2009; Egorov and Harstad, 2017). The first strategy, public politics, refers to *indirect* challenges to corporations through government’s regulations and labour unions to advance the interest of the movement’s members themselves or those whom they support (Baron, 2001, Soule, 2009; Reid and Toffel, 2009; King and Pearce, 2010). In this regard, movement can attempt to pressurise or lobby with public officials and policymakers to change laws or to establish new governmental agencies to enforce or facilitate corporate institutional change (Baron, 2001; Zald *et al.*, 2005; Hiatt *et al.*, 2015). The threats of public regulations may force corporations to “adopt practices consistent with the aims of a broader social movement” (Reid and Toffel, 2009: p.1157; see also, Hiatt *et al.*, 2015), and to “seek private solutions to a perceived social injustice” (King and Pearce, 2010: p.257).

During recent decades, however, corporate’s economic and political powers have increased significantly (Davis and Thompson, 1994; Davis and Zald, 2005; Soule, 2009). This increase in corporate power is accompanied with a significant decline in the state and labour unions’ power, as a result of globalisation, deregulation, and the wide dominance of the neoliberal economic ideology (Davis and Thompson, 1994; Doh and Teegen, 2003; Davis and Zald, 2005; Bartley, 2007; Soule, 2009; King and Pearce, 2010; McDonnell and Werner, 2016; Egorov and Harstad, 2017). Therefore, indirect challenges to corporations through the state or labour unions have become less efficient and effective and have even become meaningless when movements target transitional corporations (Davis and Zald, 2005; Soule, 2009). Hence, insofar as the government

is unwilling or unable to regulate corporate behaviour, private politics activism becomes an important means of movements' influence on corporations (King and Soule, 2007; Soule, 2009; King and Pearce, 2010).

The second strategy, private politics, refers to the situations in which movement attempts to influence corporate policy and practices *directly* without the reliance on government officials and regulations, or labour unions (Baron, 2003; Baron and Diermeier, 2007; Soule, 2009; King and Pearce, 2010). Direct challenges to corporations can take many forms, and any movement can draw on a variety of tactics in correspondence to these forms to influence the corporate decision-making, forcing corporations to concede to the movements' demands. Shareholders, for instance, can exercise their power and attempt to influence corporations through many routine access channels; such as shareholder voting, shareholder resolutions, and socially responsible investments² (Soule, 2009; King and Pearce, 2010; Michelon *et al.*, 2020). These tactics, however, provide limited access for individual shareholders and may be more effective for elites or institutional investors (King and Pearce, 2010). Besides, non-shareholders stakeholders have very limited access to such routine institutionalised channels of influence on corporate decision-making (Soule, 2009; King and Pearce, 2010). This is, in fact, more pronounced in countries where the corporate governance system is "characterized by a shareholder approach" (Soule, 2009: p.9), which leaves stakeholders – other than shareholders – in a weak position to influence corporations (Soule, 2009; Doh and Teegen, 2006; King and Pearce, 2010).

To summarise, it is important to note that both indirect and direct challenges to corporations are not mutually exclusive as movements can target corporations using both of these strategies at any given time (Baron, 2003; Soule, 2009; Reid and Toffel, 2009; King and Pearce, 2010; Hiatt *et al.*, 2015; Egorov and Harstad, 2017). For example, Reid and Toffel (2009) have found direct and

² A full review of these tactics is beyond the aim of this study. For more details on these tactics see, for example, Soule (2009).

spillover effect of both public politics and private politics activism of the climate change mitigation movement on the US companies. Specifically, the authors found that the US companies were more likely to disclose information which in consistence with the Carbon Disclosure Project (CDP) if these companies or any other companies within the institutional field were threatened by government regulations on related issues. At the level of private politics activism, the authors have also found that these companies are more likely to adopt the same disclosure practices if these companies or any other companies within the institutional field have been targeted by shareholder resolution on related issues. This indicates that both strategies can interact and be effective in bringing about institutional change in the world of businesses and corporations (Reid and Toffel, 2009; Baron *et al.*, 2011).

2.2.1. Corporate Responses to Private Politics Activism

Direct challenges to corporations within the domain of private politics have proven more efficient and effective than targeting corporations through the state and public regulations (Soule, 2009; Baron and Diermeier, 2007; Lenox and Eesley, 2009; King and Pearce, 2010). In many contexts, corporations are more responsive as they have limited repressive capacity compared to the state, which can, for instance, deploy the police workforce to repress any movement (Soule, 2009; King and Pearce, 2010). Reputational concerns are another reason that makes corporations more responsive than the state (Eesley and Lenox, 2006; King and Pearce, 2010; King, 2016). Indeed, reputational threats may negatively affect corporate profitability and ability to maintain higher market value, which forces companies to be more responsive to reputational threats imposed social movements (King and Soule, 2007; Lenox and Eesley, 2009; King and Pearce, 2010; King, 2008b, 2011, 2016). Moreover, technological developments such as mobile phones, social media, and internet-based communications have made it easier for activists to mobilise adherents and to directly target corporations (Baron, 2003; Davis and Zald, 2005; Soule, 2009; King, 2016).

Since the 1960s, movements that target corporations directly through private politics have increased significantly and become “more aggressive in recent years” (Reid and Toffel, 2009: p. 1187; see also, Baron, 2003; Schurman, 2004; Davis and Zald, 2005; Hond and De Bakker, 2007; Baron and Diermeier, 2007; Soule, 2009; Lenox and Eesley, 2009; King and Pearce, 2010; Egorov and Harstad, 2017; Georgallis, 2017). This is a very important trend given the enormous growth in corporations’ economic and political power which accompanies the decline in the power of a state and labour associations (Jones *et al.*, 2006; King and Soule, 2007; Bartley, 2007; Soule, 2009; King and Pearce, 2010; Georgallis, 2017). Thus, anti-corporate activism through private politics has become an important, if not the only way to monitor the increasing power of corporations (Soule, 2009), and to prevent them from destroying the resources they depend on to survive (King and Pearce, 2010).

The significant increase in private politics activism against corporations has attracted some academic attention to study the impact of private politics on corporations.³ Studies within this area have focused on different types of outcomes and consequences of private politics activism on corporations; such as the impact of social movement on corporate policy decisions, financial performance, and CSR disclosure.

One line of research has linked social movement theory to stakeholders’ approach of organisational analysis. Studies within this area illustrate how powerless stakeholder groups can gain influence over corporate decisions by influencing the perception of other more influential stakeholders. Although these studies show somehow mixed results, it can be concluded that private politics activism has at least a short term direct or indirect negative impact on corporate financial performance. For example, focusing on consumer boycotts, Pruitt and Friedman (1986) have studied the impact of 21 consumers’ boycotts, which were initiated during the 1970s and 1980s,

³ Other studies have focused on the impact of public politics on corporations. Reviewing these studies, however, is beyond the scope of this study.

on the stock prices and the overall market values of the US companies. The authors found that the US companies experienced a significant decline in their stock price and their overall market value over two months post the boycott announcement. In a similar study, Pruitt *et al.*, (1988) have studied the impact of 16 union-sponsored boycotts, which were initiated during the 1970s and 1980s on the stock prices of 16 US companies. The results showed that these boycotts had a strong and significant negative impact on the stock prices of these companies. However, this negative impact seemed to last for only 15 trading-days from the boycott announcement as the prices started to rebound afterwards.

Within the same line and by focusing on other types of private politics activism, Epstein and Schnietz (2002), for instance, have examined the impact of the 1999 Seattle protests against the World Trade Organisation (WTO) and its trade liberalisation and globalisation plans on the stock prices of Fortune 500 companies. They have found that these companies suffer an almost 2% decline in their stock prices following these protests. The impact was almost twice for companies operating in labour and environmental abusive industries. In a related study, King and Soule (2007) have studied the impact of protests against multiple issues during the period from 1962 to 1990 on the abnormal stock price returns of US companies. The results revealed that protests had a negative impact on the stock price returns of these companies. This negative impact was greater when protests received more media attention and targeted critical issues related to primary stakeholders such as labour or consumers.

In a case study of the response of economic actors to civil rights mobilisation during the 1960s in five of the US southern localities; Luders (2006) reports that activists' sit-ins and picketing have cost the downtown merchants substantial financial losses. In a more recent study, Bartley and Child (2011) have studied the impact of labour rights and anti-sweatshop movement during the years between 1993 and 2000, which witnessed the rise of the contemporary anti-sweatshop movement, on large US-based apparel, textile and footwear companies and the relevant retailers.

The movement relied on many extra-institutional tactics to influence these companies including, for instance, protests, media exposure, congressional hearings, lawsuits, and naming and shaming campaigns. Beyond its negative impact on sales and stock prices, the authors reported that the anti-sweatshop movement has negatively affected the companies' external CSR ratings and slightly diminished their reputation.

While all these studies show that private politics activism has a direct negative impact on the financial performance of their target companies, other studies show that movement activism has no (or even positive) impact on the corporate financial performance. Vasi and King (2012), for instance, studied the impact of primary (i.e. shareholders) and secondary stakeholders' activism on the actual financial performance and the perceived environmental risk of the US companies between 2007 and 2008. Unlike the previous studies, the authors have found that neither primary nor secondary stakeholders' activism has any direct negative impact on the financial performance of these companies. The authors attributed the lack of direct negative impact of stakeholders' activism on the corporate financial performance to the fact that they measure the long-term reaction of investors to stakeholders' activism. Indeed, while previous studies relied on "event-study" to measure the immediate reaction of investors to the events of the protest, Vasi and King (2012) measured the long-term valuation of companies (i.e. Tobin's q). According to them, the long-time horizon implies that companies may engage in public relations counter-attacks to discredit the activists' claims and to control the damage.

These public relations counter-attacks seem to be effective in controlling the short-term damage of stakeholders' activism on corporate financial performance. For example, Koku *et al.* (1997) have studied the impact of actual boycotts and threats of boycott announcements on the stock prices of 45 US companies during the years between 1980 and 1993. Surprisingly, the results reveal that the stock prices of these companies have increased by 67% on the day of boycott and the threat of boycott announcement. The authors attributed their results to the corporate efforts to control the

damage by engaging in counter-attacks such as press releases and press conferences to nullify the negative impact of boycotts.

Studies within the previous line have focused on the efficiency of social movement and stakeholders' activism in creating harm to their target companies in terms of financial performance, reputation, and external CSR rankings. Yet, these studies do not show whether the social movement has been able to achieve its intended goals or to create social change through its impact on corporate policy and practices. This, in fact, was the main interest of another line of research, which linked the social movement to stakeholder theory and institutional change. Studies within this area focused on the capacity of the social movement to create social change through its impact on corporate policy and practices. These studies shared the view that institutional change is a contested process and the political sparks of a social movement are important instigators of this change process (Schneiberg and Lounsbury, 2008; Soule, 2009). For example, focusing on workplace and employee benefits, Scully and Segal (2002) have studied the impact of employee activism in a high-tech company against the company's diversity and inequality policy. Interviews with activists from nine grassroots employee groups revealed over twenty-three different accomplishments cited by these employee groups. In a similar study, Raeburn (2004) studied the impact of gay, lesbian, and bisexual mobilization for workplace rights on the decisions of Fortune 1000 companies to adopt equitable domestic partner benefits. The author has found that the majority of these companies changed their gay, lesbian, and bisexual policies after being targeted by mobilised employees. Yet, while not all of these groups were successful in influencing and forcing companies to adopt these policies, other companies had adopted these policies even without being targets of such employee activism.

Concerning outsiders' challenges, Luders (2006), for instance, proposed an economic opportunity structure to understand why movements can be successful in winning the concessions of economic actors to respond to their demands. Drawing on their economic opportunity structure, the author

suggests that economic actors weigh the cost of economic disruption to their routine transactions against the cost of conceding to the movement demands. Based on cost assessment, economic actors are expected to respond with conceding, resisting, or with a mixture of concessions and resistance to movements' demands. Accordingly, the movement's outcomes can be predicted by addressing the interaction and the magnitude of these two costs. The author used a case study approach to examine the impact of economic opportunity structure on economic actors' responses to the protests of the civil right movement in five of the US southern localities during the 1960s. The analysis confirms the author's predictions and reveals that disruptive protests are more successful if they result in economic harm to their targets. Yet, protests are less effective when their targets are shielded from the economic disruptive costs of these protests.

In the same vein, King (2008b) explores the factors associated with the companies' concession to boycotts demands using a sample of US companies targeted by consumers' boycotts for the years 1990 - 2005. The author addresses the interaction between the movement's tactics and the "political opportunities" of their targets other than the economic opportunities proposed by Luders (2006). The results show that boycotts are more likely to grant concession from their corporate targets if the boycotts receive high media attention. The level of media attention, according to the author, represents the ability of boycotts to damage their targets' image and reputation. Yet, the effectiveness of these tactics is mediated by the political vulnerabilities of the movement's target to change. In essence, previous declines in the targets' reputation are also found to amplify the effect of media attention in granting the companies' concession to the boycotts' demands rendering companies more sensitive to potential boycotts threats. In contrast, companies that experience gains in their reputation are more likely to resist the boycotts' demands, even if these boycotts receive high media attention. Thus, both of the movement's tactics and the political opportunities of their targets are determinants of the movement's efficiency.

Beyond the direct corporate concession or resistance to social movements' demands, other studies have explored the influence of social movement corporate decisions to adopt new technologies. Schurman (2004), for instance, examines the factors that made the anti-biotic movement so effective in reversing the investments in the agricultural biotechnology industry in Western Europe during the 1990s. Moving beyond the opportunity structure of a single company, the author introduces the concept of "industry structure", which comprises a set of key vulnerabilities in the structure of the entire industry. These vulnerabilities include the industry's dependencies on other companies within its commodity chain, the competitive behaviour of these companies, and the sensitivity of the biotic products. In the case of anti-biotic movement in Western Europe, the movement was so effective because it was able to strategically exploit some of the key vulnerabilities in the agricultural biotechnology industry. In essence, the interaction between the movement's strategies with the competitive pressure of food processing and food retail companies forced these companies to refrain from buying and marketing the industry's products. Besides, the wider cultural and political context in Western Europe was also critical to the movement's efficacy. The recent history of several food shortages and the poor handling of these issues by many European governments made it possible for the movement to turn food-sensitive consumers away from the biotic products. The authors concluded that "*it was a combination of strategy, industry vulnerabilities, and political-cultural context that jointly explain the efficacy of anti-biotech activism in Western Europe in the 1990s*" (Schurman, 2004: p.244, my emphasis).

In the same vein, Weber *et al.*, (2009) examined how the anti-genetic movement affected the decisions of six German domestic pharmaceutical companies with regard to the commercialisation of biotechnology during the 1980s. In this particular case, the anti-genetic movement was successful, even before the legislative actions, in hindering the companies' decisions to invest in biotechnology projects. By addressing the heterogeneous nature of corporate internal polity, a process framework is developed by the authors to uncover the process through which a movement

influences corporate decision making. The authors suggested that the external contestations around biotechnology swiped into the corporate internal polity and increased the perception of investment uncertainty among corporate elites. Consequently, these factors weakened the position of technology internal champions, fostered conflicts among corporate elites, and undermined their collective commitment to the new technology.

Focusing on the environmental movements, Eesley and Lenox (2006) examine under which conditions secondary stakeholders (i.e. environmental activists) can elicit a positive corporate response to their demands. The authors have found that confrontational tactics such as protests, boycotts, and civil lawsuits are more effective in forcing corporations to change their policies and practices than other less confrontational tactics such as proxy vote and letter-writing campaigns. Similarly, Lenox and Eesley (2009) have studied the factors that increase the probability of companies' concession to the demands of environmental movements' campaigns against US companies from 1988 to 2003. Operating through private politics activism, the movement used many tactics to influence these companies including protests, boycotts, proxy votes, lawsuits, and letter-writing campaigns. The results show that companies that have a greater cash reserve and worse environmental performance are less likely to concede to the movements' demands. The authors suggest that the cost of compliance with the movement demands is much higher than the operating losses resulting from non-compliance for those companies with worse environmental performance. This is because environmental issues are, arguably, very costly to be addressed by more polluting companies. Besides, companies with high cash reserves are more likely to employ dedicated legal and public relations staff. Thus, they are better equipped to cope with the movements' negative impact and have a greater ability to repair any potential damages to their image and reputation, which result from the movement's actions. In a more recent contribution, Carberry *et al.*, (2019) have document how social movement fosters the adoption of Green Information System with the corporate strategy of 400 US companies. The Green Information

System, according to the authors, is an information system that helps companies and society to maintain more sustainable behaviour.

2.2.2. Private Politics Activism and CSR Disclosure

Studies within the previous line of research show much evidence that private politics activism against corporations are effective in creating social change and forcing corporations to change or to abandon their contested policies and practices. Besides, these studies also investigate many factors associated with the outcomes of a social movement; such as, imposing financial costs on corporations (Luders, 2006); threatening to damage the corporate image and reputation (King, 2008a); and fostering conflicts among corporate elites (Weber *et al.*, 2009). However, studies on the outcomes of the social movements are largely focused on the direct outcomes; those associated with the success or the failure of the social movement to achieve their intended goals and the direct responses of corporations by either conceding or resisting to movements' demands (McDonnell and King, 2013; King, 2016). According to Andrews (2001: p.72), "the success [or the failure of any social movement] implies the attainment [or nonattainment] of widely shared goals, but the goals of the most social movements are contested by participants and observers. Goals also are changing throughout a movement". Therefore, focusing on the direct outcomes of social movement has led scholars to largely ignore other types of intended or unintended outcomes of social movement and other types of corporate responses (McDonnell and King, 2013).

Although rarely addressed in the empirical literature, some scholars suggest that companies do response to social movement attacks by engaging in many types of counterattacks to control any potential damages to their image and reputation (Koku *et al.*, 1997; Eesley and Lenox, 2006; Lenox and Eesley, 2009; Vasi and King, 2012; Georgallis, 2017). This implies that even when the direct concession is not offered, corporations may engage in other types of responses such as CSR disclosure to shield themselves from the negative publicity and potential threats to their image and

reputation (McDonnell and King, 2013; King, 2011, 2016; Georgallis, 2017). Yet, very few is known about the other types of corporate responses to social movement attacks other than a direct concession or resistance (Reid and Toffel, 2009; McDonnell and King, 2013; Hiatt *et al.*, 2015; King, 2016; Georgallis, 2017), with very few notable exceptions (McDonnell and King, 2013; Hiatt *et al.*, 2015; Yang and Rhee, 2019). Hiatt *et al.*, (2015), for instance, studied the responses of the US petroleum companies to the protests of climate change activists against these companies during the period from 1982 to 2010. The results reveal that these companies have responded to protest actions by seeking affiliation with climate change associations and by issuing a public statement via press release that frames their actions in a good light in regards to climate change issues. The authors suggest that private politics activism is episodic and ephemeral, and it is more associated with threatening corporate image and reputation. Hence, companies are more likely to respond to this kind of activism with externally directed actions that seek to enhance corporate image and reputation. These actions will also allow these companies to shape the perception of their important audience by reframing their actions as solutions to protests' demands.

In the same vein, McDonnell and King (2013) illustrated how US companies responded to boycotts announcement by increasing the number of their press-releases prosocial claims. The study covers a sample of 221 boycott-targeted companies between 1990 and 2005, which were targeted for different issues including religious, labours, consumers, environmental, and race-related issues. Results show that targeted companies have significantly increased their press releases prosocial claims within six months after the boycott announcement. Companies are also found to be more likely to exhibit a greater increase in their prosocial claims if the boycott is more threatening (i.e. received higher media attention) and if the companies have higher reputational standings within the industry. Moreover, companies with higher pre-boycott prosocial claims are also found to be more likely to respond with a larger increase in their prosocial claims after the boycott announcement. According to the authors, prosocial claims are impression management strategies

used by the boycotted companies to dilute the negative impact of activists' negative claims. It allows the targeted companies to respond while avoiding the subject matter of activists' negative claims rather than refute these claims, which may give rise to these claims.

Having identified and reviewed the relevant literature within the context of social movement and corporate social and institutional change in this section, the next section provides an extensive review of the related prior literature on CSR disclosure in general and employee and community disclosure in particular.

2.3. Background, Employee Disclosure

Employees are widely recognised as one of the key corporate stakeholders. Indeed, employees are one of the most important intangible assets, who play an essential role in the corporate ability to succeed and generate profits (Khan, 2010; Möller *et al.*, 2011; Rimmel *et al.*, 2012; Williams and Adams, 2013; Kent and Zunker, 2017). In addition, there is a growing recognition that employees have a legitimate right to transparency and accountability, which managers should take into account when disclosing information regarding their employee issues (Williams and Adams, 2013; Kent and Zunker, 2013; GRI, 2016a). However, prior studies reveal the general lack of transparency and accountability in corporate employees-related disclosure (Kent and Zunker, 2013; Williams and Adams, 2013). Companies were also found to provide insufficient and sometimes incomplete information regarding their Human Resources disclosure (Rimmel *et al.*, 2012). Moreover, prior studies have generally reported a low corporate engagement with employee disclosure in both developed and emerging countries alike; such as Jordan and Middle Eastern countries (Kamla, 2007; Al-Hamadeen and Badran, 2014; Ibrahim and Hanefah, 2016); Malaysia (Janggu *et al.*, 2007; Huang *et al.*, 2008); Bangladesh (Khan and Khan, 2010; Muttakin *et al.*, 2018a); Australia (Kent and Zunker, 2013, 2017); Greece (Vazakidis *et al.*, 2013); Czech

Republic (Petera *et al.*, 2015); Poland (Matuszak and Róžańska, 2017); Spain (Odriozola *et al.*, 2015); Portugal (Branco and Rodrigues, 2008), and Sweden (Tagesson *et al.*, 2009)⁴.

In their study, Muttakin *et al.*, (2018a), for instance, reported that the average employee disclosure by the Bangladesh companies is only about 2.7 disclosure items out of 9 items identified in their disclosure index. Huang *et al.* (2008) reported that the average human capital disclosure by the Malaysian companies is 3.78 disclosure items out of 20 items and suggested that this disclosure is very general and qualitative with very limited quantitative information. In Greece, Vazakidis *et al.* (2013) reported that less than 50% of their sample report information related to many employee issues such as benefits to full-time employees, injuries and lost days ratios, training hours, and breakdown of employees per category according to gender, age group, minority group. Finally, Kent and Zunker (2017) reported that the average employee disclosure by the Australian companies is about 1.67 disclosure items out of 9 and around 8.24 disclosure sentences per reporting company.

Notwithstanding this low corporate engagement with employee disclosure, very few is known about the corporate incentives to provide such disclosure (Williams and Adams, 2013; Kent and Zunker, 2013, 2017). In fact, employee disclosure has received limited academic attention with the majority of studies have focused on the information needs of shareholders as the main corporate stakeholder groups (see, for example, Abeysekera and Guthrie, 2004; Abhayawansa and Abeysekera, 2008; Huang *et al.*, 2008; Möller *et al.*, 2011; Petera *et al.*, 2015)⁵. These studies have commonly found that employee disclosure is positively associated with corporate size, industry membership, listing status, and shareholder structure (Möller *et al.*, 2011; Petera *et al.*, 2015). Very limited studies, however, have focused on employee disclosure as an employees' right

⁴ Most of these studies have focused on CSR as a broad category; very few studies have focused on employee disclosure as a distinct area of CSR disclosure.

⁵ Detailed review of these studies is beyond the scope of this study.

for transparency or as a response to employees' demand for information. Within the few prior studies, employee disclosure is found to be driven by the corporate attempts to maintain their social legitimacy regarding their employee practices. For example, Williams and Adams (2013) examined whether employee disclosure of a large UK bank promotes transparency and accountability towards employees; and how such disclosure mediates the organisation-society relationship regarding employee accountability. The authors found that employee disclosure of NatWest Bank has been "influenced by considerations other than transparency and employee accountability" (Williams and Adams, 2013: p.449). These considerations include, for instance, the economic imperative to improve efficiency and reduce costs, and to maintain organisational legitimacy by legitimising actions that have a negative impact on employees.

In a related study, Kent and Zunker (2013) examined the association between the voluntary adoption of recommended corporate governance best practices and the quantity and quality of employee disclosure. The authors also examined the impact of negative media attention towards employee issues on the quantity and quality of employee disclosure in the annual reports of 970 Australian companies in 2004. The results showed that the voluntary adoption of corporate governance practices and the negative media attention towards employee issues are significantly associated with the quantity of employee-related disclosure. Other variables, including employee concentration, industry classification, debt to assets ratio, and market capitalisation, are also found to be significantly associated with the quantity of employee-related disclosure. The authors suggested that employee-related disclosure by Australian companies were used as a means to attain *ex-ante* legitimacy by showing their commitments to the recommended corporate governance practices, and *ex-post* legitimacy following negative media attention. However, the authors raised doubts about the quality of such disclosure as the results showed that among the 124 companies, which had negative publicity related to employee issues, only two companies reported a negative employee-related disclosure. They suggested that this disclosure is very general in content and

self-laudatory rather than being an honest and transparent representation of employee-related issues.

From a stakeholder perspective and by utilising Ullmann's (1985) three-dimensional stakeholder framework; Kent and Zunker (2017) examined the factors associated with the annual reports employee-related disclosure of 970 Australian companies in 2004. The results showed that employee power (measured by employee share ownership and employee concentration), corporates active strategic poster (measured by the quality of corporate governance, employee recognition in mission statements, and any adverse publicity about employees issues), and economic performance (measured by profit per employee) were associated with higher levels of voluntary employee-related disclosure in the annual reports of these companies. Voluntary employee-related disclosure was also found to be positively associated with dispersed ownership, industry employee concentration (industries with a higher number of employees), and financial leverage.

After all, the review above clearly demonstrates the general lack of academic attention to employee disclosure as a distinct area of CSR disclosure despite the wide acceptance that employees are one of the key stakeholder groups and have a legitimate right to transparency and accountability (Williams and Adams, 2013; Kent and Zunker, 2013; GRI, 2016a). Although some studies have addressed these issues, the most available studies focused on the context of developed countries (Kent and Zunker, 2013, 2017; Williams and Adams, 2013). To the best of my knowledge, no study has yet examined the impact of the general institutional factors and employees' pressure on the extent of employee disclosure as a distinctive area of CSR within the context of emerging countries and the Middle East.

2.4. Background, Community Disclosure

During the past decades, corporate power has increased significantly along with the significant decline in the state power as a result of the globalisation and the dominance of neoliberal economic ideologies. With this decline in the state economic capabilities, companies become under growing pressure to engage in social activities that have traditionally been regarded as sole responsibilities of the state (Matten and Crane, 2005; Banerjee, 2006; Scherer and Palazzo, 2011; Yekini *et al.*, 2015). One important set of these activities is the corporate community involvement activities (Banerjee, 2008; Scherer and Palazzo, 2011; Hess *et al.*, 2002; Campbell *et al.*, 2006; Yekini and Jallow, 2012; Yekini *et al.*, 2015). Corporate community involvement is generally defined as “the participation of businesses in societal initiatives in a bid to meet the needs of the communities in which they operate” (Yekini *et al.*, 2017: p.236). It also refers to the social initiatives, which are adopted by companies to increase social benefits and solve or mitigate social problems for constituencies outside the company; such as the local communities (Marquis *et al.*, 2007; Yekini *et al.*, 2015). These social initiatives include, but go beyond, corporate philanthropic donations to embrace wide aspects of local community engagement, impact assessment, and development programs (GRI, 2016b).

Community engagement, impact assessment, and development programs are intended to address a wide range of social issues such as poverty, unemployment, educational deficits, environment impact, public health and safety, and general improvements in the quality of life of the community (Rehbein and Schuler, 2015; Yekini *et al.*, 2015; GRI, 2016b). Not only are these initiatives are important for the welfare of the community, but they are also considered important for corporate survival and continued growth. Indeed, the local community is widely perceived as an important stakeholder group (Clarkson, 1995; Campbell *et al.*, 2006; Banerjee, 2008; Yekini *et al.*, 2015; GRI, 2016b; Yekini *et al.*, 2017); whose needs and expectations must be met by companies to

maintain their social legitimacy (Campbell *et al.*, 2006; Yekini *et al.*, 2017). If corporate performance has fallen below the community expectations, a legitimacy gap may arise between companies and the communities in which they operate (Yekini *et al.*, 2017). If not addressed, this legitimacy gap may grow and lead to the disruption of corporate operations and routines through, for instance, sabotage and lack of patronage by the local community (Clarkson, 1995; Yekini *et al.*, 2015). One important way through which corporations can manage their relationship with their communities and can achieve congruence between community expectations and corporate performance is through community disclosure (Campbell *et al.*, 2006; Yekini and Jallow, 2012; Yekini *et al.*, 2017).

Despite the wide acceptance that community is an important stakeholder group, community disclosure has remained an under-researched area of CSR (Campbell *et al.*, 2006; Yekini and Jallow, 2012; Yekini *et al.*, 2015, 2017). Some studies have included an analysis of community disclosure within, but not separately to, general CSR disclosure. These studies have generally shown the low level of corporate engagement with community disclosure compared to other areas of CSR; such as employee and the environmental disclosure (Kamla, 2007; Menassa, 2010). Only a few studies, however, have focused on community disclosure as a distinctive area of CSR, mostly in the context of developed countries and particularly in the UK (see, for example, Campbell *et al.*, 2006; Yekini and Jallow, 2012; Yekini *et al.*, 2015, 2017). As it is the case for the majority of CSR studies (Patten, 2019), these studies have commonly found that community disclosure is mainly driven by legitimacy factors.

For example, in a longitudinal UK-based study, Campbell *et al.*, (2006) investigated the relationship between the industry's "public profile" and the level of community disclosure of UK based companies over the period 27 years (1974-2000). The corporate public profile reflects the structural vulnerability in response to changes in the opinions of the wider society and other

relevant stakeholder groups about the company. And it is measured (according to this study) by the corporate proximity to the end-user. High public profile companies are those companies, which belong to an industry where the companies are in direct contact and well known to the public; such as retailers, brewers and petrochemicals). On the other hand, the low public profile companies have no direct contact and not well known to the general public; such as chemicals, intermediates and aggregates. The results indicate that companies, which belong to high public profile industries, disclose higher quantity and more frequent information about their community activities in their annual reports than other companies, which belong to low public profile industries. Interestingly, this trend seems to be consistent over the 27 years.

In a more recent study, Yekini *et al.*, (2017) examined the relationship between community expectations and community disclosure using a sample of 80 UK companies over the period from 2003-2012. The authors have utilised the media-agenda setting theory framework and used the media coverage of community issues as a proxy to measure community expectations. The results revealed a significant positive association between media coverage of community issues and the volume of community disclosure. Drawing on the legitimacy theory, the authors suggested that their results support the fact that companies respond to the legitimacy gap with society by increasing their community disclosure.

While Campbell *et al.*, (2006) and Yekini *et al.*, (2017) have merely focused on the volume of community disclosure, other studies have gone further to examine the quality of such disclosure. In another UK-based study and by utilising the signalling theory framework; Yekini and Jallow (2012) examined whether community disclosure of 27 largest UK companies could be regarded as a measure of corporate community development programs or if it was merely a response to societal requests for CSR disclosure. By developing a disclosure quality index, the authors examined the relationship between the quality and the volume of community disclosure over the period from

1999-2008. The authors have also examined the relationship between the quality of community disclosure and the volume of general CSR disclosure for the same period. Regarding the quality of community disclosure, the authors reported that community disclosure is dominated by general statements with very few specific information. The multivariate results revealed a significant positive association between the quality of community disclosure and the volume of the community disclosure itself, but the impact is very small. Yet, the quality of community disclosure was found to be strongly and positively associated with the volume of general CSR disclosure. Moreover, the authors also reported that community disclosure responds to public pressure, which does not indicate that companies have any real motivations for community development. Based on their findings, the authors concluded that community disclosure of their sample cannot be regarded as a measure of corporate community development programs. Yet, the corporate desire to signal their adherence to social expectations and to demonstrate the model of corporate citizenship are the main drivers of community disclosure.

Finally, from a stakeholder perspective, Yekini *et al.*, (2015) investigated the relationship between the presence of community leaders among the board of directors and the quality of community disclosure for a sample of 73 UK companies over the period from 2002 – 2012. The results revealed a significant positive association between the percentages of non-executive directors and the quality of community disclosure. The results also revealed a significant positive association between the presence of CSR committee and the quality of community disclosure. The authors suggested that the presence of community leaders among the board of directors positively influence the corporate community disclosure.

The review above clearly demonstrates the general lack of academic attention to community disclosure as a distinctive area of CSR disclosure. This lacuna persists despite the wide acceptance that local community is an important stakeholder group who have legitimate rights over corporates

and whose support is essential to maintain the corporate social legitimacy (Campbell *et al.*, 2006; Yekini and Jallow, 2012; GRI, 2016; Yekini *et al.*, 2015, 2017). Although few studies have addressed these issues, the most available studies have focused on the context of developed countries, mainly the UK. To the best of my knowledge, no study has so far examined the impact of the general institutional factors and community pressure on the extent of community disclosure as a distinctive area of CSR, which has been conducted in the context of emerging countries and the Middle East.

2.5. Prior CSR Literature

Over the past three decades, CSR has been attracting growing attention of academics, regulators, practitioners, activists, and even the companies themselves. This wide attention manifests itself, for instance, through the significant increase in the number of companies disclosing their social and environmental information all over the world (Deegan, 2002; Milne and Gray, 2007; KPMG, 2011, 2013, 2017). According to KPMG's (2013) survey, the proportion of companies publishing stand-alone sustainability reports is growing rapidly, and, in 2013, it has reached more than 70% of the top 100 largest companies across 41 countries, including those in the developing countries. In a more recent survey, this percentage rose to 75% in 2017 (KPMG, 2017). There is also a rapid growth in the amount and scope of CSR disclosures and the number of companies using many of CSR-related practices; such as stand-alone CSR reports, GRI guidelines, and external assurance (Campbell *et al.*, 2006; Cho and Patten, 2008; KPMG, 2011; Cho *et al.*, 2015b; Michelon *et al.*, 2015; Hummel and Schlick, 2016). Academics and researchers, for their part, have shown a great deal of interest in CSR and extensively investigated this phenomenon from a wide spectrum of theoretical backgrounds and modes of inquiry (Gray *et al.*, 1995b; Deegan, 2002; Fernando and Lawrence, 2014; Michelon *et al.*, 2015; Patten, 2019). Notwithstanding their extensive research on CSR, there is a lack of a single and a comprehensive paradigm or theoretical framework to

explain why companies engage in CSR-related practices (Carroll, 1991; Gray *et al.*, 1995a; Deegan, 2002; Orlitzky *et al.*, 2011; Williams and Adams, 2013; Gaia and Jones, 2019; Patten, 2019). According to many scholars, CSR is a phenomenon that is too complex to be fully explained within the limits of one theory or another (Gray *et al.*, 1995b; Williams and Adams, 2013). Hence, there is a range of variations in the theoretical perspectives adopted by prior CSR research.

This variation in the theoretical perspective; in fact, generates two distinct, contradictory, and conflicting views of CSR disclosure (Gaia and Jones, 2019; Patten, 2019). From the point of view of the economic theories, on the one hand, CSR disclosure is regarded “as an addendum to conventional accounting” and the traditional financial reporting activities (Gray *et al.*, 1995b: p.48; see also, Patten, 2019), which is mainly directed at the corporate financial stakeholders. Accordingly, CSR disclosure has been commonly seen as companies voluntarily sharing information with their financial stakeholders (i.e. shareholders and creditors) (Malsch, 2013; Michelon *et al.*, 2015; Cho *et al.*, 2015b; Patten, 2019). This voluntarily sharing of information is motivated, essentially, by the management’s desire to reduce agency costs (Gaia and Jones, 2019); and/or signal their superior social and/or environmental performance, which cannot be imitated by their poorly performing counterparts (Al-Tuwaijri *et al.*, 2004; Clarkson *et al.*, 2008; Yekini and Jallow, 2012; Hummel and Schlick, 2016)⁶. Consequently, the market participants (i.e. shareholders and creditors) would positively value this disclosure (Baboukardos, 2018); therefore, companies could gain competitive advantages over their competitors, and would enjoy a lower cost of capital and higher market value (Dhaliwal *et al.*, 2011; Dhaliwal *et al.*, 2012; Plumlee *et al.* 2015)⁷. The economic theories, however, have been criticised for lacking any systematic

⁶ A detailed review of these studies is beyond the scope of the current research work.

⁷ These studies have adopted two distinct, but overlapping, approaches to study CSR disclosure; namely (i) a signalling theory perspective of companies’ motivations to engage in CSR disclosure (see, for example, Clarkson *et al.*, 2008; Hummel and Schlick, 2016); and (ii) the effect of CSR disclosure on the market participants decisions from a decision-usefulness (i.e. agency theory) perspective (see, for example, Dhaliwal *et al.*, 2011; Dhaliwal *et al.*, 2012; Plumlee *et al.* 2015). Both of these perspectives provide an overlapping view of CSR disclosure (Gray *et al.*, 1995).

support in the prior CSR literature (Guidry and Patten, 2012; Patten, 2019). They have been also criticised — from a normative standpoint — as they have “little or nothing to offer as a basis for the development of CSR” as a tool of corporate social accountability (Gray *et al.*, 1995a: p.51; see also, Patten, 2019). Moreover, Cho *et al.*, (2015a: p.29) argue that it “is less likely that [CSR] disclosure will ever move meaningfully toward transparent accountability” with the unquestioned acceptance of the explanations of these economic theories.

Social and political theories, on the other hand, are more concerned with the interaction between organisations and their external environment and share the same interest in explaining how corporations can survive in an ever-changing society and social expectations (Chen and Roberts, 2010). According to the social and political theories, CSR disclosure is seen “as a technique where usage waxes and wanes in response to changing societal demand” (Honger, 1982: p.244-245, cited in Patten, 2019). Indeed, companies engage in various CSR communication strategies in response to various external social and political pressures exerted by the society at wide or by particular stakeholder groups within a given society (Michelon *et al.*, 2015; Cho *et al.*, 2015a; Patten, 2019). According to many scholars, the social and political theories provide more interesting and comprehensive insights into CSR issues than those of the economic theories (Gray *et al.*, 1995a; Reverte, 2009; Cho *et al.*, 2015b; Patten, 2019). Within the wider framework of social and political theories, prior research has relied extensively on legitimacy theory and — to a lesser extent — on stakeholder theory and institutional theory to explain why companies engage in CSR-related practices (Deegan, 2002; McWilliams and Siegel, 2001; Gray *et al.*, 2009; Chen and Roberts, 2010; Fernando and Lawrence, 2014). The following is a comprehensive review of prior CSR studies that relied on these three theories.

2.5.1. CSR Disclosure and Corporate Legitimacy

Legitimacy theory has for long been dominating prior CSR research, and it has been perceived to provide valuable explanations of why companies would engage in voluntary CSR disclosure (Gray *et al.*, 1995a; Deegan, 2002; Chen and Roberts, 2010; Cho *et al.*, 2015a, Cho *et al.*, 2015b; Blanc *et al.*, 2017; Patten, 2019). The concept of “legitimacy” is defined by Suchman (1995: p.574) as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions”. However, legitimacy is not stable; rather, it is a dynamic condition because these “social norms, values, beliefs, and definitions” are ever-changing because the society “continuously evaluate[s] corporate output, methods, and goals against an ever-evolving expectation” (Lindblom, 1994: p.3). Indeed, the legitimacy of a single corporation and the whole industry in which it operates can be questioned, challenged, and threatened (Patten, 1992; Deegan *et al.*, 2000; Ogden and Clarke, 2005; Cho, 2009; Aerts and Cormier, 2009; Islam and Deegan, 2008, 2010; McDonnell and King, 2013). Thus, Lindblom (1994: p.2) proposes a more dynamic definition of legitimacy as “a condition or status which exists when an entity’s value system is congruent with the value system of the larger social system of which the entity is a part”.

Threats to organisational legitimacy can have an impact on the growth and survival of the organisation itself in many different ways including, for instance, decreasing demand or even its products being boycotted, increasing regulations and disclosure requirements, decreasing in the organisation’s ability to attract employees, and the refraining of shareholders and creditors from investing in the company (Eesley and Lenox, 2006; Summerhays and de Villiers, 2012). Therefore, to maintain their legitimacy within a rapidly changing society and constantly changing social expectations, and/or at the times of particular negative or controversial social and environmental events; organisations must demonstrate that their policies and practices are congruent with the

values of the society in which they operate (Lindblom, 1994; Adams and Harte, 1998; Deegan, 2002; Darendeli and Hill, 2016). Otherwise, a legitimacy gap will grow and it may, eventually, jeopardise the organisation's ability to survive and grow (Lindblom, 1994; Suchman, 1995; Deegan, 2002). Companies can use various communication strategies in an attempt to become identified with symbols, values, and methods of operation, which have strong social legitimacy (Lindblom, 1994; Aerts and Cormier, 2009; Yekini *et al.*, 2017). Therefore, if corporate legitimacy is threatened or brought into question, corporations can maintain or regain their legitimacy by showing their commitment to socially acceptable norms, values, and behaviours through CSR disclosure (Dowling and Pfeffer, 1975; Gray *et al.*, 1995a; Deegan, 2002; Chen and Roberts, 2010; Williams and Adams, 2013; McDonnell and King, 2013; Cho *et al.*, 2015a, Cho *et al.*, 2015b; Blanc *et al.*, 2017; Patten, 1991, 2019). CSR disclosure, therefore, can help the corporations in solving legitimacy problems by justifying their continued existence and by maintaining a good relationship with their relevant publics (Neu *et al.*, 1998; Ghazali, 2007; Michelon *et al.*, 2015; Yekini *et al.*, 2017)⁸.

Drawing on legitimacy theory and by focusing on corporate internal factors, a significant body of prior CSR literature found that CSR disclosure is mostly driven by legitimacy factors; such as corporate size and industry membership (see, for example, Patten, 1991; Neu *et al.*, 1998; Gray *et al.*, 2001; Campbell *et al.*, 2006; Aerts and Cormier, 2009; Guidry and Patten, 2012; Cho *et al.*, 2015a). These factors are thought to increase corporate exposure to external social and political pressures (Patten, 1991; Neu *et al.*, 1998). For example, Patten (1991) examined the relationship between voluntary CSR disclosure in the annual reports of 128 US companies using public pressure variables (i.e. corporate size, and industry membership) and profitability. The results showed that corporate size and industry classification are significant explanatory factors for

⁸ See, for example, Ogden and Clarke, 2005; Cho, 2009; Vanhamme and Grobbsen, 2009; Philippe and Durand, 2011 for some discussion and empirical evidence regarding the extent that CSR disclosure can help the organisation in solving legitimacy issues and managing their image in the eyes of their stakeholders.

voluntary CSR disclosure, but no relationship is found between profitability measures and voluntary CSR disclosure. In a more recent contribution, Cho *et al.*, (2015a) investigated whether more recent CSR disclosure of the US industrial companies in 2010 differed from their disclosure in the 1970s in term of disclosure extensiveness and its relation to legitimacy factors (i.e. firm size and environmentally sensitive industry (ESI)). The authors documented the dramatic increase in the breadth of CSR disclosure between the years 1977 and 2010 with respect to both social and environmental dimensions. Interestingly, the breadth of CSR disclosure is found to be positively associated with both legitimacy factors (i.e. firm size and ESI membership). Besides, the relationship between the breadth of CSR disclosure and the two legitimacy factors (i.e. size and ESI membership) remained the same in both years. However, the authors pointed out that ESI membership became less powerful in explaining the variances in environmental disclosure in 2010 than it was in the 1970s. This is attributed, according to the authors, to the increased tendencies among all companies to issue stand-alone sustainability reports regardless of the industry they belong to.

While most of prior CSR studies have focused on internal corporate or corporate-specific characteristics as legitimacy factors (Fifka, 2013; Al-Abdin *et al.*, 2018); other studies have focused on the relationship between CSR disclosure and external factors. Indeed, several researchers have investigated the corporate response – through their CSR disclosure – to the increased external pressure resulting from various legitimacy threatening events. In many contexts, those studies have commonly found that companies attempt to gain or maintain their legitimacy by changing their CSR disclosure strategies following negative or controversial events; such as social and environmental disasters (Patten, 1992; Deegan *et al.*, 2000; Cho, 2009; Vourvachis *et al.*, 2016); boycotts announcements (McDonnell and King, 2013); structural change such as privatisation (Ogden and Clarke, 2005); and negative media attention (Aerts and Cormier, 2009; Islam and Deegan, 2010). Their findings “highlight the strategic nature of voluntary social

disclosures and are consistent with a view that management considers that annual report social disclosures are a useful device to reduce the effects upon a corporation of events that are perceived to be unfavourable to a corporation's image" (Deegan *et al.*, 2000: p.127). In his contribution, for instance, Patten, (1992) highlights the widespread effect of negative environmental events on the whole industry other than the directly responsible company for any of these events. The author investigates the changes in the annual report environmental disclosure of 21 US petroleum companies other than Exxon Company itself, which is directly responsible for the event, after the Exxon Valdez oil spill. The result shows that all companies within the sample have significantly increased the amount of their environmental disclosure in response to this event. This increase, however, varies according to the company's size and ownership in the Alyeska Company⁹.

In the same vein, Deegan *et al.*, (2000) showed how companies respond to different industry-related events by increasing their event-related CSR disclosure themes only, rather than increasing their CSR disclosure in general. They examined the reaction of Australian companies, through their annual reports CSR disclosure, to five different incidents related to environmental issues and the safety of human resources and local communities (i.e. Moura Mine disaster, Iron Baron Oil spill, Kirki oil spill, Bhopal disaster, and Exxon Valdez disaster). The result showed that the directly responsible companies of these events and other companies within the same industries have significantly increased the extent of event-related CSR disclosure and the positive tone of this disclosure during the two years following each event¹⁰. There is only one exception to this trend, companies that are related to the Kirki oil spill reported no changes in the extent of their CSR disclosure or the positive tune of this disclosure. According to the authors, there was no need

⁹ Although Exxon Company is primarily responsible for the oil spill, Alyeska Pipeline Service Company, which is owned by a consortium of seven oil companies, was also at fault (Patten, 1992). Therefore, the reaction of these seven companies, which hold part ownership in Alyeska Company, was expected to be stronger than other companies.

¹⁰ Positive disclosure, according to Deegan *et al.*, (2000: p.118), is identified as the "information which presents the company as operating in harmony with the environment or indicates that the company undertakes activities which provide beneficial outcomes to the various communities with which it interacts".

to increase the positive CSR disclosure because of the limited media attention given to this event in comparison with the other four events.

In a single company case, Cho (2009) examined the various disclosure strategies used by Total Company¹¹ in response to the two major environmental crises resulted from its operations. Both events (i.e. Erika and AZF Toulouse) took place in less than two years. The result shows that Total has significantly increased its environmental disclosure and used various communication strategies (i.e. image enhancement, disclaimer strategy, and deflection strategy) in response to these two events. Interestingly, the increase in the level of environmental disclosure and the use of these communication strategies was higher after the second occurred. However, the insights obtained from the interviews with stakeholders showed that these strategies were not fully successful in restoring Total's image and were regarded as "greenwashing" by outside stakeholders.

In a more recent study, Summerhays and de Villiers (2012) showed how the six largest oil companies responded to a major environmental event—the 2010 Gulf of Mexico oil spill—by increasing the amount of positive environmental disclosure in their annual reports. The authors also showed that all six companies have extensively used an image enhancement strategy with partial use of disclaiming responsibility strategy, but not a deflecting attention strategy, which was, according to the authors, due to the high profile of the incident. Interestingly, the authors noticed that the BP Company, which has had direct responsibility for the event, had the highest level of increase in their positive environmental disclosure compared with the other companies in the sample. This increase, however, is found to be repetitive within many sections of the annual report that contained fewer details about their remedial activities. In this regard, the authors suggested that the BP Company attempted to manage the perception of all relevant publics by repeating the

¹¹ One of the largest oil companies with a high international presence as it operates in more than 100 countries (Cho, 2009).

same disclosure in many sections of the annual reports without providing more details that might increase the litigation risks. Another interesting finding of this study is the observed increase of the BP Company's neutral disclosure in the Additional Information for Shareholders section, and the less negative disclosure in the Corporate Responsibility section in 2010. Consistent with the stakeholder theory, this trend is attributed by the authors to the different levels of stakeholders' power. Simply, because shareholders are more powerful than other stakeholders, the company prioritised the provision of more incremental information for the shareholders and provided less incremental information for other stakeholders, particularly the environmentalist groups.

In an extreme case of legitimacy problems; Ogden and Clarke, (2005) investigate the case in which recently privatised UK water companies faced the need to change their institutional structures and practices as public sector companies to gain an entirely new legitimacy as successful customer-led companies operating in a competitive market. The result showed that all of these companies increased their customer disclosure and employed various assertive and defensive techniques in their annual reports during their legitimation process. In essence, all ten companies portrayed a great emphasis on customers' issues through their disclosure in an attempt to present the image of successful customer-led companies operating in competitive markets. This new image, nonetheless, is inconsistent with their basic identity as monopolistic suppliers who provide water for profit. Interestingly, the authors documented that customers' reactions, through their compliments and many other surveys, showed that these efforts did not succeed in gaining the customers' acceptance to these companies and the whole privatisation process.

Furthermore, in the context of South Africa, for instance, Dube and Maroun, (2017) examined the reaction of South African mining companies through their CSR disclosure to the strike of Lonmin Plc employees in 2012. This strike is regarded as an extreme employee-related incident, which led to the death of 44 miners and the wound of over 70 others by the South African police. Drawing

on legitimacy theory and owing to the tragic results caused by this event, it was anticipated that this was a major legitimacy threatening event that would affect the whole mining industry in South Africa. Consistent with the expectations of the legitimacy theory, the authors found that all the South African platinum mining companies provided additional CSR information dealing with the event. Interestingly, the authors reported that their findings are more pronounced for the directly involved company in the event, which is consistent with the results reported by Deegan *et al.*, (2000) above.

More recently, Vourvachis *et al.*, (2016) examined the reaction of major airline companies – through their CSR disclosure – to four catastrophic airline accidents. All of the four catastrophic accidents are deemed to increase threats to the airlines' social legitimacy. Consistent with corporate legitimation behaviour, the authors found that airline companies responded to these accidents with a considerable increase in their CSR disclosure.

On the same subject, other studies have focused on the relationship between media attention towards specific CSR issues and the amount of related CSR disclosure made by companies in their annual reports. Studies within this line have combined legitimacy theory with media agenda-setting theory. Media agenda-setting theory suggests that media attention does not only reflect the public impressions of specific issues but it plays an active role in informing the public and constructing their impressions regarding these issues (Deegan *et al.*, 2002; Aerts and Cormier, 2009). Thus, the extent of media attention towards specific CSR issues gives an indicator of the level of public awareness and perception of these specific issues (Deegan *et al.*, 2002; Aerts and Cormier, 2009; Tilling and Tilt, 2010). In a longitudinal study focusing on a single company, Deegan *et al.*, (2002) investigate the association between the print media attention towards CSR issues and CSR disclosure made by BHB Company (one of the largest Australian companies) during the years 1983 to 1997. The results show that higher print media attention towards specific

CSR issues is associated with higher levels of the related CSR disclosure on these specific issues. Also, as the authors analysed the content of the news articles, they have found a strong association between negative media attention towards specific CSR issues and the levels of positive CSR disclosure on the same issues. According to Deegan *et al.* (2002: p.333), the results “lend support to legitimation motives for a company’s social disclosure”.

In a similar study, Islam and Deegan (2010) examine the relationship between the level of negative media attention towards specific CSR performance of H&M and Nike companies and the level of CSR disclosure made by these two companies over 19 years (1988 – 2006). Interestingly, the authors point out that human resources-related issues receive the greatest media attention; around (70%) of the total negative media articles during the study period. However, environmental and community involvement-related issues only receive around (15%) of the total of the negative media articles, and there is no attention given to energy issues by the media during the study period. Consistent with the levels of media attention, the results reveal that media attention towards human resources and community involvement issues is positively associated with the levels of social disclosure related to the same issues that made by the two companies during that period. The results also show that environmental, product and other issues are only found to be positively associated with social disclosure levels related to the same issues made by one company (i.e. H&M).

Focusing on environmental disclosure and two types of disclosure mediums, Aerts and Cormier (2009) investigate whether there is a relationship between environmental media exposure and the quality of corporate annual reports and press-releases environmental reporting. And in case that relationship existed, the authors examined whether it is affected by other variables, such as environmental performance, prior media legitimacy, industry membership, disclosure intermediaries, and impression management techniques. The sample covers 158 companies from the USA and Canada, which operate in 7 different industries; four of them are considered to be

environmentally-sensitive industries. The content of press media coverage for corporate environmental issues is measured by its impact on the firm's environmental image (i.e. negative, neutral, or positive), while environmental disclosure is analysed using three-level content analysis¹². The study key results – after controlling for endogeneity factors – show that the company's visibility (measured by cross-listing), environmental performance, and firm size are the main drivers for environmental media exposure. In turn, environmental media exposure is found to be associated with more annual reports and press-releases environmental disclosures. Interestingly, environmental media exposure is found to be positively associated with the annual reports economic-based (i.e. objective) and reactive press-releases environmental disclosures. Yet, no relationship is found between the annual reports social-based (i.e. subjective) and proactive press release environmental disclosures.

Ultimately, it can be noticed from the literature above, that legitimacy theory is of great relevance in studying the factors associated with corporate engagement with CSR disclosure. Yet, while all of the above studies have employed the pluralist view of legitimacy theory, some researchers have gone further to employ the neo-pluralist view of legitimacy theory. The following two studies are of particular interest to my study since they challenge the pluralist view of legitimacy theory and show that legitimacy factors can be moderated by the political context and the level of press freedom.

In their work, Muttakin *et al.*, (2018b) examined the impact of corporate political connections on the extent of CSR disclosure based on the neo-pluralist view of legitimacy theory. The neo-pluralist view of legitimacy theory acknowledges that the state is not a neutral actor as it “may serve as an institution with a concentration of power amenable to exploitation by dominant interest

¹² First, a rating was assigned to each dimension based on a grid of 39 items related to six environmental disclosure categories to measure the quality of the disclosure. Second, the disclosure techniques were divided into proactive and reactive disclosures. Finally, the disclosure was further divided into economic based (i.e. objective) and social based (i.e. subjective) according to the objectivity levels of this disclosure.

groups in society, including corporations” (Muttakin *et al.*, 2018b: p.726). Drawing on this view, the authors expected that the perceived need for CSR disclosure as a corporate legitimation strategy is lower for politically connected firms. Indeed, due to their strong ties with political officials, politically connected firms are shield from legitimacy threats associated with poor CSR performance. Consistent with their explications and based on a sample of 936 firm-year observations of Bangladesh companies; the authors reported a significant negative association between corporate political connections and the extent of CSR disclosure.

In a related study and regarding anti-corruption disclosure, Blanc *et al.*, (2017) have focused on the relationship between media exposure and corporate anti-corruption disclosure. Moreover, beyond studying the direct corporate media exposurer, the authors examined the moderating impact of country-level press freedom on the relationship between media exposure and corporate anti-corruption disclosure. The authors reported a positive association between corporate media exposure, using either an existence or extensiveness measure and corporate anti-corruption disclosure. This relationship is also found to be stronger (weaker) in countries where press freedom is high (low). Both of Muttakin *et al.*, (2018b) and Blanc *et al.*, (2017) studies provide important implications for the study of the impact of the Arab Spring as a factor that changed the political arrangements and the press freedom on employee and community disclosure in Jordan. The next section provides a detailed discussion of the related stakeholder-based CSR literature.

2.5.2. CSR Disclosure and Stakeholder Theory

In prior CSR literature, stakeholder theory has been widely used, but to a lesser extent, than legitimacy theory, (Deegan, 2002; Chen and Roberts, 2010). In contrast to legitimacy theory, which views the society as a single unified unit, stakeholder theory acknowledges that the society is constituted of various groups of stakeholders with different expectations, powers and abilities to influence an organisation (Deegan, 2002; Chen and Roberts, 2010). According to the

stakeholder theory, there are many groups in the society which are affected by an organisation and have legitimate claims on that organisation (Freeman *et al.*, 2001). A key element in an organisation success and survival within the current organisational structure is to successfully communicate, compromise, and satisfy the multiple — sometimes conflicting — needs of various stakeholder groups (Ullmann, 1985; Islam and Deegan, 2008; Chen and Roberts, 2010). However, organisations do not always satisfy the needs of all stakeholders; they might only meet the needs of the most powerful and influential stakeholders while giving less importance to or even ignoring and dismissing the needs of the less powerful and influential stakeholders (Neu *et al.*, 1998). Therefore, the stakeholder theory consists of two different perspectives, namely, the normative (ethical) perspective and the managerial perspective (Gray *et al.*, 1996; Deegan, 2000; Mahadeo *et al.*, 2011). According to the normative perspective, the organisation must meet the needs of all stakeholders regardless of their level of power or ability to influence the organisation. However, it has been argued that this perspective cannot provide precise predictions for the actual managerial behaviour and practices (Deegan, 2000). Hence, it does not provide convincing explanations for social and environmental disclosure choices (Gray *et al.*, 1996). In contrast, under the managerial perspective of stakeholder theory, organisations are only expected to meet the needs and the demands of the most powerful and influential stakeholders (Ullmann, 1985; Gray *et al.*, 1996; Deegan, 2000; Mahadeo *et al.*, 2011). It is, in fact, under the managerial branch that most of the prior stakeholder-based studies have drawn their understanding of CSR disclosure practices (Mahadeo *et al.*, 2011).

According to Deegan (2002), the managerial perspective of stakeholder theory overlaps with legitimacy theory, and it has been more frequently tested by prior empirical research than the normative perspective. Under this perspective, powerful stakeholders are identified according to the extent that the organisation believes their relationship with these stakeholders needs to be managed — or potentially manipulated — to further its interests (Gray *et al.*, 1996; Deegan, 2002;

Islam and Deegan, 2008). By managing, or manipulating the relationship with influential stakeholders, the organisation can gain their support and approval, or distract their opposition or disapproval (Deegan, 2002). One important way to manage, or arguably to manipulate, the organisation's relationship with its stakeholders is through strategic communications and by disclosing information, which shows that the organisation is conforming to the expectations of these stakeholders (Deegan, 2002; Neu *et al.*, 1998; Islam and Deegan, 2008). Hence, the stakeholder theory emphasises the importance of the organisation's willingness to compromise and communicate in maintaining a good relationship with its various stakeholders (Freeman *et al.*, 2001). Because CSR disclosure can help the organisation to maintain a good relationship with its stakeholders, it can be seen as part of the dialogue between the organisation and its stakeholders (Gray *et al.*, 1995a; Neu *et al.*, 1998; Islam and Deegan, 2008; Jamali, 2008; Chen and Roberts, 2010; Michelon *et al.*, 2015). Accordingly, organisations may choose to disclose particular types of CSR information to meet the demand and the expectation of particular powerful stakeholders (Roberts, 1992; Deegan, 2002; Neu *et al.*, 1998; Belal and Owen, 2007; Islam and Deegan, 2008).

It becomes necessary now, under the managerial perspective, to identify the boundaries of who would be counted as a powerful and influential stakeholder and who would not. Based on resources dependence argument, many scholars have suggested that stakeholders' resources are the main factors underlying their power and influence over the organisation (Ullmann, 1985; Roberts, 1992). According to this view, the more stakeholders' resources deemed critical to the organisation's ongoing growth and survival, the more likely that the organisation will, indeed, satisfy their needs and demands (Ullmann, 1985; Roberts, 1992; Deegan, 2000; Kent and Zunker, 2017). Drawing on this perspective, stakeholder theory has been employed widely in prior research to explain why companies engage in particular types of voluntary CSR disclosure. These studies indicate that companies engage in particular types of voluntary CSR information to meet the expectations of particular powerful stakeholders (Neu *et al.*, 1998; Prado-Lorenzo *et al.*, 2009; Kent and Zunker,

2017). In addition, the perceived concerns and external pressures of particular influential stakeholders — multinational buying companies — is also associated with the increase in the content of CSR disclosure (Belal and Owen, 2007; Islam and Deegan, 2008).

In their contribution, for instance, Neu *et al.*, (1998) investigate the effects of external pressure groups on the annual reports environmental disclosure of the 33 largest Canadian public listed companies between 1982 and 1991. The results show that profitability and environmentalist groups' criticism is negatively associated with the level of environmental disclosure. Also, the results show that the government's regulatory actions (measured by environmental fines) and societal concerns (measured by news articles related to environmental responsibility) are associated with higher levels of environmental disclosure. However, the results also show no significant relationship between financial leverage and the level of environmental disclosure. Consistent with the expectations of the stakeholder theory, the authors suggest that the negative relationship between profitability and environmental disclosure is an impression management tool to alter shareholders' attention away from poor economic performance. The positive relationship between the government's regulatory actions and societal concerns and environmental disclosure suggests that the management responds to the demands of these powerful stakeholder groups by disclosing more environmental information. However, the lack of relationship between financial leverage and environmental disclosure together with the negative relationship between environmentalist criticisms and environmental disclosure suggests that the management dismisses and defies the concerns and the demands of creditors and environmentalist groups.

In a related study, Prado-Lorenzo *et al.*, (2009) examine the effect of shareholder's power and dispersed ownership on the corporate decisions to disclose CSR information using a sample of CSR reports of 99 nonfinancial Spanish firms. The analysis is carried out drawing on a conceptual framework proposed by Ullmann (1985), which suggests that CSR disclosure can be explained by

considering three dimensions namely, stakeholder power, corporate strategic posture, and economic performance. The authors test the association between these three dimensions and the quality of CSR disclosure in terms of (i) the content of this disclosure, (ii) whether this disclosure is presented in an informal format or accordance with GRI format, and (iii) whether this disclosure has been certified by GRI organisation and audited by an independent third party. The results show a partial association between the presence of a physical person who represents a dominant shareholder and the quality of CSR information. Indeed, the authors suggest that the presence of a dominant shareholder who is interested in the long-term survival of the company and has his reputation linked to it encourages the company to disclose their CSR information in GRI format. However, no link is found between the presence of financial institutions' ownership and the presence of independent directors who represent minority shareholders with the quality of CSR information. The authors suggest that financial institutions have limited control over the company because they cannot move their funds in and out quickly without affecting the share price. Dispersed shareholders seem to be more interested in short-term financial profits, but not in the corporate's sustainable strategies or activities. Interestingly, the results also show that the influence exerted by the government (measured by size and ESI membership) and creditors (measured by debt-to-equity ratio), together with the strategic posture (measured by ISO14001 and OHSAS18001 certifications), have an important effect on the quality of CSR information. Economic performance (measured by ROA), however, does not affect the quality of CSR information in this study.

In related studies within the context of developed countries, Belal and Owen (2007) examine the views of senior corporate managers from 23 Bangladeshi companies representing the multinational, domestic private and public sectors to determine their motivations for voluntary CSR reporting. Insights obtained from a series of interviews with corporate managers during 2002-2003 show that the desire of corporate management to manage powerful stakeholder groups, mainly, parent

companies and international buyers, is the main factor behind voluntary CSR disclosure of Bangladeshi companies.

In the same context, Islam and Deegan (2008) investigate the relationship between CSR reporting practices of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) – a large export-oriented clothing trade organization – and the external pressures perceived by organisation management to adopt these practices. Insights obtained from the interviews with senior executives reveal that the concerns of multinational buying companies are the most powerful factor that influences CSR reporting practices. In fact, according to one of the interviewees, pressure from multinational buying companies forced the organisation to adopt the same codes of conduct of the developed countries, although he believes that these practices are not suitable for the context of developing countries. The government, NGOs, and the media are also perceived to be powerful stakeholder groups that influence CSR reporting practices of this organisation. A content analysis of annual reports CSR disclosure of this organisation over 19 years (1987-2005) show that changes in the amount and content of CSR disclosure are directly related to the changes in the perceived external pressure over the study period. The authors conclude that CSR disclosure is mainly driven by the economic motivations to meet the expectation of multinational buying companies to maintain the commercial relationship with these companies, rather than being a substantive practice motivated by ethical or moral reasons.

To this end, it can be noticed from the literature above, that stakeholder theory is highly relevant in studying the factors associated with stakeholder pressure and corporate engagement with CSR disclosure. However, resources dependences view of stakeholders' power, which has been employed by most of stakeholder-based CSR studies, has been criticised for viewing stakeholders' power as a wholly structural and static over time (McAdam and Scott, 2005; King, 2008a). Indeed, Mitchell *et al.* (1997) suggest that the identification and salience of each stakeholder group is a

function of their possession of one or more of the three primary attributes: power, legitimacy, and urgency. Lacking these attributes leaves stakeholders with a relatively limited ability to influence the organisation. Yet, these three attributes are socially constructed and neither in steady state over time nor in different contexts. Thus, the process of stakeholders' identification and salience is a continuous process, and stakeholders' actual or perceived influence may vary over time or in regards to some factors such as social movement and stakeholders' activism (Mitchell *et al.*, 1997; King, 2008a). Lacking a theoretical explanation of stakeholder emergence and influence, scholars have turned to a social movement perspective to understand the role that stakeholders' activism and collective actions play in increasing the potential influence of any stakeholder group (Den Hond and De Bakker, 2007; King, 2008a). According to King (2008a: p.34), for instance:

Some stakeholders are naturally positioned to constrain the corporation but fail to do so because they lack the necessary coordination and collective action. For example, wage workers might have inherent control over production and distribution flows because of their position in the organization, but without some sort of coordinating mechanism, they may be unable to harness this constraint.

Therefore, stakeholders' collective actions facilitate the emergence of stakeholders' collective identity and awareness of their collective interests, which in turn facilitate their influences and salience in the eyes of managers (*ibid.*).

Drawing on these insights, as shown earlier in this chapter, prior research has shown that stakeholders activism and collective actions do have a negative effect on corporates' stock prices, external CSR ratings, and reputation (Pruitt and Friedman, 1986; Pruitt *et al.*, 1988; Epstein and Schnietz, 2002; King and Soule, 2007; Bartley and Child, 2011). Besides, other studies have shown that stakeholders activism and collective actions do force corporations to concede to stakeholders demands (Scully and Segal, 2002; Raeburn, 2004; King, 2008b; Luders 2006; Lenox and Eesley, 2009). Other studies have also shown that companies respond to stakeholders' activism and collective actions by increasing their prosocial claims, seeking affiliation with

movement's organisation, and by issuing a public statement that frames their actions in a good light with regards to the movement's demands (McDonnell and King, 2013; Hiatt *et al.*, 2015). This type of responses are aimed at repairing the damage to corporate image and reputation, which has been caused by the negative publicity of stakeholders' activism, and to manage the impressions of those active stakeholders (McDonnell and King, 2013; Hiatt *et al.*, 2015). Both of McDonnell and King, (2013) and Hiatt *et al.*, (2015) studies provide important implications studying the impact of employees' strikes and local community protests on employees and local community disclosure in Jordan, the focus of this study. The next section provides a detailed discussion of the related institutional-based CSR literature within the context of emerging countries, especially the Middle East.

2.5.3. CSR in Emerging Countries and the Middle East

While CSR has received wide attention from academics and researchers over the past decades, most of the prior studies were conducted in the context of the developed countries. Very few studies were conducted in the contexts of emerging countries in general (Visser, 2008; Wanderley *et al.*, 2008; Islam and Deegan, 2008; Belal *et al.*, 2013; Ali *et al.*, 2017; Al-Abdin *et al.*, 2018) and the Middle East in specific (Kamla, 2007; Jamali and Mirshak, 2007; Jamali and Sidani, 2012; Jamali, 2014). Indeed, CSR research in emerging countries has been generally slower and more fragmented than it is in developed countries (Baskin, 2006; Jamali, 2014; Jamali and Sidani, 2012). According to Visser, (2008: p.476), for instance, CSR research in the developing countries is relatively underdeveloped as it has been more focused on convenience-based case studies and descriptive accounts, and "only about a fifth of all developing countries have had any CSR journal articles published on them". Most of the available studies within this context are focused mainly on large and more economically advanced countries (Kamla, 2007). Therefore, many scholars have highlighted the general lack of knowledge about CSR practices inside the developing

countries and the pressing need for more attention to be given to CSR issues in these countries to improve the current knowledge of CSR and social accountability (Jamali and Mirshak, 2007; Mahadeo *et al.*, 2011; Belal *et al.*, 2013; Ali *et al.*, 2017; Al-Abdin *et al.*, 2018). Yet, despite the limited evidence about CSR practices and disclosure within the context of developing countries, an image of the general trend in CSR practices can be drawn from the available fragmented studies within these countries.

From an institutional perspective, prior CSR research has highlighted the systematic variation in CSR practices and disclosure among different countries as a natural result of the different political, social, economic and cultural institutional factors of these countries (see, for example, Gray *et al.*, 1995a; Neu *et al.*, 1998; Adams, 2002; Laan Smith *et al.*, 2005; Baskin, 2006; Golob and Bartlett, 2007; Matten and Moon, 2008; Visser, 2008; Gjolberg, 2009; Jamali *et al.*, 2009; Ramanna, 2013; Jamali, 2014; Tilt, 2016; Jamali and Karam, 2018). According to the institutional theory, organisations must conform to the prevailing social structures and the institutionalised norms within their environment in order to maintain their social legitimacy and to ensure their long-term survival and growth (Deegan, 2002; Scott, 1987, 2005; Chen and Roberts, 2010; Patelli and Pedrini, 2014). Drawing on these insights, it has been argued that CSR is determined by country-specific institutional factors including, for instance, stakeholder's interests, values, and perception (Neu *et al.*, 1998; Laan Smith *et al.*, 2005; Jamali, 2014); the religious system, the nature of the political system, and social priorities (Jamali, 2014; Jamali and Sidani, 2012; Vinke and El-Khatib, 2012); the extent to which prevailing "laws and public awareness legitimise the interest of non-shareholder stakeholders in firms' operating activities and disclosure policies" (Dhaliwal *et al.*, 2014: p.329; see also, Baskin, 2006); and the presence of complementary institutions, which play a significant role in monitoring and promoting CSR disclosure (Ramanna, 2013; Jamali, 2014). Hence, it has been argued that "CSR strategies cannot be detached from [its] context and that institutional constellation exerts serious pressure on CSR expressions" (Jamali, 2014: p.21).

Within the context of emerging countries – the focus of this study – many studies have emphasised the role of the distinctive socio-political realities in shaping CSR practices in these countries (Visser, 2008; Jamali, 2007; Vinke and El-Khatib, 2012; Belal *et al.*, 2013; Jamali, 2014). Visser (2008), for instance, questions whether the Western conceptions and models of CSR do adequately represent CSR practices in developing countries. Therefore, he proposed a new revised model of Carroll's (1991) CSR pyramid that better reflects the actual CSR practices of the developing countries. Carroll's (1991) CSR pyramid suggests that the main responsibility of business is economic and then comes the legal, ethical and philanthropic responsibilities respectively (Figure. 2.1).



Figure 2.1: Carroll's CSR pyramid.

Economic responsibilities imply that companies must operate in a manner consistent with the profit-maximising goal, being highly competitive, creating jobs and new products and services. Legal responsibilities imply that companies must obey laws and regulations and fulfil their economic responsibilities within the frame of legal obligations. Ethical responsibilities imply that corporate integrity and ethical behaviour should go beyond the mere compliance with the laws, operating in a manner consistent with the societal customs and ethical norms, and constantly

adjusting their behaviour to be consistent with any new or evolving ethical norms adopted by a given society. Finally, philanthropic responsibilities imply that companies must engage in voluntary charitable activities, assist the arts, educational institutions, and projects that enhance the “quality of life” within their local communities.

However, Visser (2008) contends that due to the distinctive socio-economic realities of developing countries there is a different ranking of business responsibilities which better reflects the current practices within these countries. The economic responsibilities remain the priority for businesses, but he emphasises that philanthropic responsibilities take the second priority followed respectively by the legal and ethical responsibilities. These practices, according to Visser, have been shaped by the strong philanthropic traditions, the increasing acceptance of reliance on aid, and the nature of economic needs; such as the low-income, high poverty, unemployment, and a shortage of foreign direct investments. Other studies have confirmed that priority is given to philanthropic responsibilities within the developing countries (Jamali and Mirshak, 2007; Jamali and Sidani, 2012; Vinke and El-Khatib, 2012; Jamali, 2014).

In their contribution, Jamali and Mirshak (2007), for instance, explore the managerial perception of CSR based on interviews with managers from 8 Lebanese companies. Insights obtained from the interviews with managers at different levels show that CSR practices of Lebanese companies are limited to voluntary philanthropic contributions. However, no consideration is given by those managers to the legal and ethical dimensions of corporate responsibilities. In a more recent study, Vinke and El-Khatib (2012) point out that the United Arab Emirates (UAE) companies are extremely charitable and pay various forms of Islamic charitable contribution (i.e. *Zakat* and *Sadaqah*)¹³. Yet, both cultural and Islamic traditions expect them to be “*silent*” and discreet about

¹³ Zakat is the third Pillar of Islam and refers to the compulsory and systematic giving of 2.5% of Muslim’s wealth each year to benefit the poor as a type of worship and self-purification. The Sadaqah is also considered as a type of worship and self-purification in Islam; but unlike the Zakat, Sadaqah is completely voluntary and not specified by a

their charitable giving. They conclude that while these cultural and Islamic traditions have shaped CSR disclosure of these companies, they still, however, pose a great challenge to the development of CSR practices in UAE and other Middle-Eastern countries.

In a recent contribution, Jamali (2014) illustrates how the different institutional variables affect how CSR is conceived and practised in developing countries, which, therefore, “has distinctive roots and unique expressions that do not always mirror the current understanding and practice [of CSR] in the West” (Jamali and Sidani, 2012: p.1; see also, Jamali and Karam, 2018). Those institutional factors include the nature of cultural and religious systems, the nature of socioeconomic systems and priorities, the nature of political systems, alongside the lack of institutional pressures exerted by other institutional factors, inclusive of development and welfare agencies, trade unions, business associations, and civil society organisations. Hence, Jamali (2014) concludes that CSR in developing countries is still in its embryonic stages, usually equated with altruistic philanthropy with minimal planning and systematic engagement, and usually constitutes propaganda or public relations strategies. Altruistic philanthropy in the Middle East context, according to Jamali (2014), has its deep roots in the traditional forms of Islamic philanthropy *Zakat*¹⁴ and the cultural traditions of giving and helping which have positive connotations across the region. Altruistic philanthropy refers to the intentional and voluntary altruistic act of helping or benefiting others without expecting any external rewards (Bar-Tal, 1986). Philanthropy in the Islamic religion provides the wealthy class and companies with channels to satisfy their obligations towards the society for social, spiritual or pragmatic reasons (Khan, 2007: cited in Kassis and Majaj, 2012: p.13). Since Islamic traditions have a significant effect on how companies conduct their businesses within the region, CSR is often become confused with *Zakat* and therefore is

specific amount or percentage (see for example: Vinke and El-Khatib, 2012; Napier, 2009; <http://www.bbc.co.uk/religion/religions/islam/practices/zakat.shtml>).

¹⁴ The previous note is applicable here.

demonstrated through arms' length philanthropy to NGOs and social welfare institutions (Jamali, 2014). In addition, the pressing socioeconomic priorities including, for instance, poverty alleviation, health care provision, infrastructure development, and education alongside with the government's inability to tackle these issues have forced companies in the developing countries to directly target these issues through philanthropic contributions (Baskin, 2006; Visser, 2008; Belal *et al.*, 2013; Jamali, 2014).

Other factors, such as the nature of the political system, although rarely addressed in the empirical literature, have assumed to play an important role in shaping social accountability and the CSR practices in the developing countries (Jamali, 2007, 2014; Malik and Awadallah, 2013; Belal *et al.*, 2013; Al-Abdin *et al.*, 2018). The general public and many stakeholder groups have been marginalised because of their limited power or influence over the business environment due to many factors including the lack of free and professional press, the poorly organised civil society, the few lobby groups of employees and customers, the high levels of corruption, the business's tight relationships with autocratic and authoritarian ruling families, and the weak role of the government in promoting CSR practices (Jamali, 2007, 2014; Belal *et al.*, 2013; Malik and Awadallah, 2013; Muttakin *et al.*, 2018b). Also, other institutions including, for instance, development agencies, trade unions, business associations, international and local NGOs, which are the foundation of CSR in developed countries, have a very weak role in promoting CSR practices in emerging countries (Wanderley *et al.*, 2008; Jamali, 2014). Therefore, companies do not face strong and constant political pressure towards their CSR performance (Jamali, 2007). All these institutional factors have shaped CSR practices in the developing countries in general and the Middle Eastern countries in particular, which continue to be "silent", largely underdeveloped, and usually equated with altruistic philanthropy with a minimal planning and systematic engagement (Jamali, 2014).

For this research, I am going to focus on CSR disclosure within the context of Jordan as a Middle Eastern and a developing country. Reviewing prior CSR literature in the Jordanian context reveals the lack of academic engagement with CSR research within this context. As far as I am aware, no studies were carried out within the Jordanian context addressing employee or community disclosure as distinct areas of CSR disclosure. Only a few studies are found that empirically examine the level and the determinants of CSR disclosure within the Jordanian context. The focus of these studies is to examine CSR at the organisational level. No considerations, however, have been given to the role of wider institutional factors in shaping CSR practices and disclosure. For example, Suwaidan *et al.*, (2004) examined the level of CSR disclosure in the annual reports of the Jordanian industrial companies in relation to different corporate characteristics such as size, profitability, and risk. The authors develop a disclosure index based on the GRI guidelines which measure 37 items of CSR disclosure in the annual reports of 65 companies. The analysis reveals that, on average, companies disclose only 13% of CSR items identified in the disclosure index, and only three companies disclose more than 30% of these items. The highest disclosed items are those related to human resources and community involvement while the lowest is related to environmental and customers' issues. In addition, CSR disclosure is found to be positively associated with size, profitability, and risk.

Another study was carried out by Al-Hamadeen and Badran, (2014) to examine the level of CSR disclosure and its relation to different corporate characteristics (i.e. size, industry membership, age, and ownership) of the Jordanian Public shared companies. Like the previous study, the authors also develop a disclosure index to measure the level of annual reports and sustainability CSR disclosure for 234 companies out of all 243 companies listed in Amman Stock Exchange (ASE) in 2011. Generally, the analysis of CSR disclosure level shows that Jordanian companies have a very weak engagement with environmental, social and community, and employee disclosures (13.2%, 10.2%, and 11.9%, retrospectively). The highest disclosed item within the social and

community is the company's philanthropic contributions which consist only 111 (47.6%) of the whole sample. Interestingly, the descriptive analysis shows that only one company has published a stand-alone CSR report in 2011. Approximately, (91%) of the Jordanian companies included in this study (according to the authors' classification) are considered small in size. Finally, the authors have found a strong association between the market capitalisation, age, and the size of the company with the total CSR disclosure, while the weaker association has been found between CSR exposure and the industry membership and the ownership (domestic vs foreign).

As it is the case in emerging countries and the Middle East, CSR in the Jordanian context "as an institutionalized concept is still very much in the early stages of its development" (Hindiye *et al.*, 2012: p.130). Thus, it could be said that CSR activities of the Jordanian companies are mostly cosmetic and fall short of expectations (UNDP, 2007: quoted in Hindiye *et al.*, 2012: p.128). In addition, there is a lack of mandatory regulations, standards or generally accepted codes of conduct for CSR practices (Suwaidan *et al.*, 2004; Hindiye *et al.*, 2012; Al-Hamadeen and Badran, 2014). Even though the accounting standards and the Jordanian regulations require companies to disclose their social and environmental activities, there is no specification on the content or the way this information should be presented. In addition, CSR research in Jordan is very limited and predominantly descriptive as it mostly tends to explain what is being disclosed by the Jordanian companies and focus on corporate-level analysis. Still, the findings of prior CSR research in Jordan show a very low engagement of Jordanian companies with CSR issues while philanthropic contributions are the highest among other CSR-related practices of these companies.

To this end, it can be noticed from the discussion above that the political context and the logic of authoritarianism has, arguably, played an important role in shaping CSR within the Middle East and the Jordanian context. Indeed, due to the political context and the logic of authoritarianism in these countries, many factors seem to hinder the business engagement with CSR; such as the lack of free press, the poorly organised civil society, the few lobby groups of employees and customers,

the high levels of corruption, the business's tight relationships with ruling families, and the weak role of the government in promoting CSR practices (Jamali, 2007, 2014; Belal *et al.*, 2013; Malik and Awadallah, 2013; Muttakin *et al.*, 2018b). However, since the Arab Spring has started and taken the world by surprise, many of the factors that have been hindering and weakening the political participation of the general public and the stakeholders in the Middle East and Jordan have yet to be changed (Avina, 2013; Jamali and Sidani, 2012; Khatib and Lust, 2014; Jamali, 2014). According to Khatib and Lust (2014), for instance, political activism has become a key factor in the political life of the Middle-East countries. In addition, the recent socio-political changes along with the prevalence of social media and many other forms of communications have posed a great challenge to the companies operating in the region. Moreover, Jamali and Sidani, (2012: p.2) suggest that it is very interesting to observe the unfolding change dynamics as the Middle East and North African (MENA) region moves forward beyond the Arab Spring. They add that many new institutions were built and will "preserve the sanctity of freedom, democracy and human rights" (ibid: p.2). These changes in the socio-political environment after the Arab Spring have altered the social expectations of how companies should operate and behave (Avina, 2013). These changes have great implications in studying CSR within the Middle East context.

In his contribution, Avina (2013) shows how some companies within the Middle-East region have crafted, modified, and adopted effective new CSR initiatives in response to the Arab Spring. These new CSR initiatives include, for instance, the corporate support to the societal and democratic transition in the case of Egypt, the increasing focus on CSR partnerships between the companies themselves and with other civil society institutions (e.g. NGOs and the public sector), and the business attempts to tackle some of the key socio-economic challenges (e.g. employment and entrepreneurship). One important characteristic of the business response to the Arab Spring, according to the author, is the growing desire for companies to move away from the traditional philanthropic giving style towards a more impactful approach. To the best of my knowledge,

Avina's (2013) study is the only one that investigates CSR in relation to the democratic movement of the Arab Spring. This study represents an important contribution to the recent advances and trends in CSR practices in light of the changes in the socio-political environment, which was the product of the Arab Spring in the Middle-East. It also illustrates some examples of how CSR in the Middle East, at least in the case of large and multinational companies, has moved beyond being only associated with altruistic philanthropy towards more impactful and innovative practices. Yet, this study focuses on a small number of large and multinational companies which in many cases have faced great negative publicity because of their strong ties with the fallen regimes and their role in assisting the regimes' attempts to repress activists¹⁵. Besides, the data was mainly collected through a small number of interviews with corporate managers and CSR advocates across the region. No attempts have been made to systematically investigate the changes in CSR disclosure as conveyed by the annual reports or any other disclosure mediums. For this reason, I aim to fill these gaps in research by systematically investigate the changes in employee and community disclosure in relation to the Arab Spring and both employees' strikes and community protests.

2.6. Discussion, Gaps, and Research Questions

CSR is a phenomenon that has attracted a great deal of academic attention to investigate the factors associated with the corporate decisions to disclose such information from a wide spectrum of theoretical backgrounds and modes of inquiry (Gray *et al.*, 1995b; Deegan, 2002; Fernando and Lawrence, 2014; Michelon *et al.*, 2015). However, the majority of previous studies have focused on CSR as a broad category and environmental disclosure only (Campbell *et al.*, 2006; Yekini and Jallow, 2012; Yekini *et al.*, 2017; Kent and Zunker, 2017). Despite the wide acceptance that employees are a key stakeholder group that has a legitimate right to transparency and accountability, there is general lack of academic attention to employee disclosure as a distinct area

¹⁵ One example is the case of the Egyptian mobile phone companies and internet service providers that have agreed to black out all communication channels during the early days of the revolution.

of CSR disclosure (Williams and Adams, 2013; Kent and Zunker, 2013; GRI, 2016a). Similarly, community disclosure, as a distinctive area of CSR disclosure, has received a very limited academic attention (Campbell *et al.*, 2006; Yekini and Jallow, 2012; Yekini *et al.*, 2015, 2017). This lacuna persists despite the wide recognition that local community is an important stakeholder group who have legitimate rights over corporates and whose support is essential to maintain corporate social legitimacy (Campbell *et al.*, 2006; Yekini and Jallow, 2012; GRI, 2016; Yekini *et al.*, 2015, 2017).

Moreover, prior CSR research has highlighted the systematic variation in CSR practices and disclosure among different countries as a natural result of the different political, social, economic and cultural institutional factors of these countries (see, for example, Gray *et al.*, 1995a; Neu *et al.*, 1998; Adams, 2002; Laan Smith *et al.*, 2005; Baskin, 2006; Golob and Bartlett, 2007; Matten and Moon, 2008; Visser, 2008; Gjolberg, 2009; Jamali *et al.*, 2009; Ramanna, 2013; Jamali, 2014; Tilt, 2016; Jamali and Karam, 2018). Yet, although some studies have had their focus on employee and community disclosure, most available studies focused on the context of developed countries (see, for example, Campbell *et al.*, 2006; Yekini and Jallow, 2012; Williams and Adams, 2013; Kent and Zunker, 2013, 2017; Yekini *et al.*, 2015, 2017). To the best of my knowledge, no study has yet examined the impact of the general institutional factors such as a social movement on the extent of employee and community disclosure within the context of emerging countries, especially in the Middle East. To fill this gap, the current study will investigate employee and community disclosure, as two distinct areas of CSR disclosure, within emerging countries, especially in Jordan. The current study will also examine the impact of a social movement (the Arab Spring) on the corporate employee and community disclosure. Doing so will enhance our knowledge about the factors that affect employee and community disclosure especially within emerging countries.

Prior research at the nexus of social movement and organisational analysis highlights the utility of the integration between these two areas for the development in both areas (Zald and Berger, 1978; Davis and Thompson, 1994; McAdam and Scott, 2005; Davis and Zald, 2005; Den Hond and De Bakker, 2007; King and Soule, 2007; Soule, 2009; King and Pearce, 2010; King, 2008a, 2011; Georgallis, 2017). The integration between these two areas will improve our knowledge about the role of social movement in creating social change at the level of organisations such as universities, NGOs, and corporations (Soule, 2009). It also provides a more dynamic view of organisational change process and organisational stakeholders environment and will enrich our understanding of the environment in which organisational decision making occurs as a result of social movement and stakeholder collective actions (Davis and Zald, 2005; Schneiberg and Lounsbury, 2008; King, 2008a).

Within the nexus of social movement and organisational analysis, one area of research has been attracting increased academic attention to study the impact of social movement and stakeholders' collective actions on businesses and corporations (Zald and Berger, 1978; Davis and Thompson, 1994; McAdam and Scott, 2005; Davis and Zald, 2005; Clemens, 2005; Den Hond and De Bakker, 2007; King and Soule, 2007; Soule, 2009; King and Pearce, 2010; King, 2008a,b, 2011). However, the majority of prior studies within this area focus on the direct outcomes of social movement and stakeholders' activism on corporate decisions in terms of direct concession or resistance (McDonnell and King, 2013; King, 2016). Therefore, they largely ignore other types of intended or unintended outcomes and other types of corporate responses, other than direct concession or resistance (McDonnell and King, 2013). Some scholars, for instance, suggest that corporations may respond to social movements and stakeholders' activism by increasing their CSR disclosure to control the damage to their image and reputation and to manage the impressions of their stakeholders (McWilliams and Siegel, 2001; Baron 2001; Whetten *et al.*, 2002; Campbell, 2007; King and Soule, 2007; Soule 2009; King and Pearce, 2010; King, 2016; Georgallis, 2017).

Notwithstanding, the numerous calls from many scholars to test the impact of private politics activism on CSR (Den Hond and De Bakker, 2007; King, 2008a; Soule, 2009; King and Pearce, 2010; Baron *et al.*, 2011; Mahadeo *et al.*, 2011; Georgallis, 2017); very limited studies have examined this impact. These limited studies, however, have focused only on the activism of consumers (McDonnell and King, 2013; Rhee, 2019), environmental activists (Hiatt *et al.* 2015), and shareholders (Yan and Zhang, 2020). Very limited is known about the corporate response, through CSR disclosure, to the demands and the activism of other stakeholder groups; such as employees and local communities (King, 2008a; Georgallis, 2017; Abdin *et al.*, 2018). No studies, as far as I am aware, have had its main focus on the impact of employee and local community activism on employee and community disclosure. To fill these gaps, this study will study the impact of employees' strikes and local communities' protests on the extent of employee and community disclosure. Doing so will enhance our knowledge of the nature of the dynamic interaction between corporations and their stakeholders.

Much of the prior research suggested that the socio-political context has a significant impact on the corporate responses to social movement and stakeholders' activism (King and Soule, 2007; Soule 2009; Reid and Toffel, 2009; King and Pearce, 2010). Yet, most of the prior studies on the impact of social movements and stakeholders' activism on corporations were conducted in the context of the developed nations and mostly in the US context. Thus, their findings might be limited to the context of developed countries (mainly the US context), and yet to be supported or refuted in other contexts. Notwithstanding the various calls from scholars to study the impact of private politics activism on corporations across a variety of contexts (King and Soule, 2007; King, 2008a; Georgallis, 2017), there is an apparent scarcity of research of this type in the context of emerging countries. To fill this gap, this study will examine the impact of social movement on corporate employee and community disclosure within the context of Jordan. Studying the impact of social movements and stakeholders' activism across different contexts will enhance our

knowledge about the role of socio-political context and other institutional settings on the corporate response to these factors (Soule 2009; Georgallis, 2017).

Furthermore, many scholars have suggested that the process of social change is a long-term and ongoing process of negotiations, bargaining, concessions, repressions, resistance, and a mix of these tools over the course of a social movement (Bosi, *et al.*, 2016; Bartley, 2007; Luders, 2006; Schneiberg and Soule, 2005). Moreover, activists may change their goals, tactics, and targets over the course of a social movement (Andrews, 2001; Soule, 2009), which in turn might affect the corporate response to the social movement. However, the majority of prior studies within the nexus of social movement and organisational analysis have investigated the impact and consequences of social movement within a relatively short timeframe (Luders, 2006; King, 2008a; Weber *et al.*, 2009; Eesley and Lenox, 2006; McDonnell and King, 2013; Hiatt *et al.*, 2015; Yang and Rhee, 2019). Thus, they largely ignore the long-term impact and consequences of social movement and stakeholders' collective action on corporations. To fill this gap, this study will rely on a longitudinal approach to examine the impact of social movement on corporate employee and community disclosure.

It is commonly found by legitimacy-based studies that CSR disclosure response to external pressures resulting from media attention and different social and environmental events; such as environmental disasters (Patten, 1992; Deegan *et al.*, 2000; Cho, 2009); boycotts announcements (McDonnell and King, 2013; Yang and Rhee, 2019); structural change such as privatisation (Ogden and Clarke, 2005); and negative media attention (Aerts and Cormier, 2009; Islam and Deegan, 2010; Yekini *et al.*, 2017). Most of these studies, however, have focused on environmental disclosure in relation to environmental events (Tilling and Tilt, 2010; Parker, 2011; Kent and Zunker, 2013; Yekini *et al.*, 2017). In addition, the majority of these studies have been conducted in the context of developed countries (Mahadeo *et al.*, 2011). To the best of my knowledge, no studies have investigated the impact of the social movement such as the Arab Spring on CSR-

related practices and disclosure within the Middle-East context, with only one exception (i.e. Avina, 2013).

In his contribution, Avina (2013) suggests that one important characteristic of the business response to the Arab Spring is the growing desire for companies to move away from the traditional philanthropic giving style towards a more impactful approach. However, Avina's (2013) study focuses on a small number of large and multinational companies, which in many cases have faced great negative publicity because of their strong ties with the fallen regimes and their role in assisting the regimes' attempts to repress activists. The data was mainly collected through a small number of interviews with corporate managers and CSR advocates across the region. No attempts have been made to systematically investigate the changes in CSR disclosure as conveyed by the annual reports or any other disclosure mediums. To fill these gaps, this study will systematically investigate the changes in employee and community disclosure in relation to the Arab Spring and both employees' strikes and community protests.

Following the discussion above, this study aims to contribute to prior research by answering the following research questions and sub-questions:

RQ1: What are the extent and trends of employee disclosure of the Jordanian Public Companies?

RQ2: What is the impact of the social movement on the extent of employee disclosure of the Jordanian Public Companies? Related to this major question are the following two sub-questions:

RQ2 a: What is the impact of the Arab spring on the extent of employee disclosure of the Jordanian Public Companies?

RQ2 b: What is the impact of employees' strikes on the extent of employee disclosure of the Jordanian Public Companies?

RQ3: What are the extent and trends of community disclosure of the Jordanian Public Companies?

RQ4: What is the impact of the social movement on the extent of community disclosure of the Jordanian Public Companies? Related to this major question are the following three sub-questions:

RQ4a: What is the impact of the Arab spring on the extent of community disclosure of the Jordanian Public Companies?

RQ4b: What is the impact of community protests on the extent of community disclosure of the Jordanian Public Companies?

2.7. Conclusion

This chapter sets out to provide the background of this study and a comprehensive review of the related prior literature within the nexus of social movement and organisational analysis, and prior CSR literature. The chapter began with a review of prior research at the nexus of social movement and organisational analysis. It focused on prior research that utilised the social movement perspective to investigate the role of social movement in creating corporate social and institutional change. It identified a burgeoning body of research at the nexus of social movement and organisational analysis that had a significant impact. Yet, a limited number of these studies have focused on the impact of social movement and stakeholders' collective actions on the corporate decision to disclose CSR information in response to social movement attacks. These studies are far more limited in the context of developing countries and emerging economies.

This chapter then moved to provide a review of prior CSR literature, particularly those focused on employee and community disclosure. A review of the literature, however, has yielded a very limited number of prior studies that examined employee and community disclosure as distinctive areas of CSR. Therefore, it has been decided to start the review with general CSR literature with an eye on the studies that have investigated CSR through the lenses of legitimacy theory,

stakeholder theory, and institutional theory. Since this study is conducted in the context of emerging countries and particularly in the Middle Eastern context, it is deemed necessary to review prior CSR literature within these contexts. This would aid our understanding of the current and historical status of CSR within the Middle Eastern context and helps in placing this study into a meaningful context. The chapter then moves to provide a background of employee and community disclosure and studies.

The review showed that although the legitimacy theory has dominated prior CSR research, very limited studies have investigated CSR response to a social movement through the lenses of this theory. And while the stakeholder theory has also been used extensively in prior CSR research, most of these studies have focused on the resources dependencies perspective to understand stakeholders' power and influences. Very limited studies have utilised the social movement perspective to investigate the role of stakeholders' activism on corporate decision to disclose CSR information. Moreover, prior studies within the context of emerging countries have highlighted the role of socio-political factors of these countries in shaping how CSR is perceived, practised, and reported in this context. Since most of these institutional factors have changed as a result of the Arab Spring, no studies have explored the impact of these changes on CSR disclosure yet. The review also revealed the very limited number of studies that have focused on employee and community disclosure as distinctive areas of CSR. Finally, this chapter provided a discussion highlighting the existing gaps in the prior literature, the various calls to fill these gaps, and the current research questions that aimed at filling these gaps. The next chapter provides a detailed background of the institutional context of this study and a detailed overview of the recent changes in this institutional context, which resulted from the democratic movement of the Arab Spring.

Chapter Three

Theoretical Framework

Chapter Three: Theoretical Framework

3.1. Introduction

This chapter provides an overview of the theories employed in the current study. Reviewing prior CSR literature reveals the wide range of variation in the theoretical frameworks that have been employed to analyse and explain why companies engage, or do not engage, in CSR practices and reporting. Indeed, there is a lack of a single and a comprehensive paradigm or theoretical framework to explain why companies engage in CSR-related practices (Carroll, 1991; Gray *et al.*, 1995a; Deegan, 2002; Orlitzky *et al.*, 2011; Williams and Adams, 2013; Gaia and Jones, 2019; Patten, 2019). According to Gray *et al.*, (1995b), CSR is a phenomenon that is too complex to be fully explained within the limits of one theory or another. Hence, there is a range of variations in the theoretical perspectives adopted by prior CSR research. And while social and political theories; mainly, legitimacy theory, stakeholder theory, institutional theory, and political economy theory have been dominating the CSR research (Gray *et al.*, 1995b; Deegan, 2002); the economic theories such as agency theory and signalling theory have also been used as possible explanations of why companies engage in CSR reporting (Clarkson *et al.*, 2008; Dhaliwal *et al.*, 2011; Hummel and Schlick, 2016).

The verity in the theoretical perspective employed in prior CSR studies has generated two distinctive, contradictory, and conflicting views of CSR disclosure (see, for example, Patten, 2019). From the point of view of the economic theories, on the one hand, CSR disclosure is regarded “as an addendum to conventional accounting” and the traditional financial reporting activities, which is mainly directed at the corporate financial stakeholders (Gray *et al.*, 1995b: p.48; see also, Patten, 2019). Accordingly, CSR disclosure has been commonly seen as a voluntarily sharing information with their financial stakeholders (i.e. shareholders and creditors) (Malsch, 2013; Michelon *et al.*, 2015; Cho *et al.*, 2015b; Patten, 2019). The economic theories, however, have been criticised for lacking any systematic support in the prior CSR literature (Guidry and Patten, 2012; Patten, 2019).

They have been also criticised — from a normative standpoint — as they have "little or nothing to offer as a basis for the development of CSR" as a tool of corporate social accountability (Gray *et al.*, 1995a: p.51; Patten, 2019). Moreover, Cho *et al.*, (2015a: p.29) argue that it "is less likely that [CSR] disclosure will ever move meaningfully toward transparent accountability" with the unquestioned acceptance of the explanations of these economic theories.

According to the social and political theories, on the other hand, companies engage in various CSR communication strategies in response to various external social and political pressures exerted by the wide society or particular stakeholder groups within a given society (Michelon *et al.*, 2015; Cho *et al.*, 2015a; Patten, 2019). Some of the social and political theories are more concerned with the interaction between organisations and their external environment and share the same interest in explaining how corporations can survive in an ever-changing society and social expectations (Chen and Roberts, 2010). These theories provide an overlapping and complementary perspective with different levels of resolution of perceptions and analysis (Gray *et al.*, 1995a; Williams and Adams, 2013; Fernando and Lawrence, 2014). According to many scholars, the social and political theories provide more interesting and comprehensive insights into CSR issues than those of the economic theories (Gray *et al.*, 1995a; Reverte, 2009; Williams and Adams, 2013; Cho *et al.*, 2015b; Patten, 2019). Within the wider framework of social and political theories, prior research has relied extensively on legitimacy theory and — to a lesser extent — on stakeholder theory to explain why companies engage in CSR-related practices (Deegan, 2002; McWilliams and Siegel, 2001; Chen and Roberts, 2010). Institutional theory has also been used in prior research, although to a lesser extent than the previous two theories, to explain why companies engage in CSR-related practices (Gray *et al.*, 2009; Fernando and Lawrence, 2014).

Recently, a growing number of scholars have called for more theoretical openness and integration to help CSR literature to move forward (Basu and Palazzo, 2008; Bebbington *et al.*, 2008; King,

2008a; Georgallis, 2017; Yekini *et al.*, 2017). By adopting a multi-theoretical framework that relies on the integration between the insights provided by legitimacy theory, stakeholder theory, institutional theory, and social movement perspective; this study aims at investigating the impact of social movements (i.e. Arab Spring, employees' strikes and communities' protests) on the extent of employee and community disclosure. This chapter aims at providing a detailed review of the theories adopted in this study alongside with the discussion of the critique and the links between these theories. The hypotheses development will be presented in the last section of this chapter based on the insights obtained from the complementary perspectives of the theories adopted in this study and the institutional context of this study.

The remainder of this chapter is organised as follows: the first section provides the introduction of this chapter. The second section provides a detailed review of some of the relevant social and political theories. The third section provides a review of the social movement perspective and its role in creating corporate social change. The fourth section provides a detailed discussion and critique of these social and political theories and draws the link between the social and political theories and the social movement perspective. The fifth and sixth sections present hypotheses development. Finally, the last section provides the concluding comments.

3.2. Social and Political Theories

Since there is no single theory or a theoretical framework that fully explains the corporate motivations to engage in CSR disclosure, prior research has benefited from the insightful and penetrating perspectives of social and political theories (Gray *et al.*, 1995a; Guthrie and Parker, 1990; Cho *et al.*, 2015a). Within the wider framework of social and political theory, prior research has relied extensively on legitimacy theory and — to a lesser extent — on stakeholder theory and institutional theory to investigate CSR disclosure (Deegan, 2002; McWilliams and Siegel, 2001; Islam and Deegan, 2008; Gray *et al.*, 2009; Chen and Roberts, 2010; Fernando and Lawrence,

2014). All of these three theories have their roots in the political economy theory (Gray *et al.*, 1995a; Deegan, 2002; Cho *et al.*, 2015a). The term “political economy” can be broadly defined as “the social, political and economic framework within which human life takes place” (Gray *et al.*, 1996: p. 47). Political economy suggests that the economic, social, and political factors are inseparable and, therefore, the economic activities cannot be meaningfully understood without taking the social and the political context into consideration (Cooper and Sherer, 1984; Gray *et al.*, 1995b; Deegan, 2009; Williams and Adams, 2013; Fernando and Lawrence, 2014).

Following Gray *et al.* (1995a), it is important here to distinguish between the classical or the “Marxian” political economy and the bourgeois political economy. The classical political economy is more concerned with the structural inequalities, class conflict, and the role of the state (Gray *et al.* 1995a). According to this view, CSR disclosure serves as a tool to “mystify and transform social conflict” (Tinker and Neimark, 1987: p.72); in order to “contribute to the corporation’s private interests” (Guthrie and Parker, 1990: p.166). In contrast, the bourgeois political economy takes a more pluralist view of society and ignores the class conflict and inequality from its analysis (Gray *et al.* 1995a; Williams and Adams, 2013). All of the legitimacy theory, stakeholder theory, and institutional theory have their roots in the bourgeois political economy; hence, it has been argued that these theories provide an overlapping and complementary perspective of CSR issues, but with different levels of resolution of perceptions and analysis (Gray *et al.*, 1995a; Chen and Roberts, 2010; Fernando and Lawrence, 2014). In addition, all of these three theories are considered to be system-oriented theories (Deegan, 2009). According to the system-oriented perspective, companies do influence and are influenced by their environment (Deegan, 2002; Pfeffer and Salancik, 1978, 2003; Chen and Roberts, 2010); and indeed, they are shaped, supported and infiltrated by the wider society in which they operate (Scott and Davis, 2015). Accordingly, these three theories share the same view that “social contract” exists between the corporations and the society in which they operate (Gray *et al.*, 1996; Deegan, 2002).

The social contract perspective is based on the premise that companies are a part of a broader social system and there is an implicit social contract that exists between the corporations and the wider society (Deegan, 2002; Gray *et al.*, 1988). This social system consists of numerous agreed-upon norms, values, beliefs, and bounds that organise and govern the relationships between individuals within any given society (Cho *et al.*, 2015a). According to the social contract perspective, corporations have no inherent right to exist within a society but they only exist because that society is granting them the right to operate and use its natural and human resources (Mathews, 1993: cited in Deegan, 2002: p.292). The society, in which corporations exist, has the authority to grant or waive the right of these corporations to operate and to conduct their businesses (Cho *et al.*, 2015a). Therefore, corporations survival and growth depend on their ability to operate within the boundaries of the broader social system or – at least – to appear to do so in the eyes of the whole society (i.e. legitimacy theory) and/or specific stakeholder groups within this society (i.e. stakeholder theory) (Guthrie and Parker, 1990; Ashforth and Gibbs, 1990; Lindblom, 1994; Suchman, 1995; Freeman, 1984). This can be achieved through the symbolic conformity to the prevailing social structures and the institutionalised rules, norms, and routines within the society in which they operate (i.e. institutional theory) (Deegan, 2002; Scott, 1987, 2005; Islam and Deegan, 2008; Chen and Roberts, 2010; Patelli and Pedrini, 2014).

The main interest of the current study is to provide an in-depth analysis of the extent, trends, and practices of employee and community disclosure as portrayed by the Jordanian companies and the changes it underwent throughout the period from 2008 to 2015. The current study also aims at examining the impact of a social movement (the Arab Spring, employees' strikes, and local communities' protests) on the extent of employee and community disclosure in the annual reports of Jordanian companies throughout the same period. In doing so it will uncover the role of the general socio-political factors in shaping employee and community disclosure practices in Jordan through the lenses of some social and political theories. The role of social movement in altering

employee and community disclosure practices will be also explored in the light of some social and political theories and the social movement perspective.

To achieve these objectives, the current study adopts a pluralist view of the social conflict underlying the factors that have been shaping and altering corporate behaviour, and indeed, employee and community disclosure practices. The current study is not interested in uncovering the underlying class conflict and the process through which social conflict is mediated, modified and transformed into changes in corporate behaviour. In other words, this study is not interested in achieving radical change by exploring the role of CSR in mystifying and transforming the class conflict to serve the interest of the capitalists (Tinker and Neimark, 1987; Gray *et al.* 1995a). In this regard, the perspective obtained from the “Marxian” political economy would be irrelevant for the current study. Accordingly, despite the critique of bourgeois political economy as it ignores class conflict and social inequality from its analysis (Gray *et al.* 1995a; Williams and Adams, 2013), it is believed to be more relevant in guiding the empirical analysis of the current study. As discussed earlier, within the wider framework of the social and political theories, this study relies on the insights provided by legitimacy, stakeholder, and institutional theory. The following sections present a detailed review of each one of these three theories with an eye on the link between these theories and CSR disclosure.

3.2.1. Legitimacy Theory

Legitimacy theory has dominated the research in the CSR field and it has provided valuable insights to why companies would engage in voluntary CSR disclosure practices (Gray *et al.*, 1995a; Deegan, 2002; Chen and Roberts, 2010; Cho *et al.*, 2015a, Cho *et al.*, 2015b; Patten, 2019). The concept of “legitimacy” is defined by Suchman (1995: p.574) as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions”. However, legitimacy is not stable

over time; rather, it is a dynamic condition or status because the “social norms, values, beliefs, and definitions” of any given society are ever-changing; and hence, the society “continuously evaluate[s] corporate output, methods, and goals against an ever-evolving expectation” (Lindblom, 1994: p.3). In fact, the legitimacy of an organisation and the whole industry in which it operates can be questioned, challenged, and threatened (Patten, 1992; Deegan *et al.*, 2000; Ogden and Clarke, 2005; Cho, 2009; Aerts and Cormier, 2009; Islam and Deegan, 2008; Islam and Deegan, 2010; McDonnell and King, 2013). Thus, Lindblom (1994: p.2) proposes a more dynamic definition of legitimacy as “a condition or status which exists when an entity’s value system is congruent with the value system of the larger social system of which the entity is a part of”. Yet, Suchman (1995) contends that legitimacy is a perception or assumption that reflects the audiences’ perception of corporate actions. Whether or not the goals and actions of that corporate are legitimate depends on the collective audience perception; and indeed, the corporate actions “may deviate from individuals’ values, yet [it may] retain legitimacy because the deviation draws no public disapproval” (Suchman, 1995: p. 574). Legitimacy is considered one of the main resources that corporations are dependent on for their growth and survival (Dowling and Pfeffer, 1975; O’Donovan, 2002). Unlike other resources, however, legitimacy is a resource that can, arguably, be controlled and perhaps manipulated by corporations (Woodward *et al.*, 1996).

Threats to corporate legitimacy can negatively affect its ability to survive and grow in many ways including, for instance, decreasing demands or even boycotting its products, increasing regulations and disclosure requirements, decreasing the organisation’s ability to attract employees, and shareholders and creditors refraining from investing in the company (Eesley and Lenox, 2006; Summerhays and de Villiers, 2012). Therefore, to maintain their legitimacy in a rapidly changing society and its changing social expectations (Lindblom, 1994; Adams and Harte, 1998; Deegan, 2002; Darendeli and Hill, 2016); or at the times of particular negative social and environmental events that have threatened their legitimacy (Patten, 1992; Deegan *et al.*, 2000; Ogden and Clarke,

2005; Cho, 2009; Aerts and Cormier, 2009; Islam and Deegan, 2008; Islam and Deegan, 2010; McDonnell and King, 2013), companies must engage in a legitimization process to obtain, maintain, and regain their legitimacy; otherwise, a legitimacy gap will grow and it may, eventually, jeopardise the corporate ability to survive and grow (Lindblom, 1994; Suchman, 1995; Deegan, 2002).

The legitimization process refers to the “process whereby an organization justifies to a peer or superordinate system its right to exist” (Maurer, 1971, quoted in Chen and Roberts, 2010: p.361). One of the main legitimization strategies that organisations may employ in their legitimization process is the use of various communication strategies to justify their existence in the eyes of their relevant publics (Dowling and Pfeffer, 1975; Ashforth and Gibbs, 1990; Lindblom, 1994; Suchman, 1995; O’Donovan, 2002; Deegan, 2002; Ogden and Clarke, 2005; Cho, 2009; Summerhays and de Villiers, 2012). According to Lindblom (1994: p.3), there are four courses of action that organisations can take, through their communications, to obtain, maintain, or regain their legitimacy, in which they can seek to:

1. educate and inform its “relevant publics” about (actual) changes in the organisation’s performance and activities;
2. change the perceptions of the “relevant publics”, but not change its actual behaviour;
3. manipulate perception by deflecting attention from the issue of concern to other related issues through an appeal to, for example, emotive symbols; or
4. change external expectations of its performance.

The first communication strategy represents the corporate attempt to align their performance and activities with the social expectations and informing their relevant publics about these changes. Conversely, the fourth communication strategy represents a corporate attempt to align the social expectations with the current and controversial corporate performance and activities. The second communication strategy represents the corporate attempt to correct the perception of the “relevant publics” about the organisation’s performance and activities (Gray *et al.*, 1995a). The third strategy, however, represents the organisation’s attempt to manipulate society’s perception of the current

and controversial corporate performance and activities (ibid). CSR disclosure can help corporations in solving legitimacy problems by maintaining a good relationship with their relevant publics and by justifying the organisation's continued existence (Neu *et al.*, 1998; Ghazali, 2007; Michelon *et al.*, 2015)¹⁶. Indeed, it can be used to demonstrate that corporate policies and practices are congruent with the values of society (Lindblom, 1994; Aerts and Cormier, 2009). Accordingly, if the corporate legitimacy has been threatened or brought into question, organisations can maintain or regain their legitimacy by showing their commitments to socially acceptable norms, values, and behaviours through CSR disclosure (Dowling and Pfeffer, 1975; McDonnell and King, 2013).

A substantial body of prior research has utilised a legitimacy theory framework to explain why companies engage in voluntary CSR disclosure. The vast majority of these studies indicate that companies engage in various CSR communication strategies when they face actual or potential threats to their social or environmental legitimacy, and which endanger the existence of the organisation itself (Patten, 1992; Deegan *et al.*, 2000; Ogden and Clarke, 2005; Cho, 2009; Aerts and Cormier, 2009; Islam and Deegan, 2008; Islam and Deegan, 2010; McDonnell and King, 2013). For example, prior research has commonly found that companies react to actual or potential threats to their social or environmental legitimacy by increasing their disclosure about social and environmental issues (Patten, 1992; Deegan *et al.*, 2000; Ogden and Clarke, 2005; Cho, 2009; Summerhays and de Villiers, 2012; McDonnell and King, 2013) and by using many strategies such as image enhancement, deflecting attention, disclaiming responsibility, and the positive language within their social and environmental disclosure (Deegan *et al.*, 2000; Cho, 2009; Summerhays and de Villiers, 2012). However, the choice of using one or more of these disclosure strategies depends on whether an organisation intends to gain, maintain, or regain its legitimacy (O'Donovan,

¹⁶ See, for example, (Ogden and Clarke, 2005; Cho, 2009; Vanhamme and Grobbsen, 2009; Philippe and Durand, 2011) for some discussions and empirical evidence regarding the extent that CSR disclosure can actually help companies in solving legitimacy issues and managing their image in the eyes of stakeholders.

2002). This choice also depends on the multiplicity of the legitimacy threatening events (Cho, 2009) and the amount of media coverage of the negative event (Deegan *et al.*, 2000; McDonnell and King, 2013).

3.2.2. Stakeholder Theory

As it is the case for legitimacy theory, stakeholder theory considers corporations as a part of a broader social system and that an implicit social contract exists between a given corporation and the society in which it operates (Gray *et al.*, 1996; Deegan, 2002). However, in contrast to legitimacy theory, which views the society as a single unified unit, stakeholder theory acknowledges that the society is constituted of various groups of stakeholders with different expectations, unequal powers, and different abilities to influence the corporate decision making (Deegan, 2002; Chen and Roberts, 2010). According to stakeholder theory, there are many groups in the society which are affected by a given organisation and have legitimate claims on that organisation (Freeman, 1984).

A stakeholder is defined by (Gray *et al.*, 1996: p.33) as “any human agency that can be influenced by, or can itself influence, the activities of the organization in question.” Stakeholder groups are “those groups and individuals that can affect or are affected by the accomplishment of organizational purpose.” (Freeman, 1984: p.25). Based on these definitions, it is clear that corporations have many stakeholder groups including, but not limited to, employees, governments, communities, shareholders, creditors, suppliers, customers, the media and the public interest groups. Hence, stakeholder theory provides the basis to widen the definition of who matters to corporations decision-makers and who does not matter. It “explicitly recognizes that corporations are embedded in a web of entities – all of which need to be considered when thinking about inputs and outputs of a corporation” (Soule, 2009: p.43). According to Gray *et al.*, (1996), corporate decision-makers must owe accountability to all stakeholders in regards to their wide

responsibilities, which are not necessarily limited to the conventional profit-seeking responsibilities. Therefore, stakeholder theory provides a deeper resolution by recognising the society is made of different stakeholder groups with different powers and influence on the corporate decision-making process.

Stakeholder theory acknowledges that corporate survival and growth is a function of its ability to successfully communicate, compromise, and satisfy the multiple — sometimes conflicting — needs of various stakeholder groups (Ullmann, 1985; Islam and Deegan, 2008; Chen and Roberts, 2010). However, companies do not always satisfy the needs of all stakeholders as they might only meet the needs of the most powerful and influential stakeholders while giving less importance or even ignoring and dismissing the needs of the less powerful or influential stakeholders (Neu *et al.*, 1998; Chen and Roberts, 2010). Stakeholder theory, accordingly, consists of two different perspectives: the normative (ethical) branch and the managerial branch (Gray *et al.*, 1996; Deegan, 2000; Mahadeo *et al.*, 2011). According to the normative perspective of stakeholder theory, corporations must meet the needs of all stakeholders regardless of their level of power or ability to influence the organisation. Since this is not the case always, it has been argued that this perspective cannot provide precise predictions for the actual managerial behaviour and practices (Deegan, 2000; Williams and Adams, 2013). Consequently, it does not provide convincing explanations for social or environmental disclosure choices (Gray *et al.*, 1996). Accordingly, this study will rely on the managerial perspective of stakeholder theory in the subsequent discussion and analysis.

Under the managerial perspective of stakeholder theory, corporations are expected to meet the needs and the demands of the most powerful and influential stakeholders only; and indeed, ignore and dismiss the needs and the demands of the less powerful and influential stakeholders (Ullmann, 1985; Gray *et al.*, 1996; Deegan, 2000; Mahadeo *et al.*, 2011). Powerful stakeholders are identified

based on the extent to which managers believe that their relationships with those stakeholders need to be managed or, arguably, manipulated to further their interests (Gray *et al.*, 1996; Deegan, 2002; Islam and Deegan, 2008). By managing (or manipulating) the relationship with influential stakeholders, the organisation can gain their support and approval or distract their opposition or disapproval (Deegan, 2002; Gray *et al.*, 1995a; Gray *et al.*, 1996). One important way to manage or, arguably, manipulate the corporate relationships with its stakeholders, is by using various corporate communication strategies. Indeed, corporations may choose to disclose particular types of information to meet the demands and to avoid any actual or potential conflict with their powerful and influential stakeholders (Roberts, 1992; Deegan, 2002; Neu *et al.*, 1998; Belal and Owen, 2007; Islam and Deegan, 2008). Since CSR disclosure can help the corporations maintain a good relationship with their stakeholders, (Neu *et al.*, 1998; Islam and Deegan, 2008; Jamali, 2008; Chen and Roberts, 2010; Michelon *et al.*, 2015) it can be utilised as a part of the dialogue between corporations and their stakeholders (Gray *et al.*, 1995a).

Stakeholder theory has also been used widely, but to a lesser extent than legitimacy theory, in prior CSR literature (Deegan, 2002; Chen and Roberts, 2010). These studies have commonly found that companies engage in particular types of voluntary CSR information to meet the expectations of particular powerful stakeholders (Neu *et al.*, 1998; Prado-Lorenzo *et al.*, 2009; Kent and Zunker, 2017). In addition, the perceived concerns and external pressures of particular influential stakeholders; such as multinational buying companies are associated with the increase in the content of CSR disclosure (Belal and Owen, 2007; Islam and Deegan, 2008).

3.2.3. Institutional Theory

As it is the case for legitimacy and stakeholder theories, the institutional theory¹⁷ is also considered a system-oriented theory as it shares the same concept that organisations are a part of the broader

¹⁷ There are many types of institutional theory; this study is only interested in one type of this theory, namely, the new institutional sociology or neo-institutionalism (DiMaggio and Powell, 1983; Meyer and Rowan, 1977).

social system in which they operate (Gray *et al.*, 1996; Deegan, 2002; Chen and Roberts, 2010). Moreover, the institutional theory is mainly concerned with the relationship between social expectations and corporate structures, behaviours, and practices (Dillard *et al.*, 2004). Therefore, it has been argued that there is a great overlap between the insights obtained from institutional theory with those obtained from legitimacy theory and stakeholder theory (Gray *et al.*, 1996; Deegan, 2002; Chen and Roberts, 2010; Fernando and Lawrence, 2014). Yet, the institutional theory provides a narrower perspective in regards to the corporate ability to survive and grow than those of legitimacy theory and stakeholder theory (Chen and Roberts, 2010). In essence, although legitimacy theory emphasises the role of social legitimacy in the long-term growth and survival of an organisation, it does not specifically express how this social legitimacy could be achieved (Chen and Roberts, 2010; Islam and Deegan, 2008). In contrast, the institutional theory emphasises that companies can ensure their legitimacy by conforming to the prevalent rules and belief system within their environment (Powell and DiMaggio, 2012; Islam and Deegan, 2008). Hence, the institutional theory is more concerned with the processes in which the prevailing social structures including; schemas, rules, norms, and routines are being established as authoritative guidelines for corporate behaviour (Scott, 2005). According to Chen and Roberts (2010), the resolution provided by institutional theory indicates that conformity to the established institutional patterns is the organisational pathway towards institutional and social legitimacy. Accordingly, in order to ensure their long-term survival and growth, companies must conform to the prevailing social structures and the institutionalised norms within their environment (Deegan, 2002; Scott, 1987, 2005; Islam and Deegan, 2008; Chen and Roberts, 2010; Patelli and Pedrini, 2014).

The organisational conformity to the institutionalised norms and patterns is achieved through the process of institutional isomorphism, which is “constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions” (Hawley 1968: cited in Powell and DiMaggio, 2012: p.66). DiMaggio and Powell (1983) identify three

mechanisms in which institutional isomorphic change may occur, namely the coercive, normative, and mimetic isomorphism. These three types of isomorphism might be the reasons that cause an organisation to rearrange its structure and practices in ways that conform to the prevailing institutionalised structures practices, and patterns within its environment (Chen and Roberts, 2010). Coercive isomorphism refers to the process in which an organisation is forced to adopt particular practices as a result of formal and informal pressures exerted by other organisations which are dependent on and by cultural expectations in the society in which organisations exist (Powell and DiMaggio, 2012). The normative isomorphism is a by-product of the professionalisation in which organizations' officers intuitively follow the conventional practices prevalent in their environment (DiMaggio and Powell, 1983; Chen and Roberts, 2010). Finally, the mimetic isomorphism suggests that, at times of uncertainty, organisations copy the best practices of other successful organisations operating in the same environment (DiMaggio and Powell, 1983; Deegan, 2009).

A central point to institutional theory is that corporations may conform to the institutionalised practices in their environment, not necessarily to increase their efficiency but to be legitimate and socially acceptable (DiMaggio and Powell, 1983; Meyer and Rowan, 1977). By doing so, corporations will be rewarded by society “through increased legitimacy, resources, and survival capabilities” (Scott, 1987: p.498). Moreover, Meyer and Rowan (1977) suggest that companies may seek legitimacy by “ceremonial conformity” which entails the symbolic adoption of particular highly visible and salient practices only because they are considered to be congruent with rational behaviour and social expectations without changing the underlying actual operations.

Institutional theory has been employed, although to a relatively limited extent, by prior research as a possible explanation of why organisations may engage in particular types of voluntary CSR disclosure practices (Gray *et al.*, 2009; Fernando and Lawrence, 2014). Many of these studies indicate that organisations symbolically engage CSR disclosure practices; such as stand-alone

CSR reports, GRI guidelines, and external assurance for legitimacy reasons and without improving the quality of their CSR disclosure (Michelon *et al.*, 2015). Other studies show that organisations may attempt to gain legitimacy by engaging in some CSR disclosure practices; such as customers' disclosure (Ogden and Clarke, 2005). This type of disclosure, according to the authors, aims at presenting a specific image - customer-led companies operating in competitive markets - which is not consistent with their basic identity as monopolistic organisations providing service for profit. In addition, some studies show that some corporate officers may engage CSR practices and disclosures in a response to external coercive pressures from powerful stakeholders although they believe that these practices are not suitable for their institutional context (Islam and Deegan, 2008).

3.3. The Influence of Social Movement and Stakeholders' Activism

Social movement literature has been primarily focused on the actions aimed at creating social and political change at the level of the state, which is perceived as the main authority system in the society (Scully and Segal, 2002; McAdam and Scott, 2005; King, 2008b; Soule, 2009). Recently, many scholars contend that there are many other types of authority systems; such as NGOs, universities, and corporations (Zald and Berger, 1978; Davis and Zald, 2005; Soule, 2009). The corporations, for instance, are considered authority systems in which social movement can arise from insider and/or outsider stakeholders allowing them to operate as agents of social change (Zald and Berger, 1978; Davis and Zald, 2005; Strang and Jung, 2005; Soule, 2009; King and Pearce, 2010). Among others, Davis and Zald (2005), for instance, document how the boundaries between the state and corporations have evaporated, and that the states, on one hand, have become more like businesses as they compete to attract more investments. On the other hand, Businesses have become analogous to the state, in which their employees become some sort of citizens in the corporations they work in (Davis and Zald, 2005). Hence, corporations become frequent targets of the same "kinds of activism previously experienced primarily by states" lead by internal stakeholders; such as employees and shareholders, and external stakeholders; such as community

activists and consumers (Davis and Zald, 2005: p.347; see also, Schurman, 2004; King and Soule, 2007; Soule, 2009). Accordingly, a growing body of literature suggests that social movement and stakeholders' activism are key mechanisms for corporate and institutional change (Zald and Berger, 1978; Davis and Zald, 2005; Soule, 2009; Georgallis, 2017). These insights, according to many scholars, resonate well and complement the insights obtained from legitimacy theory, stakeholder theory, and institutional theory (Soule, 2009, King, 2008a; Davis and Zald, 2005; Schneiberg and Lounsbury, 2008; King and Pearce, 2010; Georgallis, 2017).

A fundamental insight of social movement is that change in the world of corporations is often initiated by disadvantaged individuals who lack an institutionalised way of influencing corporations (Clemens, 2005; King and Pearce, 2010; King, 2011). Indeed, stakeholders who lack access to institutionalised ways of influence can attempt to change corporations using unconventional and extra-institutional tactics (King and Soule, 2007; Soule, 2009; King and Pearce, 2010; King, 2016). Extra-institutional tactics are those unconventional tactics that provide – otherwise powerless – stakeholders with a tactical repertoire to exercise influence on corporations (Zald and Berger, 1978; King and Soule, 2007; Hond and De Bakker, 2007; King and Pearce, 2010; Soule, 2009; King, 2011). Through these tactics, stakeholders attempt to publicly express their grievances and discontent to promote or resist social change (Scully and Segal, 2002; King and Soule, 2007). These tactics provide stakeholders who are usually shut out of conventional and routine ways of influence with “important tools for offsetting the[ir] structural disadvantages” (King, 2011: p.491).

Extra-institutional tactics are influential because of their ability to disrupt their targets' resources and routine operations directly through “market disruption” and/or indirectly through “mediated disruption” (Luders, 2006; Eesley and Lenox, 2006; Hond and De Bakker, 2007; king, 2011; Georgallis, 2017). Market disruption involves confrontational, subversive, and violent tactics that

disrupt their targets' abilities to use market resources (Hond and De Bakker, 2007; King and Pearce, 2010; King, 2011). This type of disruption can be achieved by causing material damage to companies' properties through a range of disruptive tactics, including violent confrontations and deliberate sabotage (Hond and De Bakker, 2007). Thus, movement can impose direct operational costs on their targets and affect their ability to secure revenues by disrupting their target's operations and routine operations (Baron, 2001; Luders, 2006; Baron and Diermeier, 2007; Hond and De Bakker, 2007). The second form of disruption is more associated with causing damage to the targets' image and reputation by communicating the movement's message and broadcasting grievances to a broad audience through third parties; such as the use of mass media (King and Soule, 2007; Hond and De Bakker, 2007; King and Pearce, 2010; King, 2011). Mediated disruptions can be achieved, for instance, through the clever use of mass media to highlight previously ignored problems, linking these problems directly to the target, and thus, driving negative public attention to the target's image and reputation (Eesley and Lenox, 2006; Baron and Diermeier, 2007; Hond and De Bakker, 2007; King, 2008b, 2011, 2016; Georgallis, 2017).

In real-life situations, both forms of disruptions are interrelated and mutually reinforcing (Baron and Diermeier, 2007; Hond and De Bakker, 2007; King and Pearce, 2010; King, 2011; Eesley *et al.*, 2016). According to King (2011: p. 492):

Initial attempts at market disruption may drive additional media attention to the movement tactic; and additional media coverage of the tactic then leads to further disruption as more movement supporters become mobilized and the target loses support among key stakeholders.

Accordingly, the second form of disruption is especially effective for secondary stakeholders who are *unable* to directly create market disruption for a corporation because they lack control over market resources. Yet, they can “gain leverage over valuable resources” by bringing public attention to their discontent and grievances (King and Soule, 2007: p.437). By doing so, activists can shape the perception and the expectations of the general public and influential stakeholders;

such as shareholders, ranking organisations, and political elites in regards to appropriate corporate conduct (King and Soule, 2007; Luders, 2006; King, 2008b; Lenox and Eesley, 2009; Vasi and King, 2012; King, 2016; McDonnell and Werner, 2016; Georgallis, 2017). According to Georgallis (2017: p.739), grievances do not pre-exist in the public sphere, “but they are (at least partly) constructed and interpreted by social movements”. By bringing public attention to these grievances, “social movements as collective actors that both create and mediate expectations” of the general public and key stakeholders about the appropriate corporate conduct (ibid: p.745). The following section provides a detailed discussion of how these insights relate to the insights that can be obtained from legitimacy theory, stakeholder theory, and institutional theory.

3.4. Discussion, Critique, and Integration

Although legitimacy theory has been long perceived to provide valuable insights to explain such disclosure practices (Gray *et al.*, 1995a; Deegan, 2002; Chen and Roberts, 2010; Cho *et al.*, 2015a, Cho *et al.*, 2015b; Patten, 2019), legitimacy theory is, nonetheless, still “considered to be an underdeveloped theory of managerial behaviour” (Deegan, 2002: p.282). According to Cho *et al.*, (2015b: p.80):

Legitimacy theory operates at a very broad level of analysis, viewing an organization’s implicit contract with society as essentially a single contract that is either enforced or broken. Society is, thus, a unified actor with a cohesive set of societal norms [...] It is important to point out that legitimacy theory considers the organization also to be a unified (or unitary) actor. This assumption allows conclusions regarding the strategic intent of disclosure decisions to be inferred.

Accordingly, legitimacy theory views the whole society as a single unified unit (Cho *et al.*, 2015). This view provides a poor resolution of the analysis because society is made up of various groups, which have unequal powers and different abilities to influence the corporations (Deegan, 2002). In contrast to this view, stakeholder theory explicitly acknowledges that the society is made up of different groups that have different views about the way corporations should conduct their operations (Deegan, 2002; Islam and Deegan, 2008). This implies that corporations respond

differently to the different stakeholder groups based on their power level and their abilities to influence the corporations. This view provides a complementary perspective on the managerial choices to the one obtained from the legitimacy theory (Fernando and Lawrence, 2014).

Both legitimacy theory and stakeholder theory emphasise the importance of social legitimacy and the congruence between the corporate practices and the values of the whole society (i.e. legitimacy theory) and/or the powerful stakeholders (i.e. stakeholder theory). However, both theories do not fully express how this congruence and social legitimacy can be achieved (Chen and Roberts, 2010). Institutional theory is more concerned with explaining the patterns of corporate behaviour and showing how particular practices are being adopted and institutionalised as a result of external pressures from the whole society (legitimacy theory) and/or the powerful stakeholders (stakeholder theory) (Scott, 1987; Chen and Roberts, 2010; Islam and Deegan, 2008). Therefore, there is a great overlap between legitimacy, stakeholder, and institutional theory (Gray *et al.*, 1996; Deegan, 2000, 2002; Chen and Roberts, 2010; Islam and Deegan, 2008; Fernando and Lawrence, 2014). Yet, these theories, as applied by most of prior CSR studies, have been criticised for viewing the relationship between companies and their external environment as a wholly structural relationship which is characterised by resources and institutional constraints (McAdam and Scott, 2005; Schneiberg and Lounsbury, 2008; King, 2008a; King and Pearce, 2010; Georgallis, 2017).

A key insight into legitimacy theory and institutional theory is that corporations do change their policies and practices, including CSR practices and disclosure, in response to changes in social expectations and the external social and political pressures (Patten, 1992; Deegan *et al.*, 2000; Ogden and Clarke, 2005; Cho, 2009; Aerts and Cormier, 2009; Islam and Deegan, 2008; Islam and Deegan, 2010; McDonnell and King, 2013). Yet, these theories do not provide any insights to explain how and why changes in the social pressure and social expectations may occur in the first place. Prior studies based on legitimacy, stakeholder, and institutional theories tend to attribute

changes in social and political pressure either to internal legitimacy factors such as corporate size and industry membership (Patten, 1991; Neu *et al.*, 1998; Gray *et al.*, 2001; Campbell *et al.*, 2006; Cho *et al.*, 2015a); or external factors such as political authority including regulations and privatisation, and social and environmental events (Deegan *et al.*, 2000; Ogden and Clarke, 2005; Cho, 2009; Mahadeo *et al.*, 2011; Summerhays and de Villiers, 2012; Costa and Agostini, 2016; Matuszak and Róžańska, 2017). Yet, they largely ignored the unconventional routes of corporate and market change such as social movement and stakeholders' activism (McAdam and Scott, 2005; Schneiberg and Lounsbury, 2008; King and Pearce, 2010; Georgallis, 2017).

A relatively new stream of research, however, has turned to social movement perspective to provide a more dynamic view of corporate interaction with its external environment (Davis and Zald, 2005; Strang and Jung, 2005; Den Hond and De Bakker, 2007; Schneiberg and Lounsbury, 2008; Georgallis, 2017). Based on this view, corporate social change may occur as a result of social movements which play an active role in shaping the perception and the expectations of the general public and influential stakeholders of what is regarded as appropriate corporate conduct (King and Soule, 2007; Luders, 2006; King, 2008b; Lenox and Eesley, 2009; Vasi and King, 2012; King, 2016; McDonnell and Werner, 2016; Georgallis, 2017). By shaping the perception and the expectations of the general public and influential stakeholders of what appropriate corporate conduct is; social movement can undermine corporate legitimacy and increase the pressure from stakeholders (King, 2008b; Georgallis, 2017). Doing so will force companies to adopt social and environmental practices and disclosure strategies which deemed to be congruent with the movements' issues (Raeburn, 2004; Schurman, 2004; Weber *et al.*, 2009; McDonnell and King, 2013; Hiatt *et al.*, 2015; Georgallis, 2017). Taken together, the insights obtained from social movement resonate well and complement the insights obtained from legitimacy theory, stakeholder theory, and institutional theory (Soule, 2009, King, 2008a; Davis and Zald, 2005; Schneiberg and Lounsbury, 2008; King and Pearce, 2010; Georgallis, 2017).

The social movement perspective also provides valuable insights into understanding the corporate stakeholder environment (King, 2008a; Georgallis, 2017). Indeed, several attempts have been made to identify and classify stakeholder groups in order to understand the nature of their power and influence over the corporate decision-makers. For example, stakeholder groups can be classified into primary and secondary groups. The primary stakeholder groups are those stakeholders who are directly related to the organisation and can affect its resources; such as shareholders, creditors, suppliers, customers, employees, governments, and communities. Secondary stakeholder groups are those stakeholders who are not directly related to the organisation, but they can affect the primary stakeholders and, accordingly, they can influence the organisation; such as the media and public interest groups (Mitchell *et al.*, 1997). Another classification is based on resources dependence theory in which stakeholders can be classified according to their possession of the resources needed by the organisation. The more critical the stakeholders' resources for the corporate ongoing survival, the more likely that the corporation will indeed, respond and satisfy their needs and demands (Ullmann, 1985; Roberts, 1992; Mitchell *et al.*, 1997; Deegan, 2000). However, these views of stakeholder's power and influence have been criticised for viewing stakeholders' power as a wholly structural and static over time (McAdam and Scott, 2005; King, 2008a).

According to Mitchell *et al.*, (1997), the identification and salience of each stakeholder group is a function of their possession of one or more of three attributes: power, legitimacy, and urgency. Lacking these attributes leaves stakeholders with a relatively limited ability to influence corporate decision-makers. Yet, these three attributes are socially constructed and not in steady over time and within different contexts (McAdam and Scott, 2005; King, 2008a; Georgallis, 2017). Thus, the process of stakeholder identification and salience is a continuous process and stakeholders' actual or perceived influence may vary over time or in accordance with different factors such as stakeholders' activism (Mitchell *et al.*, 1997; King, 2008a; Georgallis, 2017). Lacking a theoretical

explanation of stakeholder emergence and influence, scholars have turned to a social movement perspective to understand the role that stakeholders' activism and collective actions play in increasing the potential influence of any stakeholder group (Den Hond and De Bakker, 2007; King, 2008a; Soule, 2009; Georgallis, 2017).

Drawing on social movement literature, scholars have highlighted the role that stakeholders' activism and collective actions play in increasing the salience and the potential influence of any stakeholder group (Den Hond and De Bakker, 2007; King, 2008a; Georgallis, 2017). Indeed, powerless stakeholders can impose direct operational costs on their targets and affect their abilities to secure revenues by disrupting their targets' operations and routines through extra-institutional tactics; such as strikes, protests, and boycotts (Baron, 2001; Luders, 2006; Baron and Diermeier, 2007; Hond and De Bakker, 2007; McDonnell and King, 2013). They can also cause damages to the targets' image and reputation by bringing public attention to their discontent and grievances using the mass media (King and Soule, 2007; Hond and De Bakker, 2007; King and Pearce, 2010; King, 2011; Georgallis, 2017). These actions can force corporations to take corrective actions and to engage in crisis management strategies, including CSR disclosure, to control the damages caused by stakeholders' collective actions (Hond and De Bakker, 2007; Islam and Deegan, 2008; McDonnell and King, 2013).

Lending support to this argument, a significant body of prior literature has found that stakeholders' activism can shape the perception of investors (Epstein and Schnietz, 2002; King and Soule, 2007; Pruitt and Friedman, 1986), external CSR ranking organisations (Bartley and Child, 2011), and political elites (McDonnell and Werner, 2016) about their targets' image, reputation, and risk profile. Other studies have suggested that companies respond to social movement and stakeholders' activism by engaging in many types of crisis management strategies to control any potential damage to their image and reputation, and therefore, maintaining their social legitimacy (Koku *et*

al., 1997; Eesley and Lenox, 2006; Lenox and Eesley, 2009; Vasi and King, 2012). This includes, for instance, increasing the number of their press-releases prosocial claims (McDonnell and King, 2013); and by seeking affiliation with movement associations and issuing a public statement via press release that frame their actions in good light (Hiatt *et al.*, 2015). Finally, other studies have shown that stakeholders' activism can force companies to change their policies and practices related to workplace and employee benefits (Scully and Segal, 2002; Raeburn, 2004; Luders, 2006); and tackle environmental issues (Eesley and Lenox, 2006; Lenox and Eesley, 2009; Carberry *et al.*, 2019). In such cases, the institutionalisation of new practices is better understood as a contested process, in which the logic of mobilisation and contention replaces the logic of authority (Strang and Jung, 2005; Schneiberg and Lounsbury, 2008). This allows institutional theorists to overcome the "excessive institutional determinism" and to take an actor-driven account of the institutionalisation process (Schneiberg and Lounsbury, 2008: p. 648). In this regard, the process of institutional isomorphism, in many cases, is a contested process fuelled by unconventional and confrontational ways through social movement and stakeholders' collective activism.

To this end and based on the above discussion, it can be argued that companies are increasingly aware that their survival and growth hinge on their ability to meet the social expectations of the society at wide (legitimacy theory); and their ability to manage their relationship with specific influential stakeholder groups within this society (stakeholder theory). This can be achieved through corporate conformity to the prevailing social structures and the institutionalised rules, norms, and routines within their environment (institutional theory). However, the prevailing social expectations, social structures and the institutionalised rules, norms, and routines can undergo a fundamental change due to many factors such as a social movement. In order to survive, companies must change their social behaviour – or at least to be perceived to do so by their relevant publics – to align their behaviour with the new social expectations and social structures within their

environment. One important way to align the corporate behaviour with the new social expectations and structures is through their CSR disclosure.

A recent obvious example of a social movement that has been playing a crucial role in changing social expectations is the democratic movement of the Arab Spring. Indeed, a significant number of scholars have agreed that the socio-political environment of Jordan and many of the MENA countries have undergone massive changes because of the Arab Spring. These changes have altered the social expectations regarding corporate social performance (Malik and Awadallah, 2013; Avina, 2013). Moreover, these changes have also resulted in increased social pressure from long marginalised stakeholders including the employees and local communities through their engagement with various types of strikes and protests against many companies.

Based on the review above and the recent changes in the recent changes in the socio-political environment of Jordan following the Arab Spring, it can be expected that the Jordanian companies have increased their employees and community disclosure after the Arab Spring. This increase in employees and community disclosure is motivated by the companies' desire to maintain their social legitimacy by aligning their social behaviour to the new social expectations of the wider public. Moreover, this increase is also motivated by their desire to manage their relationships with the new influential stakeholders mainly the employees and the local communities. Not doing so have proven to harm their image, reputation, and direct financial interests through strikes, protests, and negative media attention. The following sections provide a detailed discussion of this argument and articulate it in the form of testable research hypotheses.

3.5. The Role of the Arab Spring in Determining the Extent of Employees and Community Disclosure

Based on the insights provided by legitimacy theory, a substantial body of the existing literature demonstrates that it is essential for companies to operate in a manner that is congruent with the

social norms and expectations. Not doing so would, arguably, jeopardise corporate legitimacy and negatively affect its ability to survive and grow (Patten, 1992, 2019; Deegan *et al.*, 2000; Ogden and Clarke, 2005; Cho, 2009; Summerhays and de Villiers, 2012; McDonnell and King, 2013; Gray *et al.*, 1995a; Deegan, 2002; Chen and Roberts, 2010; Cho *et al.*, 2015a, Cho *et al.*, 2015b). If companies perceive that their legitimacy is being challenged or called into question by the society in which they operate or by specific stakeholder group among this society; they are more likely to take corrective actions to maintain or repair their legitimacy (Lindblom, 1994; Deegan *et al.*, 2000; Gray *et al.*, 1995a; Williams and Adams, 2013). Yet, since taking corrective actions on their own do not solve corporate legitimacy problems, prior studies stressed the importance of the corporate ability to compromise and communicate these actions to their relevant publics. Most of the prior studies have relied on corporate-specific characteristics or external events such as political or regulatory authority, environmental disasters, and negative media attention as a legitimacy threatening factors (see, for example, Patten, 1991; Neu *et al.*, 1998; Deegan *et al.*, 2000; Gray *et al.*, 2001; Ogden and Clarke, 2005; Campbell *et al.*, 2006; Cho, 2009; Aerts and Cormier, 2009; Islam and Deegan, 2010; Mahadeo *et al.*, 2011; Summerhays and de Villiers, 2012; Cho *et al.*, 2015a; Costa and Agostini, 2016; Matuszak and Róžańska, 2017). Most of these studies have reported that companies engage in various CSR communication strategies when they face actual or potential threats to their social or environmental legitimacy. This study focusses on different legitimacy threatening events, which are related to the social movement of the Arab Spring and its impact on employees and community disclosure by the Jordanian public companies.

It has been widely agreed that the Arab Spring has started in Jordan and most of MENA countries with public protests against the dire economic conditions and the struggle against the high levels of poverty and unemployment. Although Jordan seemed to walk away, largely unaffected by the Arab Spring; the democratic movement in Jordan during the Arab spring has a great impact on the whole business environment in Jordan and across the region. According to Avina (2013: p.78),

“the entire business model which drove most business engagement in the Arab region has been inverted”. Indeed, companies have become under growing public scrutiny and it is clear that their pre-Arab Spring business models and practices, which were focused on profits making on the expense of all non-shareholders stakeholders, have lost their legitimacy (Ryan, 2011; Malik and Awadallah, 2013; Avina, 2013; Darendeli and Hill, 2016). One important characteristic of this change is that CSR and business engagement with their stakeholders become a critical part of the new business models in Jordan and across the region (Malik and Awadallah, 2013; Avina, 2013; Darendeli and Hill, 2016). According to Avina (2013: p.92): “Non-engagement [with the new CSR approaches] bears a price too high and too visible for corporates in today’s modern world of real-time social scrutiny and popular commercial sanction within the suddenly dynamic Arab region to ignore”. This implies that in order to maintain their social legitimacy, companies in Jordan and across the region must conform to the new business models and communicate these changes to the public and their key stakeholders.

Following the Arab Spring, companies in Jordan have been faced with a growing criticism regarding their labour practices including low wages, poor workplace conditions, forced labour, the arbitrary dismissal, and the demission of workers’ rights (Labor-Watch, 2010). In addition, employees’ activism has flourished since the early days of Arab Spring; and as a result, companies that have failed to improve the welfare of their employees have been confronted with an unprecedented wave of employees’ strikes (Labour-Watch, 2016). These events indicate the likelihood of challenges to the legitimacy of the corporate labour practices adopted by the Jordanian companies and the legitimacy of the entire government approach towards these practices. Accordingly, in order to maintain their legitimacy and to avoid any regulatory actions, the Jordanian companies might need to disassociate themselves from the pre-Arab Spring labour practices and highlight the positive impact of their labour practices towards their employees. One

way of demonstrating the positive impact of corporate labour practices toward their employees is through corporate employee disclosure. Based on the above overview it can be hypothesised that:

H₁: The extent of the employee disclosure of the Jordanian companies has increased significantly after the Arab Spring.

In the 1990s, Jordan has established its economic reforms and moved towards a neoliberal economic model with a market-oriented economy. These reforms include the privatisation of state-owned companies. The economic reforms, however, have failed to improve the economic conditions of the Jordanians or to achieve the promised results in terms of alleviating poverty, decreasing unemployment rates or reducing the public debt (Moon, 2012). This failure of these reforms has attracted wide groups of activists, who inspired by the Arab Spring, to call the government to “reform *away* from privatisation and towards a revitalisation of the social welfare role of the state” (Ryan, 2011: p.385, original emphasise). This indicates that it is not only the business contribution to community issues that have become a matter of public concern but the legitimacy of the whole neoliberal economic system that supports the pre-Arab Spring business models has been called into question. These events indicate the likelihood of challenges to the legitimacy of the community involvement of the Jordanian companies and the legitimacy of the entire neoliberal economic system. Accordingly, in order to maintain their legitimacy and to avoid any regulatory actions following these events, the Jordanian companies might need to highlight the positive impact of their social activities on the local communities in which they operate. One way of demonstrating the positive impact of corporate community activities on the local community is through corporate community disclosure. Based on the above overview it can be hypothesised that:

H₂: The extent of the community disclosure of the Jordanian companies has increased significantly after the Arab Spring.

3.6. The Role of the Employees' Strikes and Local Communities' Protests in Determining the Extent of Employees and Community Disclosure

A key aspect of corporate survival and growth within the current organisational structure is their ability to successfully communicate, compromise, and satisfy the multiple — sometimes conflicting — needs of various stakeholder groups (Ullmann, 1985; Islam and Deegan, 2008; Chen and Roberts, 2010). Yet, companies do not satisfy the needs and demands of all stakeholder groups regardless of their power and influence (Williams and Adams, 2013). Indeed, the managerial branch of stakeholder theory suggests that companies are expected to meet the needs and the demands of powerful and influential stakeholders only. These powerful stakeholders are identified by the extent that a company believes its relationship with these stakeholders needs to be managed — or potentially manipulated — in order to further its interests (Gray *et al.*, 1996; Deegan, 2002; Islam and Deegan, 2008).

Stakeholder theory, however, does not specify who should be considered as a powerful stakeholder. While most of the previous studies have tended to focus on static and structural attributes of stakeholders' power and influence; this study will adopt a social movement perspective to understand the dynamic interaction between companies with their external environment and stakeholders (Den Hond and De Bakker, 2007; King, 2008a; McDonnell and King, 2013). Based on this perspective, stakeholders' collective actions underlie much of stakeholders' influence and without them, "many stakeholders would simply not exist (or matter) in the eyes of managers" (King, 2008a: p.25). Accordingly, companies are more likely to react by managing or manipulating their relationship with stakeholders who engage in collective actions; such as, strikes, protests, and boycotts. One important way to manage — or arguably, to manipulate — the corporate relationships with its powerful stakeholders is by having strategic communications and disclosing information to prove or exhibit that that the organisation is conforming to the expectations of those

powerful stakeholders (Deegan, 2002; Neu *et al.*, 1998; Islam and Deegan, 2008). Managing (or manipulating) the relationship with influential stakeholders help companies in gaining their support and approval or distracting their opposition and disapproval (Deegan, 2002). Accordingly, companies may choose to disclose particular types of CSR information to meet the demands and the expectations of particular powerful stakeholders (Roberts, 1992; Deegan, 2002; Neu *et al.*, 1998; Belal and Owen, 2007; Islam and Deegan, 2008).

Employees' strikes and the extent of employee disclosure

In Jordan, the focus of this study, employees' activism has flourished since the early days of the Arab Spring. Companies that have failed to improve the welfare of their employees in terms of fair wages, good working conditions, and comply with the regulations including increasing the minimum wage and limiting working hours, have been confronted a wave of strikes by their employees. Many of these strikes have been carried out in demand of higher wages, health insurance, better workplace conditions, and compliance with the regulations of minimum wages, working hours, and vacations (Labour-Watch, 2016; ESC, 2015). These events indicate that companies, which have been targeted by employees' strikes, may need to attempt to gain employees' support and approval, or distracting their opposition disapproval. This can be achieved by reporting employee disclosure. Based on the above overview it can be hypothesised that:

H₃: There is a significant positive association between the extent of employee disclosure and the number of employees' strikes.

However, assuming that all employees' strikes will elect equal responses from their target companies is an arbitrary assumption. Indeed, social movement theorists have identified many factors that facilitate the influence of stakeholders' collective actions (McCarthy and Zald, 1977; Soule and Olzak, 2004; Soule and King, 2006; King, 2008a, b; McDonnell and King, 2013). Some of these factors are related to the characteristics of the movement itself such as the presence of

Social Movement Organisations (McCarthy and Zald, 1977; Soule and Olzak, 2004; King, 2008a; McDonnell and King, 2013; Georgallis, 2017). A Social Movement Organisation is defined as a “complex, or formal, organization which identifies its goals with the preferences of a social movement or a countermovement and attempts to implement those goals” (McCarthy and Zald, 1977: p.1218). Social Movement Organisations work as “mechanisms that pool individual inputs” (King, 2008a: p.27), which can affect the outcomes of a movement in many ways beyond their effect on the movements’ capacity and protests (McCarthy and Zald, 1977; Soule and Olzak, 2004).

The more formal Social Movement Organisations are, the more likely they will generate more influence and meet with more success (Soule and Olzak, 2004). Indeed, formal Social Movement Organisations are more influential because of their capacity to “strategically use institutionalized tactics, such as litigation and lobbying” (ibid: p.478). Based on the discussion above it can be anticipated that employees’ strikes that have been initiated or supported by labour associations are more influential than wildcat strikes. Hence, labour associations do boost the impact of employees’ strikes. Accordingly, companies that have been faced with employees’ strikes that have been initiated or supported by labour associations are more likely to significantly increase the extent of their employee disclosure. Based on the above discussion it can be hypothesised that:

H4: Companies are more likely to increase the extent of employee disclosure when they targeted by employees’ strikes that have been initiated by labour associations.

The second factor that has been perceived to affect the outcome of social movement is related to the ability of activists to broadcast their grievances to a broader audience. This can be achieved through the clever use of mass media to highlight previously ignored problems and linking these problems directly to the target, thus, driving negative public attention to the target’s image and reputation (Eesley and Lenox, 2006; Baron and Diermeier, 2007; Hond and De Bakker, 2007; King, 2008b, 2011, 2016; Georgallis, 2017). Media coverage is very effective in influencing or

shaping the public perception about particular social or environmental issues (Deegan *et al.*, 2002; King, 2011; McDonnell and King, 2013; Georgallis, 2017). This perspective is embedded in the Media Agenda Setting Theory, which suggests that media attention does not only reflect the public impressions of specific issues, but it plays an active role in constructing their impressions about these issues (Deegan *et al.*, 2002; Aerts and Cormier, 2009). By shaping the perception and the expectations of the general public and influential stakeholders about what appropriate corporate conduct is, activists can undermine corporate legitimacy (King, 2008b; Georgallis, 2017). Doing so will force companies to adopt social and environmental practices and disclosure strategies, which deemed to be congruent with the movements' demands (Raeburn, 2004; Schurman, 2004; Weber *et al.*, 2009; McDonnell and King, 2013; Hiatt *et al.*, 2015; Georgallis, 2017). Based on the above overview it can be hypothesised that:

H₅: There is a significant positive association between the extent of employee disclosure and the amount of media attention towards employees' strikes.

Communities' Protests and the Extent of Community Disclosure

Not only employees' activism has increased dramatically since the early days of the Arab Spring, but also local communities' activism has flourished. Companies that have not been able to improve the welfare or build good relationships with the local communities have targeted by protests provoked by the members of these local communities. These protests have been carried out mainly in demand of job opportunities to the unemployed in these communities. These events indicate that companies, which have been targeted by protests organised by their local communities, may need to attempt to gain the support and approval from these local communities. This can be achieved through local community disclosure. Based on the above discussion, it can be hypothesised that:

H₆: There is a significant positive association between the extent of community disclosure and the amount of media attention towards local communities' protests.

The third factor that deemed to affect the outcomes of social movement is related to the characteristics of the movements' targets; such as, the political opportunities (Soule and Olzak, 2004; King, 2008a). The political opportunities refer to the targets' openness to change and to concede to the movements' demands (Soule and Olzak, 2004; Soule and King, 2006; King, 2008b). The more the target is vulnerable and open to change, the more effective and successful social movements' tactics will be in influencing their target (King, 2008b). Not all of the social movements' targets are equally open to change; hence, movements are deemed to be more influential in some contexts than in others (Soule and Olzak, 2004; King, 2008b). Accordingly, not all Jordanian companies would be equally vulnerable to local communities' protests and not all of them would have been affected to the same extent by these protests. Indeed, it is well documented in the literature that the Arab Spring has started in Jordan with public protests against the dire economic conditions and the high levels of poverty and unemployment. These public protests have inspired locals, who live in areas with high poverty and unemployment levels, to protest against companies operating in their areas in demand for job opportunities. Since poverty and unemployment levels vary significantly across the Jordanian cities (Mryyan, 2014; Dawas, 2017); assuming that all communities' protests will elect equal responses from their target companies is an arbitrary assumption. Accordingly, it can be expected that local communities' protests in areas with high poverty and unemployment rates would be more persistent and more populated. Hence, companies operating in areas that have high poverty and unemployment rates are more likely to increase the extent of their community disclosure in response to local communities' protests. Based on the above discussion it can be hypothesised that:

H7: The association between the extent of community disclosure and the amount of media attention towards local communities' protests will be stronger if the company operates in an area with high poverty and unemployment rates.

3.7. Conclusion

This chapter provides an overview of social and political theories particularly legitimacy theory, stakeholder theory, and institutional theory – the most widely used theories in prior CSR literature. It highlights the overlapping nature of these theories, the shared view of the “social contract” perspective between corporations and their environment. It also highlights the mutual interest of these theories in studying the corporate relationship with its external environment and CSR disclosure. This chapter also provides an overview of the social movement perspective and the utility of this perspective in understanding the role of social movement and stakeholders' collective actions in creating corporate social change. It proceeds with a critique of legitimacy theory, stakeholder theory, and institutional theory and highlights the utility of the integrating elements of social and political theories with elements of the social movement perspective. This would advance our understanding of the mechanism of the dynamic interaction between companies and their external environment. This chapter then proceeds with the discussion of the link between the theoretical framework adopted in this study with the study context and social movement factors considered in this study. Finally, this chapter provides the study hypotheses, which are to be empirically tested in the following chapters. Yet, it is important to understand the socio-political environment of Jordan before the Arab Spring and its changes during the Arab Spring to better understand the impact of the Arab Spring on CSR disclosure, particularly on employee and community disclosure. These issues will be discussed in details throughout this chapter.

Chapter Four

Institutional Context

Chapter Four: Institutional Context

4.1. Introduction

The focus of this chapter is to provide a detailed background of the institutional context of this study and a detailed overview of the recent changes in this institutional context, which resulted from the democratic movement of the Arab Spring. The impact of institutional context on CSR is well documented in the prior literature (see, for example, Gray *et al.*, 1995a; Neu *et al.*, 1998; Adams, 2002; Laan Smith *et al.*, 2005; Baskin, 2006; Golob and Bartlett, 2007; Matten and Moon, 2008; Visser, 2008; Gjolberg, 2009; Jamali *et al.*, 2009; Ramanna, 2013; Jamali, 2014; Tilt, 2016; Jamali and Karam, 2018). Within the context of emerging countries particularly the Middle East, the focus of this study, prior literature has emphasised the role of the distinctive socio-political realities of these countries in shaping CSR practices (Visser, 2008; Jamali, 2007; Vinke and El-Khatib, 2012; Belal *et al.*, 2013; Jamali, 2014). Many of these distinctive socio-political realities, however, have changed as a result of the democratic movement of the Arab Spring and the associated social movements. Yet, as it has been discussed in the previous chapter, there is a dearth in the literature that has investigated the CSR response to the social movement events and stakeholder activism. This absence of such prior literature is far more prominent in the context of emerging countries than it is in the more developed ones. To address these gaps, this study aims at investigating the impact of a social movement (i.e. the Arab Spring, employees' strikes, and communities' protests) on the extent of employee and community disclosure in Jordan, an emerging Middle Eastern country.

The Arab Spring, as a unique and unprecedented democratic social movement, presents a great opportunity to study the impact of a social movement on CSR within the context of emerging countries, particularly Jordan. Not only the democratic movement of the Arab Spring has had its main impact on the state, but also many important implications for other civil society organisations below the level of the state, particularly for business corporations. Indeed, the lack of political

participation and stakeholders' pressure had been identified as one of the main factors that had been hindering and shaping CSR in many of the Middle Eastern countries before the Arab Spring. These factors have changed since the early days of the Arab Spring. In Jordan, the focus of this study, for instance, the political activism has become a key factor in the political life and companies have been confronted with a wide unprecedented wave employees' strikes and communities' protests (Labour-Watch, 2016). These changes, I suggest, present another important opportunity to study the impact of stakeholders' activism and collective actions on CSR within the context of emerging countries, which has been largely ignored in both prior social movement and CSR literature.

It is important to understand the socio-political environment of Jordan before the Arab Spring and its changes during the Arab Spring to better understand the impact of the Arab Spring on CSR disclosure, particularly on employee and community disclosure. These issues will be discussed in details throughout this chapter. The remainder of this chapter is organised into four sections. The first section provides the introduction of the chapter. The second section provides a detailed background of the Arab Spring and the socio-political environment of the MENA countries before and after the Arab Spring. The third section provides a detailed background of the Jordanian business environment before and after the Arab Spring and highlights the implications of such a democratic movement for the organisational-society relationship. Finally, the last section provides the concluding comments.

4.2. Arab-Spring and the Socio-Political Environment of MENA Region

The term "Arab Spring" refers to the unprecedented wave of political protests and democratic uprisings which started in Tunisia in 2010 and swept over the MENA region (Bayat, 2013; Khatib and Lust, 2014; Bellin, 2012; Pace and Cavatorta, 2012; Yitzhak, 2018). The early days of 2011 have marked the success of the Tunisian revolution by toppling the long-standing dictator — *Zine*

El-Abidine Ben Ali — who ruled the country for 23 years. Only a few months after the collapse of the Tunisian president, a wave of democratic uprisings engulfed across the Arab countries and brought down many dictators, who have long been perceived to be unshakeable and unquestionable. To better understand the scale and the nature of the changes in the socio-political environment during the Arab Spring, it is essential to understand the features of this socio-political environment before the Arab Spring and the factors that had contributed to its emergence.

For many decades before the Arab Spring, MENA countries have been suffering from oppressive regimes, corruption, and economic strains (Bellin, 2012; Moon, 2012; Ryan, 2011; Köprülü, 2014). Many countries have adopted the neoliberal economic reforms which have been imposed by the World Bank and the International Monetary of Fund on many Middle Eastern countries. Yet, these economic reforms have failed to provide jobs and fairly distribute wealth, but conversely, it has impoverished the masses, increased unemployment levels, and widened the gaps between the working and the upper middle classes across the region (Pace and Cavatorta, 2012; Moon, 2012; Malik and Awadallah, 2013). The failure of these economic reforms has increased the sense of dissatisfaction and injustice among the masses particularly the unemployed youths (Malik and Awadallah, 2013; Köprülü, 2014). Moreover, many of these countries have increased their investments in technology and computer training to attract more investments and create more economic growth. Later on, this technology has played a major role in the mobilising citizens and activists against the authoritarian regimes during the Arab Spring through the extensive use of social media (Howard *et al.*, 2011; Khondker, 2011; Allagui and Kuebler, 2011; Eltantawy and Wiest, 2011; Yitzhak, 2018).

Before the Arab Spring, social and political research has spent a great deal of interest in investigating and explaining the factors that contributed to the long persistence of the authoritarian regimes in the MENA region. These factors include, for instance, the weakness of the civil society

(Wiktorowicz, 2000); the division of opposition forces (Lust-Okar, 2004); the region's cultural endowment such as the triable makeup of society (Kedourie, 2013); the prevalence of peculiar logic of monarchy (Herb, 1999; Lucas, 2004); the embracement of liberalised autocracy (Brumberg, 2002); and the effective manipulation of political institutions such as parties and electoral laws (Posusney, 2002; Brownlee, 2007). Most of these factors, however, are not exclusive to the MENA countries only. Indeed, many other regions have disadvantaged from these factors, and yet, they have managed to move toward democratisation while most of the MENA countries have remained so authoritarian (Bellin, 2004, 2012). What was different in the MENA countries, according to Bellin (2012: p.128), "is the presence of exceptionally muscular coercive apparatus endowed with both the capacity and will to repress democratic initiatives originating from society".

While all the above factors were in place for a long time before the Arab Spring, they do not explain the sudden surge of the Arab Spring or why it did not start earlier? Bellin (2012) provides possible answers to this question, in the contexts of Tunisia and Egypt. She explains the Arab spring as a result of the long-standing social and economic grievances and the wide access to social media. She also adds two other factors; namely, the emotional trigger and the sense of impunity among activists and protesters. The emotional trigger is when ordinary people take to the street as a result of being compelled by some strong emotions such as outrage and anger. The sense of impunity is when the massive numbers of protestors provide the activists with the sense of impunity and reduce the individual's chance of getting hurt by the repression forces. Thus, her explanation adds another dimension to our understanding of the Arab Spring as a social media motivated movement.

The democratic movement of the Arab Spring has challenged many of the fundamental assumptions and theoretical paradigms that had dominated the studies conducted about or in the

MENA region (Bellin, 2012; Bayat, 2013; Pace and Cavatorta, 2012; Khatib and Lust, 2014). According to Bellin (2012), for instance, the empirical surprise of the political uprising during the Arab Spring has raised many doubts about the robustness of the logic of the authoritarian paradigm in the Arab world. Besides, Pace and Cavatorta (2012) argue that the events of the Arab Spring have challenged much of the long dominated assumptions of academics and policymakers, bringing the democratic paradigm and democratisation back into the agenda. Yet, this does not necessarily mean to completely get rid of the authoritarian paradigm. In essence, according to Pace and Cavatorta, (2012: p.128) “the mechanisms through which ruling elites attempted to upgrade authoritarian rule still operate successfully in many of the countries in the Arab world”. For example, monarchies have proven themselves to be resilient in the face of the Arab democratic movements in many countries; such as Jordan, Morocco, and Gulf countries.

The focus country of this study, Jordan, for instance, has witnessed a wave of pro-reform and pro-democracy activism during the Arab Spring, but the regime has survived with no more than cosmetic reforms and democratic changes (Ryan, 2011; Moon, 2012; Köprülü, 2014; Yitzhak, 2018). What differentiates the case of Jordan from many other countries within the region is that protesters have called for more political reforms (replacing the government with one headed by an elected prime minister, political openness, and reforming the electoral law); but they have not questioned the legitimacy and the longevity of the monarchy itself (Köprülü, 2014; Yitzhak, 2018). Yet, although Jordan seemed to walk away largely unaffected by the democratic uprisings, its effects are still obvious as the political activism has become a key factor in the political life in Jordan (Khatib and Lust, 2014; Yitzhak, 2018; David Hearst, 2018).

To understand the influence of political uprisings in Jordan on the business environment in general and CSR in particular, it is essential to understand the broad changes in the socio-political atmosphere since the beginning of the Arab Spring. Even though Jordanian monarchy has

remained relatively stable and largely unaffected by the Arab political uprisings, the Jordanian socio-political environment has been significantly affected by the Arab uprisings (Köprülü, 2014; Yitzhak, 2018). Indeed, prior to the Arab Spring, there were many strict governmental regulatory constraints and strong interferences by the state's coercive apparatus in the political life in Jordan. These regulatory constraints and strong coercive interferences have limited the political participation of the general public and largely suppressed their freedom of expression, opinion, and assembly. The Jordanian citizens, for instance, had not been allowed to organise any form of political activism and protests against the government and any political activism or protests had been repressed by the strong coercive apparatus (Bellin, 2012; Malik and Awadallah, 2013; Köprülü, 2014; Yitzhak, 2018). Moreover, the Jordanian press had been subject to many strict regulations and interferences. Any criticism of the regime or the government, including its economic policies and its strong ties with business elites were prohibited from publishing in the Jordanian dailies (Yitzhak, 2018).

Since the beginning of the Arab Spring, most of these repressing political elements have changed. Protests in Jordan have attracted thousands of people who organised many demonstrations demanding more genuine political reforms and protesting against poverty, corruption, and economic instability (Ryan, 2011; Moon, 2012; Köprülü, 2014; Yitzhak, 2018). Different platforms of social media have also posed a big challenge to the political authority as it has been used to mobilise activists' demonstrations against the government without seeking permission (Ryan, 2011). In his response to 2011 onward protests, the Jordanian King — *Abdullah II bin Al-Hussein* — dismissed the government which had been led by business elites, replacing them with more veteran political figures (Ryan, 2011). This, however, was met by growing public discontent, so the regime has resorted to shuffling the government by appointing four different prime ministers

within just fourteen months (Köprülü, 2014), and promised for major democratic reforms including moving forward towards a constitutional monarchy¹⁸(Achilov, 2013).

The newly appointed government was faced with extensive pressure from activists and the general public for integrity, transparency, and accountability¹⁹. Moreover, it had been forced to alleviate many of the strict regulatory constraints on freedom of expression, opinion, and assembly (Yitzhak, 2018). Hence, during the first four years of the Arab Spring, the Jordanian press gained greater freedom to criticise the regime and the government without much restrictions or interventions. The general public and activists have also gained greater freedom to freely express their opinions in the streets or on social media platforms and other internet-based communications. The response of the Jordanian prime minister *Abdullah Ensour* (2013) describes the new political atmosphere which has been ruling Jordan since the beginning of Arab Spring: “The past few years have been very crucial to our region because the Arab Spring has opened new horizons and created more demands for wider freedoms of expression and the press”²⁰. It is no surprise, then, that the Arab Spring added more varied political dimensions to studies focused on the organisational-society relationship including CSR within the context of MENA countries.

All the changes in the socio-political environment which have resulted from the Arab Spring have had many significant implications of the relationship between the state and various civil society institutions in Jordan. These implications include, for instance, the alleviation of the national

¹⁸ Although Jordan is ruled by a monarchy with a parliament and a constitution, it does not live up to the level of the constitutional monarchy; where the elected parliament is stronger, the judiciary is truly independent, and the government is democratically elected (Ryan, 2011). The Jordanian constitution provides the king with a strong executive authority, allowing him to appoint and dismiss the government, and the judiciary system; in addition to the right to dismiss the parliament and control the electoral law (ibid).

¹⁹ Article published on *Alrai* (2012). *The Jordanian economy in light of the Arab Spring*. [online] Available at: <http://alrai.com/article/557488.html> [Accessed 14 March 2018] (Arabic reference).

²⁰ Article published on *Times of Israel* (2013). *Jordan: Arab Spring clears way for press freedoms*. [online] Available at: <http://www.timesofisrael.com/jordan-arab-spring-clears-way-for-press-freedoms/> [Accessed 14 March 2018].

security apparatus interference in many aspects of everyday life; many serious steps have been taken to tackle corruption and to improve the freedom of expression, opinion, and assembly; the general public has become more involved in the political and the economic decisions; and both governmental and other civil society organisations have become under growing scrutiny and criticism (Bayat, 2013; Khatib and Lust, 2014; Yitzhak, 2018). Yet, it is worth mentioning here that the civil war in Syria and the fall of the Muslim Brotherhood regime in Egypt in 2013 has turned the tide for the Jordanian regime. Indeed, the influx of Syrian refugees to Jordan raised the spectre of civil war, forcing activists to step back from the confrontational mobilisation and to be closer in line with the state (Khatib and Lust, 2014). In addition, the fall of the Egyptian Muslim Brotherhood regime has weakened the Muslim Brotherhood opposition in Jordan, which is the most prominent opposition party in Jordan (Yitzhak, 2018). Therefore, activists in Jordan have been largely quieted and their activism has been shifted from the street demonstrations to focus on broad socio-political demands (Khatib and Lust, 2014; Köprülü, 2014; Yitzhak, 2018). In addition, the Jordanian government have started to impose many restrictions on the freedom of expression, opinion, and assembly since the last quarter of 2013 and the first quarter of 2014. From 2014 onward, public protests have been repressed with violence by the police, and the government has suspended many radio stations and news agencies, and many journalists who are critical of the government have been jailed (Yitzhak, 2018).

Unsurprisingly, the business environment in Jordan and many other countries within the MENA region has been affected by these socio-political changes. According to Avina (2013: p.78), “the entire business model which drove most business engagement in the Arab region has been inverted”. Therefore, companies have become keen to meet the expectations of the new social influencers and have struggled to disassociate themselves from the past, pre-Arab Spring, business models (Avina, 2013; Darendeli and Hill, 2016). To better understand the scale and the nature of

the changes in the business models since the beginning of the Arab Spring, it is essential to understand how it was operating up until the Arab Spring.

4.3. The Jordanian Context, Before and After the Arab Spring

Over many decades prior to the Arab Spring, the business environment in Jordan had been shaped by the socio-political environment and the prevailing logic of authoritarianism. The entire economy and major businesses were fragmented, largely underdeveloped, and mostly controlled by a thin layer of the population to serve the interest of the ruling families (Malik and Awadallah, 2013). According to Malik and Awadallah (2013), these economic arrangements had served as a vital political function to reinforce the power of the ruling families by allocating monopoly rights and channelling the rents to a few favourite groups who had close ties with the ruling families. Thus, the relationship between the state and the business had continued to be more personalised than institutionalised, and the success and survival of any business within the region had been dependent on patronage and access to power than competitiveness and entrepreneurial abilities (ibid). In addition, these economic arrangements with the prevailing logics of authoritarianism and repression made stakeholders' collective actions extremely difficult (El-Masry and Kamal, 2013; Labour-Watch, 2015). All these factors had been shaping the region's business models, the accountability context, and CSR up until the Arab Spring.

The pre-Arab Spring business model and the accountability context across the region had been based on the standards business engagement and focused on the traditional profits making goals with no or very limited engagement to the social and the environmental issues (Malik and Awadallah, 2013; Avina, 2013). In fact, companies had been granted wide access to power and the state support to pursue this goal even on the account of the society and the environment (Malik and Awadallah, 2013). In addition, the general public and many stakeholder groups had been marginalised with very limited power and influence over the business environment due to many

factors including the lack of free and professional press, the poorly organised civil society, the few lobby groups of employees and customers, and the businesses' immunity against external pressures because of their tight relationships with the ruling family (Jamali, 2007; Malik and Awadallah, 2013; Tilt, 2016; Darendeli and Hill, 2016). Therefore, companies' engagement with social and environmental issues has remained very weak and they had not faced a strong and constant pressure toward their CSR (Jamali, 2007). This explains the limited engagement of many Jordanian companies with CSR disclosure as their social legitimacy had not been questioned within the pre-Arab Spring socio-political environment.

A look at the Jordanian economic development since the 1990s will further our understanding of the way corporations and businesses used to function up until the Arab Spring. It could be said that in some aspects, the Arab Spring came as a final push to challenge the previously existing economic arrangements in the country. During the 1990s, Jordan established its economic reforms and moved steadily towards the neoliberal economic model with a market-oriented economy under the supervision of the International Monetary Fund and the World Bank (Al-Akra *et al.*, 2009; Moon, 2012; Ryan, 2011; Yitzhak, 2018). Many measures were taken as a part of these economic reforms to ensure their success and to encourage the extensive foreign investments, including the privatisation of state-owned companies, the liberation of trade policies, and abolishing price regulations (Al-Akra *et al.*, 2009; Ryan, 2011). In addition, the Jordanian government enacted many new laws such as the 1996 Labour Law, the 1997 Company Law, and the 2002 Securities Law (Al-Akra *et al.*, 2009). The main agenda of these laws and the government's general policy were focused on the protection of investors and shareholders rights, even if it was on the expense of other stakeholders, mainly the labour force (Al-Akra *et al.*, 2009; El-Masry and Kamal, 2013; Labour-Watch, 2015; ESC, 2015). For example, according to the 1996 Labour Law, individual employees had not been allowed to enter into a dispute or to engage in any type of activism or protests against their employers without prior coordination with their registered unions. At the

same time, this law did not allow the employees to establish any union or association without the government's permission; and yet, no permissions had been given to establish any employees' associations or unions since 1967 (Labour-Watch, 2015). The government, on the other hand, had facilitated the process of establishing investors' unions; and indeed, while there were around 90 registered unions for the investors, there were only 14 registered unions for employees (ESC, 2015). These laws have resulted in important implications for the employee-employer relationship in Jordan and, hence, the lack of engagement with CSR disclosure in general and employee disclosure in particular.

Another important factor that provides a plausible explanation of the limited engagement of many Jordanian companies with CSR disclosure is the voluntary nature of this information. Indeed, the laws and regulations in Jordan, while they provide extensive requirements regarding corporate financial information, they provide very few requirements regarding CSR disclosure. Those few CSR disclosure requirements stem from two sources; namely, the Directives of Disclosure and Accounting and Auditing Standards, and the Corporate Governance Codes in Jordan (Haddad *et al.*, 2017). The Directives of Disclosure and Accounting and Auditing Standards, issued by the virtue of the Temporary Securities Law 1997, require all Jordanian shareholding companies to provide information in their annual reports related to the number of employees, the level of their qualifications, and their training programs. Companies are also required, according to those directions, to report in their annual reports any donations and/or any contributions to environmental causes and the local community during the previous year. The other source which CSR disclosure requirements stem from is the Corporate Governance Codes in Jordan. Under the Corporate Governance Codes, all Jordanian companies are required to provide, in the annual reports, details of the fines imposed on the corporation by any statutory authority during the previous year. These requirements, however, are very broad and do not mandate the corporate engagement with any sort of CSR contributions towards their employees or the local communities.

In addition, these requirements are largely non-specific in terms of the provision of CSR information which leaves the management with a considerable degree of freedom to decide on what and how to report this information.

Undoubtedly, the recent changes in the socio-political environment, which has been imposed by the Arab Spring, along with the prevalence of social media have posed a great challenge for all companies operating in the region and threatened their existence. Not only have it affected the “way that companies are seen in the region [but], more importantly, the way they are expected to behave” (Avina, 2013: p.78). Besides, the widespread of the democratic ideas coupled with the extensive use of social media has made the traditional modes of repression less effective than they had been before and until the beginning of the Arab Spring (Malik and Awadallah, 2013). Therefore, many of the factors that have been hindering and weakening the political participation of the general public and stakeholders have changed since the beginning of the Arab Spring (Avina, 2013; Khatib and Lust, 2014). All these factors have played a significant role in remapping the relationships between these companies with the general public and many of their stakeholders; such as employees, local communities, and the media. According to Khatib and Lust (2014), for instance, political activism has become a key factor in the political life of the Middle-Eastern countries. In addition, the recent socio-political changes along with the prevalence of social media and many other forms of communication have posed a great challenge for the companies operating in the region. In fact, both the general public and the press have gained greater freedom of expression, opinion, and assembly; the civil society has become more organised and more able to form mutual identities and interests; and the lobbying groups among employees, customers, and other stakeholders have increased and started to impose greater pressure on companies.

Since the Jordanian neoliberal economic reforms have been introduced, they have been met with suspicions and confronted with overt hostility by many Jordanian activists from a wide spectrum

of political backgrounds (Ryan, 2011). Many of those activists have accused the Jordanian government of corruption and sealing suspicious and murky deals which resulted in selling lucrative national assets for short term profits.²¹ In addition, these economic reforms have failed to improve the economic conditions of the Jordanians or to achieve the promised results in terms of alleviating poverty, decreasing unemployment rates or reducing the public debt or the high dependency on foreign aids (Moon, 2012). But conversely, since the “state sector decline[d] in size, so [did] the social welfare component of previously reliable state employment [and] Jordanians complain[ed] consistently about rising unemployment, underemployment, poverty and corruption among business and government elites” (Ryan, 2011: p.370). In fact, the poverty level in Jordan reached 13.3% in 2008 and rose to 14.4% in 2010, while the unofficial estimates show poverty level to be much higher than the official numbers (The Jordan Times, 2014; World Bank, 2020a)²². The unemployment level for the years 2009-2015 is very high in Jordan as it ranges between 12.9%-13.2% mainly among young people, while the unofficial estimates show unemployment levels to be around 22-30% for the same years (BBC, 2012; Yitzhak, 2018; World Bank, 2020b). Moreover, the official numbers show that, in 2009, about 55.6% of the private sector employees in Jordan are paid about 300JD or less which is below the poverty line – 323JD – for the same year (DOS, 2009).

Given the failure of these economic reforms along with the dire economic conditions of the Jordanians, the Arab-Spring inspiration, and the extensive use of social media, the hostility and the intensity of public pressure against the neoliberal reforms and the business corruption have increased significantly (Ryan, 2011; Moon, 2012; Yitzhak, 2018). The Jordanian anti-neoliberalism movement has attracted wide groups of activists who pressured the government to “reform *away* from privatisation and towards a revitalisation of the social welfare role of the state”

²¹ Natural resources are very limited in Jordan, and yet, three of the privatised companies control the Jordanian main natural resources (i.e. Potash, Phosphate, and Cement). See also, (Reuters, 2012).

²² Poverty level is measured based on the ability to buy the basic food needs required to maintain the human body.

(Ryan, 2011: p.385). Business organisations in Jordan have faced a strong backlash from the general public and become under growing public scrutiny and criticism because of their past practices, their limited engagement with their stakeholders, and their fragile relationship with the public decision-makers. This for sure has heightened the pressure on businesses to react to these social pressures and also challenged their ability to survive in declining economic conditions.

Moreover, employees' and local communities activism have flourished since the early days of Arab Spring, and as a result, companies have been confronted with a wide unprecedented wave of protests from their employees and the members of the local communities (Labour-Watch, 2016). Companies that have failed to improve the welfare of their employees in terms of fair wages, good working conditions, and the compliance with the regulations including the minimum wages, working hours, and vacations have been confronted with a wave of employees' strikes. Many of these strikes have been carried out in demand of higher wages, health insurance, better workplace conditions, and compliance with the regulations of minimum wages, working hours, and vacations (Labour-Watch, 2016; ESC, 2015). Figure 4.1 shows the number of employees' strikes through the period from 2008 – 2015. The figure shows the dramatic increase in the number of employee's strikes during the first four years of the Arab Spring (2010 – 2013). The figure also shows that the number of strikes has started to decline in the last two years (2014 and 2015) yet they remind higher than the first year in 2010. It is worth mentioning here that employees' strikes were very rare in Jordan prior to the Arab Spring, yet they have increased significantly since the beginning of the Arab Spring.

At the same time, companies that have not been able to improve the welfare nor build good relationships with the local communities have also been confronted with many protests by the members of these local communities. These protests have been carried out mainly in demand of job opportunities for the unemployed in these communities. Protesters have been very active in their attempts to bring public attention to their causes via the press and social media.

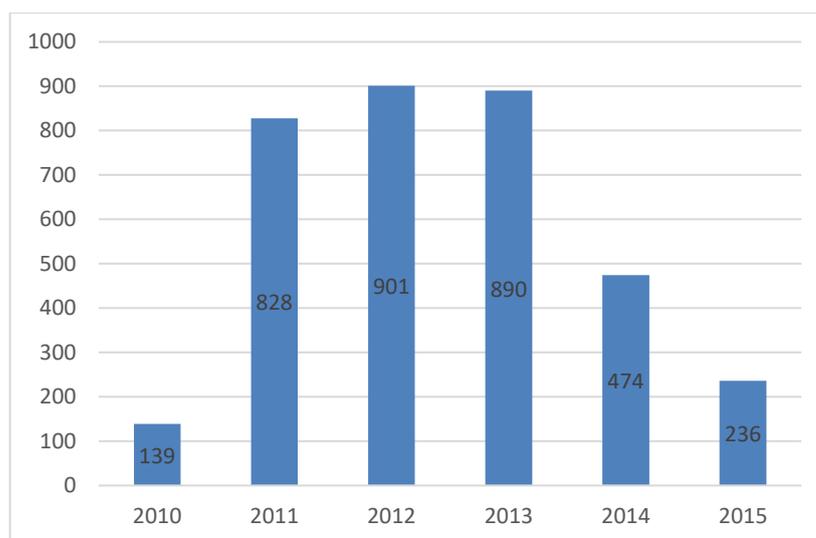


Figure 4.1: Employee Strikes in Jordan (2010 – 2015)²³

It is interesting to look at one example of the developments which affected the reporting process in the corporate world along with the development of protests. One of the largest Jordanian companies, for instance, has started to disclose a statement about employees' strikes and disputes at the company's sites. This disclosure is explored in the Risk Management section of their annual reports in 2011 for the first time in their history stating that:

The region in general is experiencing unrest due to economical, political, and social conditions which may impact the commercial and investment activities in the region including potential labor strikes and disputes at the company facilities and the public service sector (Arab Potash company, Annual report, 2011: p.30).

This is a clear example of a company coming to the realisation that their long marginalised stakeholders are gaining power and understanding the importance of managing its relationship with these new powerful stakeholder groups.

²³ Adapted from Labor-Watch. (2016). Labour protests in Jordan. Available at: <http://www.labor-watch.net/en/paper/365> [Accessed: 20 March 2018].

From the above discussion, it could be concluded that companies in Jordan have become under growing public pressure, scrutiny, and criticism and have reached the realisation that CSR has become a critical part of the new business model in the region (Malik and Awadallah, 2013; Avina, 2013). As Avina (2013: p. 92) argues “Non-engagement [with the new CSR approaches] bears a price too high and too visible for corporates in today’s modern world of real-time social scrutiny and popular commercial sanction within the suddenly dynamic Arab region to ignore”. From this quote, CSR proves to be crucial to the businesses’ survival during and post the Arab Spring as it is critical for these businesses to satisfy the needs of wider stakeholder groups, than simply their shareholders only. This, I suggest, will be a critical factor to be considered when examining the CSR disclosure in Jordan, which is the main objective of this study.

4.4. Conclusion

The role that institutional context plays in shaping CSR has been well emphasised in prior literature. Some of these studies have explored the role of the institutional context and its distinctive socio-political realities in shaping CSR practices within the context of Middle Eastern countries. They commonly conclude that these distinctive socio-political realities, which had been featured by the lack of constituencies’ political participation and stakeholders’ pressure towards CSR, had been hindering the corporate engagement with CSR. Hence, CSR in the Middle East is still in its embryonic stages and usually equated with altruistic philanthropy with minimal planning and systematic engagement. Most recently, however, the occurrence of the democratic movements of the Arab Spring has caused dramatic changes in these distinctive socio-political aspects of many countries within the MENA region. The implication of the changes that the Arab Spring have imposed could be seen in the increasing political openness and participation and the increasing pressure towards CSR.

The business environment in Jordan has accordingly been influenced by these socio-political changes. As has been documented, before the Arab Spring, the relationship between the state and the business in Jordan was more personalised than institutionalised. Subsequently, companies in Jordan after the beginning of the Arab Spring, have become under growing public pressure, scrutiny, and criticism and realised that CSR has become a serious part of the new business model in the region. Thus, CSR has become critical for the businesses in Jordan to satisfy the needs of wider stakeholder groups rather than their shareholders. The CSR response to the social movement events and stakeholder activism has been poorly addressed in previous literature, thus, this study will be addressing these issues as its main objective. This objective will be achieved through investigating the impact of social movements, particularly the Arab Spring; employees' strikes; and communities' protests, on the extent of employee and community disclosure in Jordan, an emerging Middle Eastern country. The study of the Arab Spring, as a unique and unprecedented democratic social movement, is very essential to address the impact of this social movement on the CSR within the context of the emerging countries. As such, the Arab Spring has provided the opportunity to document very important implication as a social movement not only on the state level but also on business corporations.

In a nutshell, The Arab Spring has brought great challenges and opportunities in the Middle East and the whole MENA region. It imposed more developed models of political participation and power-sharing along with significant changes in the popular culture. The general changes in the socio-political atmosphere since the beginning of the Arab Spring have been discussed throughout this chapter. This chapter has examined some of the links between the political uprisings in Jordan on the business environment in general and CSR in particular. The next chapter provides the research methodology, which serves as the link between the theoretical framework and the empirical work of this study.

Chapter Five
Research Methodology

Chapter Five: Research Methodology

5.1. Introduction

This chapter presents the methodology and the methodological choices of the current study. Identifying the research methodology is one of the primary steps that should be confirmed in any scientific enquiry to ensure the credibility and the validity of the findings. The research methodology serves to legitimate problems and methods (Kuhn, 2012); thus logically legitimises the findings (Kothari, 2004). Research methodology refers to the way through which scientific research should be undertaken (Saunders *et al.*, 2009). It involves many systematic actions that guide the research process, which add credibility to the findings (Hancock *et al.*, 2015). These systematic actions serve to (i) ensure that the research has been performed systematically and scientifically (Kothari, 2004), and to (ii) make the research process smoother and well planned by choosing the appropriate methods to obtain valid results (Blessing and Chakrabarti, 2009). According to Guba and Lincoln (1994: p.105), the “questions of method are secondary to questions of paradigm, which we define as the basic belief system or world view that guides the investigation, not only in choices of the method but in ontologically and epistemologically fundamental ways.” Therefore, researchers need to be aware of the philosophical assumption underlying their choice of a specific methodology as it influences their understanding of the phenomenon they investigate and consequently their choices of research techniques (Johnson and Duberley, 2000).

This chapter is focused on providing the philosophical and methodological choices of the current study alongside the research design. The remainder of this chapter is organised in six sections. The first section provides the introduction of this chapter. The second section discusses the philosophical and methodological choices of the current study. The third section provides the

research design, which includes the main analysis, the sample selection criteria and the data source. The last section provides the concluding comments.

5.2. Research Philosophy and Methodological Choices

5.2.1. The Positivist Paradigm

The positivist paradigm is grounded in the assumption that social reality is governed by general laws and exists independently from the human being cognition process (Johnson and Duberley, 2000; Saunders *et al.*, 2009). In other words, the observer (i.e. the subject) can stand out and objectively observe the social reality (i.e. the object) through the process of observation (i.e. the dualism between the knower and the known) without any interaction between them (Johnson and Duberley, 2000). This method considers the scientific knowledge as the only cognitively accessible and positively giving of objective facts through the logic and the methodology which are derived from the natural science (Johnson and Duberley, 2000; Bryman, 2016). This approach deals only with objectively empirical observable facts and excludes the metaphysical knowledge from what constitutes a warranted knowledge (Bryman, 2016). The positivist approach aims to discover the general laws that govern the social world in terms of causal relationships by the empirical observations and; therefore, these causal relationships can be generalised, predicted and manipulated to enhance and reform human affairs (Johnson and Duberley, 2000; Saunders *et al.*, 2009; Bryman, 2016). Indeed, a key assumption of the positivist approach within the social domain is that human beings systematically respond to external factors; if these external factors can be identified and manipulated, the human beings' response will be, consequently, predicted and controlled (Bryman, 2016). Therefore, this approach provides a rational explanation for social phenomena by using the right reasoning process and the right methods of collecting and analysing the data (Saunders *et al.*, 2009). These methods usually involve the hypothetical-deductive reasoning, large-scale samples and quantitative methods which are used to discover relationships

between variables and to make generalisations to the entire population (Johnson and Duberley, 2000; Saunders *et al.*, 2009; Bryman, 2016).

5.2.2. Deductive Reasoning

The deductive approach represents the widespread view of scientific research and it is a dominant approach in the field of natural science (Saunders *et al.*, 2009; Bryman, 2016). It involves developing a theory which will be subjected to rigours empirical testing to confirm or modify the theory in light of the empirical findings (Saunders *et al.*, 2009). This approach starts with the development of a testable hypothesis or hypotheses on the relationship between two or more variables based on a theory. These hypotheses should be expressed into operational terms to be subjected to empirical testing, which will confirm the theory or require making some modifications to the theory (Saunders *et al.*, 2009; Bryman, 2016). This approach is usually associated with the positivist paradigm and the data is predominantly collected and analysed using the quantitative research techniques (Bryman, 2016).

5.2.3. Quantitative Research Strategy

The quantitative strategy involves the collection of quantitative data (Saunders *et al.*, 2009; Bryman, 2016). It is based on deriving meanings from the quantitative – mostly numeric and standardised – data using the quantitative analysis techniques. The quantitative analyses techniques can range from creating simple tables and diagrams to more complex statistical modelling (Saunders *et al.*, 2009). The quantitative strategy is predominantly associated with the scientific norms and practices of natural science which favour the positivist epistemological strand and the deductive reasoning approach (Bryman, 2016). This strategy allows researchers to have *a priori* plan of the research process in terms of the data to be collected and the analysis techniques to be used in analysing the data. It involves the development of a theory or a conceptual framework

and the collection of the data based on this framework which is usually collected from large samples or mass surveys to allow the generalisation of the results (Saunders *et al.*, 2009).

5.2.4. Research Paradigm and Methodological Choices of the Current Study

The current study adopts a multi-theoretical framework that relies on the integration between the insights provided by legitimacy theory, stakeholder theory, institutional theory and social movement perspective. Theories adopted in the current study have their roots in the political economy theory (Gray *et al.* 1995a). Political economy suggests that the economic, social, and political factors are inseparable and, therefore, the economic activities cannot be meaningfully understood without taking the social and the political context into consideration (Cooper and Sherer, 1984; Gray *et al.*, 1995b; Deegan, 2009; Williams and Adams, 2013; Fernando and Lawrence, 2014). Two forms of the political economy theory have been applied in accounting research; namely the classical political economy and the bourgeois political economy (Gray *et al.* 1995a). The classical political economy is a normative accounting theory (Gaffikin, 2007), and, as it has been applied in critical accounting research, it places the structural inequalities, class conflict, and the role of the state in the heart of its analysis (Cooper and Sherer, 1984; Tinker and Neimark, 1987; Gray *et al.* 1995a). In contrast, the bourgeois political economy takes a more pluralist view of society (Gray *et al.* 1995a; Williams and Adams, 2013). In its highest resolution, the bourgeois political economy takes the society as a whole and ignores the class conflict and inequality from its analysis (Gray *et al.* 1995a).

The empirical analysis of the current study aims at providing in-depth analysis of the extent, trends, and practices of employee and community disclosure as portrayed by the Jordanian companies and the changes it underwent throughout the period from 2008 to 2015. The current study also aims at examining the impact of a social movement (the Arab Spring, employees' strikes, and local communities' protests) on the extent of employee and community disclosure in the annual reports

of Jordanian companies throughout the same period. To achieve these objectives, the current study adopts a pluralist view of the social conflict underlying the factors that have been shaping and altering corporate behaviour, and indeed, employee and community disclosure practices. The current study is not interested in uncovering the underlying class conflict and the process through which social conflict is mediated, modified and transformed into changes in corporate behaviour. In other words, the current study is not interested in achieving radical change by exploring the role of CSR in mystifying and transforming the class conflict to serve the interest of the capitalists (Tinker and Neimark, 1987; Gray *et al.* 1995a). In this regard, the critical paradigm and the perspective of the classical political economy theory are irrelevant for the current study. Moreover, it is not the interest of the current study to obtain a deep understanding of the phenomenon under investigation based on the perception of the social actors involved in the corporate decisions to disclose employee and community disclosure. This implies that the interpretive paradigm is also irrelevant to the objectives of the current study.

Despite the critique that the bourgeois political economy, in its highest level of resolution, ignores class conflict and social inequality from its analysis (Gray *et al.* 1995a; Williams and Adams, 2013); it is believed to be more relevant in guiding the empirical analysis of the current study. Moreover, due to the interest of the current study in exploring the influence of the general contextual factors and social movements on employee and community disclosure, the positivist paradigm is deemed appropriate in guiding the empirical analysis. This influence will be measured and observed through the interrelation between the socio-political environment, the Arab Spring, employees' strikes, and local communities' protests with the extent of employee and community disclosure. Accordingly, based on the deductive approach, the relationships between social movement (the Arab Spring, employees' strikes, and local communities' protests) with employee and community disclosure will be predicted in the light of the theoretical framework of the current study. These relationships will be expressed in the form of testable hypotheses and will be tested

using a quantitative research strategy. The next section will provide a research design for the current study.

5.3. Research Design

5.3.1. Main Analysis

The main analysis of the current study is set out to achieve four main objectives. The following is a detailed discussion of the research design set out to address the research objectives:

5.3.1.1. Employee Disclosure Practices in Jordan and the Relationship between Employee Disclosure and Social Movement

The first objective aims at providing an in-depth analysis of the extent, trends, and practices related to employee disclosure as it has been portrayed by the Jordanian public companies and the changes it underwent throughout the period from 2008 to 2015. To achieve this objective, the current study employs a set of statistical analysis such as the T-test and descriptive statistics of employee disclosure alongside several examples and comparisons to allow a deeper investigation of this disclosure throughout the period from 2008 to 2015. In doing so, the researcher attempts to draw the links between employee disclosure with the Jordanian socio-political environment in general and social movement (the Arab Spring and employees' strikes) in particular. The results are presented and discussed in light of the theoretical framework adopted in the current study and the findings of the relevant prior research.

The second objective is to statistically examine the impact of a social movement (the Arab Spring and employees' strikes) on the volume, breadth, and depth of employee disclosure in the annual reports of Jordanian public companies. To achieve this objective and following prior CSR literature, the following basic linear regression model is estimated²⁴:

²⁴ The definitions of all variables and the sources from which the required data are extracted are presented in Table 5.7 in this chapter.

$$\text{EMP_D}_{it} = \alpha + \alpha_1 \text{POVR}_{it} + \alpha_2 \text{M_A}_{it} + \alpha_3 \text{L_DON}_{it} + \alpha_4 \text{L_EM}_{it} + \alpha_5 \text{L_TA}_{it} + \alpha_6 \text{ROA}_{it} + \alpha_7 \text{L_MR}_{it} + \alpha_8 \text{OWN}_{it} + \alpha_9 \text{FOR}_{it} + \alpha_{10} \text{GOV}_{it} + \alpha_{11} \text{FL}_{it} + \alpha_{12} \text{BIG4}_{it} + \epsilon_{it}$$

Given that the sample constitutes a wide range of companies that operates in three different industries and spans over eight years, the multiple dummy variables IND and YR are also included in the model to control for industry and year fixed effects as follows:

$$\text{EMP_D}_{it} = \alpha + \alpha_1 \text{POVR}_{it} + \alpha_2 \text{M_A}_{it} + \alpha_3 \text{L_DON}_{it} + \alpha_4 \text{L_EM}_{it} + \alpha_5 \text{L_TA}_{it} + \alpha_6 \text{ROA}_{it} + \alpha_7 \text{L_MR}_{it} + \alpha_8 \text{OWN}_{it} + \alpha_9 \text{FOR}_{it} + \alpha_{10} \text{GOV}_{it} + \alpha_{11} \text{FL}_{it} + \alpha_{12} \text{BIG4}_{it} + \sum_{j=1}^{J=3} \alpha_{13j} \text{IND}_{it} + \sum_{y=2008}^{y=2015} \alpha_{14y} \text{YR}_{it} + \epsilon_{it}$$

Moreover, to account for the impact of social movement variables (the Arab Spring and employees' strikes), the model is then augmented with four variables of interest reflecting the year dummies for the period after the beginning of the Arab Spring (AR_S), the number of employees' strikes (EMP_S), the media attention to employees' strikes (EMP_M), and the association support to employees' strikes (EMP_A). Finally, since the current study is interested in different measures of employee disclosure, the final form of the model is applied for each one of these measures as follows²⁵:

$$\text{V_EMP}_{it} = \alpha + \alpha_1 \text{AR_S}_{it} + \alpha_2 \text{EMP_S}_{it} + \alpha_3 \text{EMP_M}_{it} + \alpha_4 \text{EMP_A}_{it} + \alpha_5 \text{POVR}_{it} + \alpha_6 \text{M_A}_{it} + \alpha_7 \text{L_DON}_{it} + \alpha_8 \text{L_EM}_{it} + \alpha_9 \text{L_TA}_{it} + \alpha_{10} \text{ROA}_{it} + \alpha_{11} \text{L_MR}_{it} + \alpha_{12} \text{OWN}_{it} + \alpha_{13} \text{FOR}_{it} + \alpha_{14} \text{GOV}_{it} + \alpha_{15} \text{FL}_{it} + \alpha_{16} \text{BIG4}_{it} + \sum_{j=1}^{J=3} \alpha_{17j} \text{IND}_{it} + \sum_{y=2008}^{y=2015} \alpha_{18y} \text{YR}_{it} + \epsilon_{it}$$

$$\text{B_EMP}_{it} = \alpha + \alpha_1 \text{AR_S}_{it} + \alpha_2 \text{EMP_S}_{it} + \alpha_3 \text{EMP_M}_{it} + \alpha_4 \text{EMP_A}_{it} + \alpha_5 \text{POVR}_{it} + \alpha_6 \text{M_A}_{it} + \alpha_7 \text{L_DON}_{it} + \alpha_8 \text{L_EM}_{it} + \alpha_9 \text{L_TA}_{it} + \alpha_{10} \text{ROA}_{it} + \alpha_{11} \text{L_MR}_{it} + \alpha_{12} \text{OWN}_{it} + \alpha_{13} \text{FOR}_{it} + \alpha_{14} \text{GOV}_{it} + \alpha_{15} \text{FL}_{it} + \alpha_{16} \text{BIG4}_{it} + \sum_{j=1}^{J=3} \alpha_{17j} \text{IND}_{it} + \sum_{y=2008}^{y=2015} \alpha_{18y} \text{YR}_{it} + \epsilon_{it}$$

$$\text{D_EMP}_{it} = \alpha + \alpha_1 \text{AR_S}_{it} + \alpha_2 \text{EMP_S}_{it} + \alpha_3 \text{EMP_M}_{it} + \alpha_4 \text{EMP_A}_{it} + \alpha_5 \text{POVR}_{it} + \alpha_6 \text{M_A}_{it} + \alpha_7 \text{L_DON}_{it} + \alpha_8 \text{L_EM}_{it} + \alpha_9 \text{L_TA}_{it} + \alpha_{10} \text{ROA}_{it} + \alpha_{11} \text{L_MR}_{it} + \alpha_{12} \text{OWN}_{it} + \alpha_{13} \text{FOR}_{it} + \alpha_{14} \text{GOV}_{it} + \alpha_{15} \text{FL}_{it} + \alpha_{16} \text{BIG4}_{it} + \sum_{j=1}^{J=3} \alpha_{17j} \text{IND}_{it} + \sum_{y=2008}^{y=2015} \alpha_{18y} \text{YR}_{it} + \epsilon_{it}$$

²⁵ The previous footnote is applicable here.

The focus of the three main models is the coefficients α_1 - α_4 . The coefficient α_1 reflects the dummy variable for the Arab Spring, which take the value of 1 for the period after the Arab Spring and the value of 0 otherwise. If the coefficient α_1 is found to be positive and statistically significant, it can be then postulated that the extent of employee disclosure has increased significantly after the Arab Spring and *vice-versa*. The coefficient α_2 reflects the number of employees' strikes. If the coefficient α_2 is found to be positive and statistically significant, it can be then suggested that the extent of employee disclosure increases by the number of employees' strikes and *vice-versa*. The coefficient α_3 reflects the number of news articles covering employees' strikes. If the coefficient α_3 is found to be positive and statistically significant, it can be then postulated that the extent of employee disclosure increases by the number of news articles covering employees' strikes and *vice-versa*. Finally, the coefficient α_4 reflects the association support to employees' strikes, which takes the value of 1 if the strikes are being initiated or supported by employee association and the value of 0 otherwise. If the coefficient α_1 is found to be positive and statistically significant, it can be then suggested that the extent of employee disclosure exhibits higher increase if the employees' strikes are being supported by association and *vice-versa*. In contrast, if none of these coefficients is found to be statistically significant, it can be then concluded that social movement (the Arab Spring and employees' strikes) has no impact on the extent of employee disclosure.

Moreover, to further test the moderating effect of media attention on the impact of employees' strikes on the extent of employee disclosure, the variable EMP_S is allowed to interact with the variables EMP_M as follows:

$$\begin{aligned}
 V_EMP_{it} = & \alpha + \alpha_1 AR_S_{it} + \alpha_2 EMP_S_{it} + \alpha_3 EMP_M_{it} + \alpha_4 EMP_A_{it} + \alpha_5 (EMP_S_{it} \times EMP_M_{it}) + \alpha_6 POVR_{it} \\
 & + \alpha_7 M_A_{it} + \alpha_8 L_DON_{it} + \alpha_9 L_EM_{it} + \alpha_{10} L_TA_{it} + \alpha_{11} ROA_{it} + \alpha_{12} L_MR_{it} + \alpha_{13} OWN_{it} + \alpha_{14} \\
 & FOR_{it} + \alpha_{15} GOV_{it} + \alpha_{16} FL_{it} + \alpha_{17} BIG4_{it} + \sum_{j=1}^3 \alpha_{18j} IND_{it} + \sum_{y=2008}^{y=2015} \alpha_{19y} YR_{it} + \epsilon_{it}
 \end{aligned}$$

$$\begin{aligned}
B_EMP_{it} = & \alpha + \alpha_1 AR_S_{it} + \alpha_2 EMP_S_{it} + \alpha_3 EMP_M_{it} + \alpha_4 EMP_A_{it} + \alpha_5 (EMP_S_{it} \times EMP_M_{it}) + \alpha_6 POVR_{it} \\
& + \alpha_7 M_A_{it} + \alpha_8 L_DON_{it} + \alpha_9 L_EM_{it} + \alpha_{10} L_TA_{it} + \alpha_{11} ROA_{it} + \alpha_{12} L_MR_{it} + \alpha_{13} OWN_{it} + \alpha_{14} \\
& FOR_{it} + \alpha_{15} GOV_{it} + \alpha_{16} FL_{it} + \alpha_{17} BIG4_{it} + \sum_{j=1}^{j=3} \alpha_{18j} IND_{it} + \sum_{y=2008}^{y=2015} \alpha_{19y} YR_{it} + \epsilon_{it}
\end{aligned}$$

$$\begin{aligned}
D_EMP_{it} = & \alpha + \alpha_1 AR_S_{it} + \alpha_2 EMP_S_{it} + \alpha_3 EMP_M_{it} + \alpha_4 EMP_A_{it} + \alpha_5 (EMP_S_{it} \times EMP_M_{it}) + \alpha_6 POVR_{it} \\
& + \alpha_7 M_A_{it} + \alpha_8 L_DON_{it} + \alpha_9 L_EM_{it} + \alpha_{10} L_TA_{it} + \alpha_{11} ROA_{it} + \alpha_{12} L_MR_{it} + \alpha_{13} OWN_{it} + \alpha_{14} \\
& FOR_{it} + \alpha_{15} GOV_{it} + \alpha_{16} FL_{it} + \alpha_{17} BIG4_{it} + \sum_{j=1}^{j=3} \alpha_{18j} IND_{it} + \sum_{y=2008}^{y=2015} \alpha_{19y} YR_{it} + \epsilon_{it}
\end{aligned}$$

The focus of the three interaction models is the coefficient α_5 , which reflects the interaction between the number of employees' strikes and the number of news articles covering these strikes. If the coefficient α_5 is found to be positive and statistically significant, it can be then claimed that the media attention to employees' strikes amplifies the impact of employees' strikes on the extent of employee disclosure. In contrast, if the coefficient α_5 is found to be negative and statistically significant, it can be suggested that the media attention to employees' strikes minimises the impact of employees' strikes on the extent of employee disclosure. However, if the coefficient α_5 is not found to be statistically significant, it can be then suggested that there are no significant differences in the corporate response to employees' strikes through their employee disclosure, which can be attributed to the media attention to these strikes.

To further test the moderating effect of association support on the impact of employees' strikes on the extent of employee disclosure, the variable EMP_S is allowed to interact with the variables EMP_A as follows:

$$\begin{aligned}
V_EMP_{it} = & \alpha + \alpha_1 AR_S_{it} + \alpha_2 EMP_S_{it} + \alpha_3 EMP_M_{it} + \alpha_4 EMP_A_{it} + \alpha_5 (EMP_S_{it} \times EMP_A_{it}) + \alpha_6 POVR_{it} \\
& + \alpha_7 M_A_{it} + \alpha_8 L_DON_{it} + \alpha_9 L_EM_{it} + \alpha_{10} L_TA_{it} + \alpha_{11} ROA_{it} + \alpha_{12} L_MR_{it} + \alpha_{13} OWN_{it} + \alpha_{14} \\
& FOR_{it} + \alpha_{15} GOV_{it} + \alpha_{16} FL_{it} + \alpha_{17} BIG4_{it} + \sum_{j=1}^{j=3} \alpha_{18j} IND_{it} + \sum_{y=2008}^{y=2015} \alpha_{19y} YR_{it} + \epsilon_{it}
\end{aligned}$$

$$\begin{aligned}
B_EMP_{it} = & \alpha + \alpha_1 AR_S_{it} + \alpha_2 EMP_S_{it} + \alpha_3 EMP_M_{it} + \alpha_4 EMP_A_{it} + \alpha_5 (EMP_S_{it} \times EMP_A_{it}) + \alpha_6 POVR_{it} \\
& + \alpha_7 M_A_{it} + \alpha_8 L_DON_{it} + \alpha_9 L_EM_{it} + \alpha_{10} L_TA_{it} + \alpha_{11} ROA_{it} + \alpha_{12} L_MR_{it} + \alpha_{13} OWN_{it} + \alpha_{14} \\
& FOR_{it} + \alpha_{15} GOV_{it} + \alpha_{16} FL_{it} + \alpha_{17} BIG4_{it} + \sum_{j=1}^{j=3} \alpha_{18j} IND_{it} + \sum_{y=2008}^{y=2015} \alpha_{19y} YR_{it} + \epsilon_{it}
\end{aligned}$$

$$\begin{aligned}
D_EMP_{it} = & \alpha + \alpha_1 AR_S_{it} + \alpha_2 EMP_S_{it} + \alpha_3 EMP_M_{it} + \alpha_4 EMP_A_{it} + \alpha_5 (EMP_S_{it} \times EMP_A_{it}) + \alpha_6 POVR_{it} \\
& + \alpha_7 M_A_{it} + \alpha_8 L_DON_{it} + \alpha_9 L_EM_{it} + \alpha_{10} L_TA_{it} + \alpha_{11} ROA_{it} + \alpha_{12} L_MR_{it} + \alpha_{13} OWN_{it} + \alpha_{14} \\
& FOR_{it} + \alpha_{15} GOV_{it} + \alpha_{16} FL_{it} + \alpha_{17} BIG4_{it} + \sum_{j=1}^{j=3} \alpha_{18j} IND_{it} + \sum_{y=2008}^{y=2015} \alpha_{19y} YR_{it} + \epsilon_{it}
\end{aligned}$$

Again, the focus of the three interaction models is the coefficient α_5 , which reflects the interaction between the number of employees' strikes and the association support to these strikes. If the coefficient α_5 is found to be positive and statistically significant, it can be then postulated that the association support to employees' strikes boosts the impact of employees' strikes on the extent of employee disclosure. In contrast, if the coefficient α_5 is found to be negative and statistically significant, it can be then suggested that the association support to employees' strikes diminishes the impact of employees' strikes on the extent of employee disclosure. However, if the coefficient α_5 is not found to be statistically significant, it can be then concluded that there are no significant differences in the corporate response to employees' strikes through their employee disclosure, which can be attributed to the association support to these strikes.

Finally, as discussed earlier in the study context chapter, the Jordanian government have started to impose many restrictions on the freedom of expression, opinion, and assembly since the last quarter of 2013 and the first quarter of 2014 (Yitzhak, 2018). Hence, the impact of the Arab Spring on the Business environment in Jordan to be weaker during the years 2014 and 2015. It is worth testing the differences in the extent of employee disclosure between the earlier (strong) and the later (weak) periods of the Arab Spring. In doing so, the data will be limited to the period that marks the beginning of the Arab Spring onwards (2010 -2015). Moreover, all of the three main models will be employed again but with replacing the Arab Spring variable (AR_S) with the variable (POST_AR) as follows:

$$\begin{aligned}
V_EMP_{it} = & \alpha + \alpha_1 POST_AR_{it} + \alpha_2 EMP_S_{it} + \alpha_3 EMP_M_{it} + \alpha_4 EMP_A_{it} + \alpha_5 POVR_{it} + \alpha_6 M_A_{it} + \alpha_7 L_DON_{it} \\
& + \alpha_8 L_EM_{it} + \alpha_9 L_TA_{it} + \alpha_{10} ROA_{it} + \alpha_{11} L_MR_{it} + \alpha_{12} OWN_{it} + \alpha_{13} FOR_{it} + \alpha_{14} GOV_{it} + \alpha_{15} FL_{it} + \\
& \alpha_{16} BIG4_{it} + \sum_{j=1}^{j=3} \alpha_{17j} IND_{it} + \sum_{y=2008}^{y=2015} \alpha_{18y} YR_{it} + \epsilon_{it}
\end{aligned}$$

$$\begin{aligned}
B_EMP_{it} = & \alpha + \alpha_1 POST_AR_{it} + \alpha_2 EMP_S_{it} + \alpha_3 EMP_M_{it} + \alpha_4 EMP_A_{it} + \alpha_5 POVR_{it} + \alpha_6 M_A_{it} + \alpha_7 L_DON_{it} \\
& + \alpha_8 L_EM_{it} + \alpha_9 L_TA_{it} + \alpha_{10} ROA_{it} + \alpha_{11} L_MR_{it} + \alpha_{12} OWN_{it} + \alpha_{13} FOR_{it} + \alpha_{14} GOV_{it} + \alpha_{15} FL_{it} + \\
& \alpha_{16} BIG4_{it} + \sum_{j=1}^{j=3} \alpha_{17j} IND_{it} + \sum_{y=2008}^{y=2015} \alpha_{18y} YR_{it} + \epsilon_{it}
\end{aligned}$$

$$\begin{aligned}
D_EMP_{it} = & \alpha + \alpha_1 POST_AR_{it} + \alpha_2 EMP_S_{it} + \alpha_3 EMP_M_{it} + \alpha_4 EMP_A_{it} + \alpha_5 POVR_{it} + \alpha_6 M_A_{it} + \alpha_7 L_DON_{it} \\
& + \alpha_8 L_EM_{it} + \alpha_9 L_TA_{it} + \alpha_{10} ROA_{it} + \alpha_{11} L_MR_{it} + \alpha_{12} OWN_{it} + \alpha_{13} FOR_{it} + \alpha_{14} GOV_{it} + \alpha_{15} FL_{it} + \\
& \alpha_{16} BIG4_{it} + \sum_{j=1}^{j=3} \alpha_{17j} IND_{it} + \sum_{y=2008}^{y=2015} \alpha_{18y} YR_{it} + \epsilon_{it}
\end{aligned}$$

The main focus of the three interaction models is the coefficient α_1 , which reflects the weak period of the Arab Spring (2014 and 2015). Bearing in mind that the variable `POST_AR` is a dummy variable that takes the value of one for the later (weak) period of the Arab Spring (2014 and 2015) and 0 otherwise. If the coefficient α_1 is found to be negative and statistically significant, it can be then suggested that the surveyed companies have significantly reduced the extent of their employee disclosure following the decline in the public and press freedom in the later period of the Arab Spring. In contrast, if the coefficient α_1 is found to be positive and statistically significant, it can be then put forward that the surveyed companies have significantly increased the extent of their employee disclosure following the decline in the public and press freedom in the later period of the Arab Spring. However, if the coefficient α_1 is not found to be statistically significant, it can be then concluded that there are no significant differences in the extent of employee disclosure between the earlier and the later periods of the Arab Spring.

5.3.1.2. Community Disclosure Practices in Jordan and the Relationship between Community Disclosure and Social Movement

The third objective aims at providing an in-depth analysis of the extent, trends, and practices related to community disclosure as it has been portrayed by the Jordanian public companies and the changes it underwent throughout the period from 2008 to 2015. To achieve this objective, the current study employs a set of statistical analysis such as the T-test and descriptive statistics of community disclosure alongside several examples and comparisons to allow a deeper investigation

of this disclosure and the changes it underwent throughout the period from 2008 to 2015. In doing so, the researcher attempts to draw the links between community disclosure with the Jordanian socio-political environment in general and social movement (the Arab Spring and community protests) in particular. The results are discussed and presented in the light of the theoretical framework adopted in the current study and the findings of the relevant prior research.

The fourth objective is to statistically examine the impact of a social movement (the Arab Spring and community protests) on the volume, breadth, and depth of community disclosure in the annual reports of Jordanian public companies. To achieve this objective, I applied the same model employed in the previous section and replaced the variables related to employees' strikes (i.e. EMP_S, EMP_M, and EMP_A) with the community protests variable (C_PRO). Again, since the current study is interested in different measures of community disclosure, the final form of the model is employed for each one of these measures as follows²⁶:

$$V_COM_{it} = \alpha + \alpha_1 AR_S_{it} + \alpha_2 C_PRO_{it} + \alpha_3 POVR_{it} + \alpha_4 M_A_{it} + \alpha_5 L_DON_{it} + \alpha_6 L_EM_{it} + \alpha_7 L_TA_{it} + \alpha_8 ROA_{it} + \alpha_9 L_MR_{it} + \alpha_{10} OWN_{it} + \alpha_{11} FOR_{it} + \alpha_{12} GOV_{it} + \alpha_{13} FL_{it} + \alpha_{14} BIG4_{it} + \sum_{j=1}^3 \alpha_{15j} IND_{it} + \sum_{y=2008}^{y=2015} \alpha_{16y} YR_{it} + \epsilon_{it}$$

$$B_COM_{it} = \alpha + \alpha_1 AR_S_{it} + \alpha_2 C_PRO_{it} + \alpha_3 POVR_{it} + \alpha_4 M_A_{it} + \alpha_5 L_DON_{it} + \alpha_6 L_EM_{it} + \alpha_7 L_TA_{it} + \alpha_8 ROA_{it} + \alpha_9 L_MR_{it} + \alpha_{10} OWN_{it} + \alpha_{11} FOR_{it} + \alpha_{12} GOV_{it} + \alpha_{13} FL_{it} + \alpha_{14} BIG4_{it} + \sum_{j=1}^3 \alpha_{15j} IND_{it} + \sum_{y=2008}^{y=2015} \alpha_{16y} YR_{it} + \epsilon_{it}$$

$$D_COM_{it} = \alpha + \alpha_1 AR_S_{it} + \alpha_2 C_PRO_{it} + \alpha_3 POVR_{it} + \alpha_4 M_A_{it} + \alpha_5 L_DON_{it} + \alpha_6 L_EM_{it} + \alpha_7 L_TA_{it} + \alpha_8 ROA_{it} + \alpha_9 L_MR_{it} + \alpha_{10} OWN_{it} + \alpha_{11} FOR_{it} + \alpha_{12} GOV_{it} + \alpha_{13} FL_{it} + \alpha_{14} BIG4_{it} + \sum_{j=1}^3 \alpha_{15j} IND_{it} + \sum_{y=2008}^{y=2015} \alpha_{16y} YR_{it} + \epsilon_{it}$$

The focus of the three main models are the coefficients α_1 and α_2 , which reflects the social movement variables; namely, the Arab Spring (AR_S), the media attention to community protests

²⁶ The previous footnote is also applicable here.

(C_PRO) respectively. The coefficient α_1 reflects the period after the Arab Spring. If the coefficient α_1 is found to be positive and statistically significant, it can be then suggested that the extent of community disclosure has increased significantly after the Arab Spring and *vice-versa*. The coefficient α_2 reflects the number of news articles covering community protests. If the coefficient α_2 is found to be positive and statistically significant, it can be then stated that the extent of community disclosure increases by the number of news articles covering community protests and *vice-versa*. In contrast, if none of these coefficients is found to be statistically significant, it can be then concluded that social movement (the Arab Spring and community protests) has no impact on the extent of community disclosure.

Assuming that all local community protests have the same impact on all companies is an arbitrary assumption. Indeed, it has been suggested that corporate response to social movement might be affected by many factors including, for instance, political opportunities (Soule and Olzak, 2004; King, 2008a). In this context, the political opportunities imply that social movement tactics – protests in this case – are more influential in some contexts than in others (Soule and Olzak, 2004; King, 2008b). In the context of the current study, it can be expected that the impact of the Arab Spring and the local communities' protests is higher for companies operating in areas with high poverty and unemployment levels. The reason behind that is that local communities' protests in these areas would be more persistent and more populated. To further test the moderating effect of the poverty level in the local community on the impact of the Arab Spring on the extent of community disclosure, the variable AR_S is allowed to interact with the variables POVR as follows:

$$\begin{aligned}
 V_COM_{it} = & \alpha + \alpha_1 AR_S_{it} + \alpha_2 C_PRO_{it} + \alpha_3 (AR_S_{it} \times POVR_{it}) + \alpha_4 POVR_{it} + \alpha_5 M_A_{it} + \alpha_6 L_DON_{it} + \alpha_7 \\
 & L_EM_{it} + \alpha_8 L_TA_{it} + \alpha_9 ROA_{it} + \alpha_{10} L_MR_{it} + \alpha_{11} OWN_{it} + \alpha_{12} FOR_{it} + \alpha_{13} GOV_{it} + \alpha_{14} FL_{it} + \alpha_{15} \\
 & BIG4_{it} + \sum_{j=1}^3 \alpha_{16j} IND_{it} + \sum_{y=2008}^{y=2015} \alpha_{17y} YR_{it} + \epsilon_{it}
 \end{aligned}$$

$$\begin{aligned}
B_COM_{it} = & \alpha + \alpha_1 AR_S_{it} + \alpha_2 C_PRO_{it} + \alpha_3 (AR_S_{it} \times POVR_{it}) + \alpha_4 POVR_{it} + \alpha_5 M_A_{it} + \alpha_6 L_DON_{it} + \alpha_7 \\
& L_EM_{it} + \alpha_8 L_TA_{it} + \alpha_9 ROA_{it} + \alpha_{10} L_MR_{it} + \alpha_{11} OWN_{it} + \alpha_{12} FOR_{it} + \alpha_{13} GOV_{it} + \alpha_{14} FL_{it} + \alpha_{15} \\
& BIG4_{it} + \sum_{j=1}^{j=3} \alpha_{16j} IND_{it} + \sum_{y=2008}^{y=2015} \alpha_{17y} YR_{it} + \epsilon_{it}
\end{aligned}$$

$$\begin{aligned}
D_COM_{it} = & \alpha + \alpha_1 AR_S_{it} + \alpha_2 C_PRO_{it} + \alpha_3 (AR_S_{it} \times POVR_{it}) + \alpha_4 POVR_{it} + \alpha_5 M_A_{it} + \alpha_6 L_DON_{it} + \alpha_7 \\
& L_EM_{it} + \alpha_8 L_TA_{it} + \alpha_9 ROA_{it} + \alpha_{10} L_MR_{it} + \alpha_{11} OWN_{it} + \alpha_{12} FOR_{it} + \alpha_{13} GOV_{it} + \alpha_{14} FL_{it} + \alpha_{15} \\
& BIG4_{it} + \sum_{j=1}^{j=3} \alpha_{16j} IND_{it} + \sum_{y=2008}^{y=2015} \alpha_{17y} YR_{it} + \epsilon_{it}
\end{aligned}$$

The focus of the three interaction models is the coefficient α_3 , which reflects the interaction between the Arab Spring and the poverty level in the local community. Bearing in mind that the variable POVR is a dummy variable that takes the value of 1 if the company operates in an area with high poverty level and the value of 0 otherwise; if the coefficient α_3 is found to be positive and statistically significant, it can be then posited that companies operating in high poverty areas responded to the Arab Spring with a significantly higher increase in the extent of community disclosure compared to those operating in low poverty areas. In contrast, if the coefficient α_3 is found to be negative and statistically significant, it can be then postulated that companies operating in high poverty areas responded to the Arab Spring with a significantly lower increase in the extent of community disclosure compared to those operating in low poverty areas. However, if the coefficient α_3 is not found to be statistically significant, it can be then suggested that there are no significant differences in the corporate response to the Arab Spring through community disclosure, which can be attributed to the poverty level in the local community.

Moreover, to further test the moderating effect of the poverty level in the local community on the impact of community protests on the extent of community disclosure, the variable C_PRO is allowed to interact with the variables POVR as follows:

$$\begin{aligned}
V_COM_{it} = & \alpha + \alpha_1 AR_S_{it} + \alpha_2 C_PRO_{it} + \alpha_3 (C_PRO_{it} \times POVR_{it}) + \alpha_4 POVR_{it} + \alpha_5 M_A_{it} + \alpha_6 L_DON_{it} + \alpha_7 \\
& L_EM_{it} + \alpha_8 L_TA_{it} + \alpha_9 ROA_{it} + \alpha_{10} L_MR_{it} + \alpha_{11} OWN_{it} + \alpha_{12} FOR_{it} + \alpha_{13} GOV_{it} + \alpha_{14} FL_{it} + \alpha_{15} \\
& BIG4_{it} + \sum_{j=1}^{j=3} \alpha_{16j} IND_{it} + \sum_{y=2008}^{y=2015} \alpha_{17y} YR_{it} + \epsilon_{it}
\end{aligned}$$

$$\begin{aligned}
B_COM_{it} = & \alpha + \alpha_1 AR_S_{it} + \alpha_2 C_PRO_{it} + \alpha_3 (C_PRO_{it} \times POVR_{it}) + \alpha_4 POVR_{it} + \alpha_5 M_A_{it} + \alpha_6 L_DON_{it} + \alpha_7 \\
& L_EM_{it} + \alpha_8 L_TA_{it} + \alpha_9 ROA_{it} + \alpha_{10} L_MR_{it} + \alpha_{11} OWN_{it} + \alpha_{12} FOR_{it} + \alpha_{13} GOV_{it} + \alpha_{14} FL_{it} + \alpha_{15} \\
& BIG4_{it} + \sum_{j=1}^{j=3} \alpha_{16j} IND_{it} + \sum_{y=2008}^{y=2015} \alpha_{17y} YR_{it} + \epsilon_{it}
\end{aligned}$$

$$\begin{aligned}
D_COM_{it} = & \alpha + \alpha_1 AR_S_{it} + \alpha_2 C_PRO_{it} + \alpha_3 (C_PRO_{it} \times POVR_{it}) + \alpha_4 POVR_{it} + \alpha_5 M_A_{it} + \alpha_6 L_DON_{it} + \alpha_7 \\
& L_EM_{it} + \alpha_8 L_TA_{it} + \alpha_9 ROA_{it} + \alpha_{10} L_MR_{it} + \alpha_{11} OWN_{it} + \alpha_{12} FOR_{it} + \alpha_{13} GOV_{it} + \alpha_{14} FL_{it} + \alpha_{15} \\
& BIG4_{it} + \sum_{j=1}^{j=3} \alpha_{16j} IND_{it} + \sum_{y=2008}^{y=2015} \alpha_{17y} YR_{it} + \epsilon_{it}
\end{aligned}$$

Again, the focus of the three interaction models is the coefficient α_3 , which reflects the interaction between the media attention to community protests and the poverty level in the local community. If the coefficient α_3 is found to be positive and statistically significant, it can be then postulated that companies operating in high poverty areas responded to community protests with a significantly higher increase in the extent of community disclosure compared to those operating in low poverty areas. In contrast, if the coefficient α_3 is found to be negative and statistically significant, it can be then claimed that companies operating in high poverty areas responded to community protests with a significantly lower increase in the extent of community disclosure compared to those operating in low poverty areas. However, if the coefficient α_3 is not found to be statistically significant, it can be suggested that there are no significant differences in the corporate response to community protests through community disclosure, which can be attributed to the poverty level in the local community.

Finally, to test the differences in the extent of community disclosure between the earlier (strong) and the later (weak) periods of the Arab Spring, the data will be limited to the period that marks the beginning of the Arab Spring onwards (2010 -2015). Moreover, all of the three main models will be employed again but with replacing the Arab Spring variable (AR_S) with the variable ($POST_AR$) as follows:

$$\begin{aligned}
V_COM_{it} = & \alpha + \alpha_1 POST_AR_{it} + \alpha_2 C_PRO_{it} + \alpha_3 POVR_{it} + \alpha_4 M_A_{it} + \alpha_5 L_DON_{it} + \alpha_6 L_EM_{it} + \alpha_7 L_TA_{it} + \\
& \alpha_8 ROA_{it} + \alpha_9 L_MR_{it} + \alpha_{10} OWN_{it} + \alpha_{11} FOR_{it} + \alpha_{12} GOV_{it} + \alpha_{13} FL_{it} + \alpha_{14} BIG4_{it} + \sum_{j=1}^{J=3} \alpha_{15j} IND_{it} \\
& + \sum_{y=2008}^{y=2015} \alpha_{16y} YR_{it} + \epsilon_{it}
\end{aligned}$$

$$\begin{aligned}
B_COM_{it} = & \alpha + \alpha_1 POST_AR_{it} + \alpha_2 C_PRO_{it} + \alpha_3 POVR_{it} + \alpha_4 M_A_{it} + \alpha_5 L_DON_{it} + \alpha_6 L_EM_{it} + \alpha_7 L_TA_{it} + \\
& \alpha_8 ROA_{it} + \alpha_9 L_MR_{it} + \alpha_{10} OWN_{it} + \alpha_{11} FOR_{it} + \alpha_{12} GOV_{it} + \alpha_{13} FL_{it} + \alpha_{14} BIG4_{it} + \sum_{j=1}^{J=3} \alpha_{15j} IND_{it} \\
& + \sum_{y=2008}^{y=2015} \alpha_{16y} YR_{it} + \epsilon_{it}
\end{aligned}$$

$$\begin{aligned}
D_COM_{it} = & \alpha + \alpha_1 POST_AR_{it} + \alpha_2 C_PRO_{it} + \alpha_3 POVR_{it} + \alpha_4 M_A_{it} + \alpha_5 L_DON_{it} + \alpha_6 L_EM_{it} + \alpha_7 L_TA_{it} + \\
& \alpha_8 ROA_{it} + \alpha_9 L_MR_{it} + \alpha_{10} OWN_{it} + \alpha_{11} FOR_{it} + \alpha_{12} GOV_{it} + \alpha_{13} FL_{it} + \alpha_{14} BIG4_{it} + \sum_{j=1}^{J=3} \alpha_{15j} IND_{it} \\
& + \sum_{y=2008}^{y=2015} \alpha_{16y} YR_{it} + \epsilon_{it}
\end{aligned}$$

The main focus of the three interaction models is the coefficient α_1 , which reflects the weak period of the Arab Spring (2014 and 2015). Bearing in mind that the variable `POST_AR` is a dummy variable that takes the value of one for the later (weak) period of the Arab Spring (2014 and 2015) and 0 otherwise. If the coefficient α_1 is found to be negative and statistically significant, it can be then suggested that the surveyed companies have significantly reduced the extent of their community disclosure following the decline in the public and press freedom in the later period of the Arab Spring. In contrast, if the coefficient α_1 is found to be positive and statistically significant, it can be then put forward that the surveyed companies have significantly increased the extent of their community disclosure following the decline in the public and press freedom in the later period of the Arab Spring. However, if the coefficient α_1 is not found to be statistically significant, it can be then concluded that there are no significant differences in the extent of community disclosure between the earlier and the later periods of the Arab Spring.

5.3.1.3. Regression Analysis

All of the statistical analyses are performed using the statistical package (STATA 16) to test the estimated models and the research hypotheses. Those statistical analyses include descriptive statistics of the study sample and the data for each of the dependant, independent, and control variables. To control for multicollinearity issues, the correlations analyses are performed to identify the correlations coefficients between the dependant and the independent variables using Pearson correlations test. The Variance Inflation Factor (VIF) test is also carried out to further check for multicollinearity issues between the independent and control variables. Then, the relationships will be tested using pooled OLS regression. To control for the possible effect of serial correlation, heteroscedasticity, outliers, or any irregularities in the data, all models are performed with two-way clustering by firm and year using the command (*vce2way reg y x, cluster (firm_id_1 year_id)*) on STATA 15.

Many sensitivity tests are performed to test the validity and sensitivity of the main findings of the current study. To check for the sensitivity of the pooled OLS regression models; the main models of this study are tested again using Generalised Least Squares (GLS) regression with Random effect (RE) and Fixed Effect (FE) specifications and both clustered and robust standards errors. The results are then compared with the main pooled OLS regression models. Moreover, two different dichotomies are used to account for the impact of the Arab Spring; including using dummies for every single year and by dividing the period into three dichotomies. Similarly, a different measure of employees' strikes will be employed using dummies that take the value of 1 if the company has been targeted by employees' strikes and zero otherwise. The same measure is also applied to the media attention towards employees' strikes and community protests. Finally, the market capitalisation is also employed in the current study as an alternative measure of firm size. If the results remained consistent across different model specifications and different variables

measurement, it can be concluded that the results have a considerable degree of validity and reliability.

The following sections provide a detailed discussion of the sample selection, the data gathering, and the variables measurement process.

5.3.2. Sample Selection

The starting point of the sample selection of the current study is to include, initially, all companies listed in the Amman Stock Exchange (ASE) over a period of eight years from 2008 to 2015. This period covers two years before the beginning of the Arab Spring and other 6 years starting from its beginning. This choice is based on the argument that corporate change is a long-term and ongoing process of negotiations, bargaining, concessions, repressions, resistance, and a mix of these tools over the course of a social movement (Bosi, *et al.*, 2016; Bartley, 2007; Luders, 2006; Schneiberg and Soule, 2005). Besides, since the current study is interested in corporate social change, it has been argued that cross-sectional data is insufficient to investigate the change in social behaviour (Singer *et al.*, 2003; Yekini and Jallow, 2012). Using a long-timeframe such as the one employed in the current study will allow a closer examination of the trends of employee and community disclosure and their changes over time. This choice is also supported by the fact that these years have also witnessed too many employees' strikes and local communities' protests. Hence, this time frame will help in achieving the main objectives of the current study in terms of examining the impact of social movement on employee and community disclosure. Finally, to eliminate the possibility that the sample is not random, the Heckman's (1979) full maximum likelihood method will be used to correct for potential sample selection bias by jointly estimating the valuation and selection models in the following chapters.

Table 5.1 shows the sample selection process in which the initial sample included 1824 firm/year observations for the period 2008 - 2015. From the initial 1824 firm/year observations, 256

firm/year observations were excluded as they belong to companies that that did not operate continuously during the period under examination. Another 880 firm/year observations were also excluded from the sample because of missing annual reports, mostly for the first two years of the current study (i.e. 2008 and 2009). Finally, 288 firm/year observations, which belong to the smallest companies of the remaining sample, were also excluded due to no or minimal social disclosure in their annual reports. The selection process resulted in a “balanced” sample of 50 companies (400 firm/ year observations), which found to be active and have their annual reports available during the eight years under examination. Utilizing a “balanced” sample would enhance the reliability of the results by controlling for several firms, industry and time effects, which eliminates the possibility that the results are driven by differences in particular firm characteristics that included in the pre-Arab Spring period but not in the post-Arab Spring period and vice-versa (Baboukardos and Rimmel, 2016). Finally, it is worth to mention here that companies included in the final sample account for more than 78% of the total market value of companies listed in the ASE.

Table 5.1. Selection Procedures of Sample Companies

SAMPLE	PRE-ARAB SPRING		POST-ARAB SPRING (STRONG PERIOD)				POST-ARAB SPRING (WEAK PERIOD)		TOTAL
	2008	2009	2010	2011	2012	2013	2014	2015	
ASE all listed companies	230	237	236	233	231	223	216	218	1824
(-) Companies that did not continuously operate from 2008 to 2015	34	41	40	37	35	27	20	22	256
(-) Companies with missing annual reports for the years 2008 and 2009	89	101	109	113	115	116	118	119	880
(-) The smallest 36 companies	36	36	36	36	36	36	36	36	288
Final sample	91	82	63	47	33	35	27	22	400

Those 50 companies are operating in the three main sectors of ASE: Financial sector,²⁷ Services sector, and Industrial sector. Table 5.2 shows the final sample within the 3 main sectors. Those companies are further divided into 18 sub-sectors: Banks, Insurance, Diversified Financial Services, Real Estate, Health Care Services, Educational Services, Hotels and Tourism, Transportation, Technology and Communication, Utilities and Energy, Commercial Services, Pharmaceutical and Medical Industries, Chemical Industries, Food and Beverages, Mining and Extraction Industries, Engineering and Construction, Electrical Industries, and Textiles, Leathers and Clothing. The final sample within the 18 sub-sectors is presented in Appendix A.

Table 5.2. Sectors Representation of Sample Companies

SECTOR	NUMBER OF COMPANIES	PERCENTAGE %
Financial sector	14	28%
Services sector	21	42%
Industrial sector	15	30%
Total	50	100%

5.3.3. Content Analysis

Content analysis is a very popular and rapidly expanding textual analysis techniques in quantitative research (Neuendorf, 2016). It is defined by Abbott and Monsen (1979: 504) as “a technique for gathering data that consists of codifying qualitative information in anecdotal and literary form into categories in order to derive quantitative scales of varying levels of complexity.” It has been used to generate a quantitative-based summary and facilitate statistical analysis and comparisons to derive conclusions about the volume and the thematic content of a chosen narrative (Krippendorff, 2004; Beattie *et al.*, 2004; Neuendorf, 2016; Bryman, 2016). The content analysis involves the

²⁷ Most of the prior studies have excluded the companies operating in the financial sector because they usually have different disclosure requirements than those operating in other sectors. Since the Jordanian laws and regulations do not differentiate between these companies in terms of CSR disclosure requirements, including them would not affect the results but will enhance the generalisability of these results.

process of coding the content of a narrative text based on preselected criteria and decision rules to drive a quantitative scale, which in turn allows for further analysis (Weber, 1988). Hence, using content analysis requires the construction of a predetermined classification scheme and predefined decision rules to guide the coding process (Milne and Adler, 1999). This technique can deal with large volumes of narrative data and analyse them in a systematic, reliable, and objective manner (Krippendorff, 2004).

Using a content analysis approach, data on employee and community disclosure is collected from the annual reports of the companies under consideration. The content analysis process of the current study involves the development of two disclosure indexes based on the GRI (2013) guidelines and the relevant prior literature. A disclosure checklist is constructed according to the two disclosure indexes adopted in the current study. The volume of the disclosure will be measured using a sentence count approach of all employee and community disclosure identified in the disclosure indexes. The breadth and depth of employee and community disclosure will be measured using two scoring approaches. The first approach is based on the presence and absences of certain items from the annual reports. The second involves assigning different scores based on the nature of disclosure on each item.

Content analysis has been widely used to collect and analyse data in prior accounting disclosure literature in general and prior CSR disclosure literature in particular (see for example, Patten, 1991, 1992; Gray *et al.*, 1995a; Neu *et al.*, 1998; Ogden and Clarke, 2005; Campbell *et al.*, 2006; Cuganesan *et al.*, 2007; Kamla, 2007; Islam and Deegan, 2008; Tilling and Tilt, 2010; Mahadeo *et al.*, 2011; Hooks and van Staden, 2011; Summerhays and de Villiers, 2012; Cho *et al.*, 2015b; Kent and Zunker, 2013; 2017; Yekini *et al.*, 2017). The wide use of this method in prior CSR literature is a clear indication of the validity and reliability of this method to collect and analyse corporate disclosure. This method allows researchers to capture the change in the volume, breadth

(thematic content), and the quality of CSR disclosure over time and with social and environmental events. The volume and the frequency of CSR disclosure indicate the importance placed on each reported category by the reporting company (Gray *et al.*, 1995a; Unerman, 2000; Campbell *et al.*, 2006; Beattie *et al.*, 2004).

Content analysis is deemed to be an appropriate technique for studying accounting narratives in general and CSR disclosure in particular (Gray *et al.*, 1995a; Kamla, 2007; Beattie *et al.*, 2004; Hooks and van Staden, 2011). Yet, the reliability of this method within the field of CSR research has been questioned due to the lack of a unified and constant definition of CSR disclosure and for the high level of subjectivity involved in the process of data collection and analysis (Guthrie *et al.*, 2004; Guthrie and Abeysekera, 2006). To overcome these limitations, Guthrie and Abeysekera (2006) suggest that categories of disclosure classifications must be clearly and operationally defined and collected through coding instrument and a reliable coding process must be followed to obtain valid and reliable results. This suggests that the use of quantitative content analysis technique requires the selection of the narrative source, the research instrument (disclosure index), the coding process, and units of analysis of selected narratives. The following is a discussion of these choices:

5.3.3.1. Annual Reports

Data on employee and community disclosure is collected from the annual reports of the sample companies over the period from 2008 – 2015. Corporate annual reports are commonly used by prior literature as the main source of CSR data (see, for example, Patten, 1991, 1992; Gray *et al.*, 1995a,b; Neu *et al.*, 1998; Unerman, 2000; Deegan *et al.*, 2000; Ogden and Clarke, 2005; Campbell *et al.*, 2006; Cuganesan *et al.*, 2007; Kamla, 2007; Islam and Deegan, 2008; Tilling and Tilt, 2010; Mahadeo *et al.*, 2011; Summerhays and de Villiers, 2012; Cho *et al.*, 2015b; Kent and Zunker, 2013; 2017). The corporate annual report is a formal, regular, and statutory document

used by companies to communicate with their audience (Gray *et al.*, 1995a; Slack and Campbell, 2008; Merkl-Davies and Brennan, 2007). This report is an important and credible source of important information about the company which is available and accessible to a wide range of users and the general public (Gray *et al.*, 1995a; Neu *et al.*, 1998; Adams *et al.*, 1998; Unerman, 2000; Campbell, 2000; de Villiers and Van Staden, 2011). In addition, the content of annual reports is deliberate as the management makes choices about the information they wish to reveal publicly (Unerman, 2000; Ogden and Clarke, 2005). The annual report is increasingly viewed as a public relations document that is used to shape the audience perception about the company (Preston *et al.*, 1996; Clatworthy and Jones, 2003; Beattie *et al.*, 2004; Ogden and Clarke, 2005; Jonäll and Rimmel, 2010). Therefore, the information provided in the corporate annual reports is a good source to measure the comparative positions and trends in disclosure (Guthrie *et al.*, 2004).

Nowadays, corporate information is disclosed through various disclosure mediums; such as annual reports, corporate websites, press releases, standalone sustainability reports, public relations documents, and other informal channels. Yet, it is very difficult, if not impossible, to monitor all available disclosure mediums over several years (Gray *et al.*, 1995a). Accordingly, corporate annual reports are a suitable source of information for longitudinal comparative studies as they provide a consistent and comparative data that allows the year to year comparison (Gray *et al.*, 1995a; Unerman, 2000; Campbell *et al.*, 2006). In Jordan, all public companies are required to prepare their annual reports following the international accounting standards and to publish these reports to the general public. Accordingly, the annual reports of Jordanian public companies are used as the main source of employee and community disclosure for the current study during the years 2008 - 2015. Those reports are downloaded from the companies' websites and from the ASE website where all the annual reports of the listed companies are available and accessible to the public.

5.3.3.2. Research Instrument (Disclosure Index)

One key characteristic of content analysis is that data should be coded and measured in a reliable, objective, and systematic manner (Krippendorff, 2004; Guthrie and Abeysekera, 2006). This requires a precise definition and identification of disclosure under investigation along with its categories and the items included to achieve “shared meanings” between those who are involved in the research process (Gray *et al.*, 1995a; Guthrie and Abeysekera, 2006). All these definitions and identifications of employee and community disclosure are incorporated in the disclosure indexes, which proved to be a valuable tool for analysing corporate narrative disclosure (Beattie *et al.*, 2004). A disclosure index is an extensive list of disclosure items with an *ex-ante* specification of expected disclosure items along with their categories, subcategories, and definitions. The use of this method usually involves highlighting any sentence that meets the specification of the disclosure index and coding the sentences following the selected assessment scale (Hooks and van Staden, 2011). This method has been used widely in prior corporate disclosure studies in general and prior CSR disclosure studies in particular (see, for example, Gray *et al.*, 1995a; Beattie *et al.*, 2004; Kamla, 2007; Cho *et al.*, 2015b; Clarkson *et al.*, 2008).

A starting point to structure this research instrument is to construct two disclosure indexes. The first disclosure index includes all employee disclosure items along with their definitions and categories. The second disclosure index includes all community disclosure items along with their definitions and categories. Prior studies have used many different lists disclosure items, some are self-constructed lists of disclosure items (see, for example, Gray *et al.*, 1995a; Kamla, 2007; Clarkson *et al.*, 2008). Yet, the problem with this approach is the choice of items would remain largely subjective regardless of how carefully the items were selected (Raffournier, 1995). In order to reduce the subjectivity, both indexes employed in the current study were constructed based on the GRI (2013) reporting standards.

The GRI reporting standards are the most widely adopted worldwide and which are known to represent best global practice for reporting on economic, environmental and social issues. Thus, both disclosure indexes of the current study closely follow the GRI (2013) reporting standards. Moreover, both disclosure indexes were then adjusted based on prior CSR disclosure studies (Gray *et al.*, 1995a; Kamla, 2007; Islam *et al.*, 2017), to fit with the purpose of this study and the context of emerging countries. These adjustments were made to enhance the comparability of the results by ensuring that both disclosure indexes include all the context-specific disclosure items identified in prior CSR studies within the emerging countries.

Table 5.3 shows the final version of the disclosure index of employee disclosure which consists of 21 disclosure items within 8 broad categories. Those eight main categories include Employment, Training and Education, Occupational Health and Safety, Labour/Management Relations, Diversity and Equal Opportunity, Equal Remuneration for Men and Women, Supplier Assessment for Labour Practices, and Labour Practices Grievance Mechanisms. Table 5.4 shows the final version of the disclosure index of community disclosure which consists of 8 disclosure items within one broad category; namely, the Local Community category.

It is worth mentioning here that most of the items identified in the disclosure index are voluntary. As discussed earlier in the previous chapters, the laws and regulations in Jordan provide very few requirements regarding CSR disclosure. Companies in Jordan are only required to provide information in their annual reports regarding the number of employees and the level of their qualifications. Companies are also required to report information regarding employees training programs if they provided any during the year covered by the report and any donations to the local community if they made any during the year covered by the report. Yet, while these requirements mandate some sort of CSR disclosure, they do not mandate any of the CSR contributions towards their employees or the local communities.

In other words, although some employee and community disclosure items are mandatory, the practices underlying these items are voluntary. This implies that companies are only required to provide this information if they engaged in the voluntary practices underlying these items; hence, it is not expected to find information regarding these mandatory items in each annual report. Among the twenty-one items identified under employee disclosure in the disclosure index, only three items are considered as a mandatory disclosure (please refer to Table 5.3 above).

Yet, only one item is expected to be present in all annual reports which are the one related to the “total number of the workforce by employment type, contract, qualification, and region.” The other two items which are related to employee training programs are only expected to be present in the annual report if the company has provided any training programs to their employees. Similarly, among the eight items identified in the disclosure index under community disclosure, only two items are considered as a mandatory disclosure (please refer to Table 5.4 above). Those two items are related to the corporate charitable donations and corporate donations to other causes such as education, research, sports, arts, and health. Again, these two items are only expected to be present in the annual report if the company has made any donations of these types during the year.

Accordingly, this indicates that most of the items identified in the two disclosure indexes are largely deemed to be voluntary information since the Jordanian corporations have considerable control over the provision of such information. Following the development of the two disclosure indexes, a disclosure checklist was constructed to include all the items identified in the two disclosure indexes. The disclosure checklist is then used to code the data on the volume, breadth, and depth of employee and community disclosure based on the following decision rules.

Table 5.3. Disclosure Index of Employee Disclosure

Disclosure Categories	Description and decision rules	Nature of Disclosure
Employment	The total number of the workforce by employment type, contract, qualification, and region. ^b	Mandatory
	Total number and rate of the new employee hired. ^a	Voluntary
	Total number and rate of employee turnover. ^a	Voluntary
	Benefits to full-time employees including life insurance, health care ...et. ^a	Voluntary
Training and education	Return to work and retention rates after parental leave. ^a	Voluntary
	Training that company's employees have undertaken by the number of hours, average hours, and location of this training. ^a	Mandatory
	Type and scope of programmes implemented and assistance provided to upgrade employee skills. ^a	Mandatory
	Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment. ^a	Voluntary
	The percentage of total employees by gender and by employee category who received a regular performance and career development review. ^a	Voluntary
Occupational health and safety	Company's specific workers' health and safety policy. ^c	Voluntary
	Types of injury, injury rates, occupational disease rates, lost day rate, absentee rate, and work-related facilities for the total workforce, or a brief statement that no such incidents have occurred during the reported period. ^a	Voluntary
	Workers who were involved in occupational activities who had high incidence or high risk of specific diseases. ^a	Voluntary
	Formal joint management-workers health and safety committee. ^a	Voluntary
Labour/management relations	The percentage of total workforce represented in joint management-workers health and safety committees. ^a	Voluntary
	The minimum period of notice provided to employees or their representatives prior to the implementation of operational change that would substantially affect them. ^a	Voluntary
Diversity and equal opportunity	The percentage of individuals within the organisation's governance bodies by gender, age group, minority groups, and any other indicators of diversity. ^a	Voluntary
	The percentage of employees by gender, age group, minority groups, and any other indicators of diversity. ^a	Voluntary
Equal remuneration for men and women	The ratio of the basic salary and remuneration of women to men for each employee category. ^a	Voluntary
Supplier assessment for labour practices	New suppliers that were screened using labour practices criteria. ^a	Voluntary
	Any significant actual and potential negative impacts on labour practices in the supply chain and actions are taken. ^a	Voluntary
Labour practices grievance mechanisms	Grievances regarding labour practices filed, addressed, and resolved through formal grievance mechanisms. ^a	Voluntary

SOURCES:

A: ADOPTED FROM GRI, 2013.

B: ADOPTED FROM GRAY *ET AL.*, 1995A.C: ADOPTED FROM ISLAM *ET AL.*, 2017.

Table 5.4. Disclosure Index of Community Disclosure

Disclosure Categories	Description and decision rules	Nature of Disclosure
Local community	Local community engagement programmes including broad-based local community consultation committees and processes that include vulnerable groups, and stakeholder engagement plans based on stakeholder mapping. ^a	Voluntary
	Local community impact assessments programmes including social impact assessments, environmental impact assessments and ongoing monitoring, and the results of environmental and social impact assessments. ^a	Voluntary
	Local community development programmes or plans based on local community needs (excluding donations). ^a	Voluntary
	Charitable donations. ^{b,c}	Mandatory
	Donations to education, research, sports, arts, health, and religious institutions and worship houses (e.g. mosques and churches). ^{b,c}	Mandatory
	Employees' involvement with social issues and if the company's support is apparent. ^a	Voluntary
	Formal local community grievances process. ^a	Voluntary
	Operations with significant actual and potential negative impact on local communities. ^a	Voluntary

SOURCES:

A: ADOPTED FROM GRI, 2013.

B: ADOPTED FROM GRAY *ET AL.*, 1995A.

C: ADOPTED FROM KAMLA, 2007.

5.3.3.3. Decision Rules and Coding Process

Coding decisions are “concerned with how to identify a disclosure type from a narrative source while measuring (or counting) decisions are concerned with how to assign value to such disclosures once they have been coded for meaning” (Campbell *et al.*, 2006: p.97). Well established decision rules and decision categories would enhance the objectivity and the stability of the content analysis and allow replication by other researchers (Krippendorff, 2004; Gray *et al.*, 1995a; Guthrie and Abeysekera, 2006; Kent and Zunker, 2013). The current study relies on predetermined decision rules to ensure that the data is collected objectively and systematically. Table 5.5 shows the decision rules adopted in the current study. These decision rules have been adopted from prior literature (e.g. Gray *et al.*, 1995a; Hooks and van Staden, 2011; Yekini and Jallow, 2012).

The coding process of the current study has been carried out to assign each employee disclosure item in the annual reports to one item in the disclosure index of employee disclosure and to assign

each community disclosure item in the annual reports to one item in the disclosure index of

NO. DESCRIPTION

- 1 Any disclosure item that discusses or mentions the employee issues and community issues are recorded.
 - 2 The disclosures must be explicitly stated, meanings cannot be implied.
 - 3 Disclosure items are recorded regardless of their place in the annual reports.
 - 4 Disclosure items are recorded including narrative and non-narrative information such as charts, tables, and graphical representations. Only photographs are excluded.
 - 5 Disclosures having more than one possible classification or containing two or more information items is classified under each relevant category or item.
-

community disclosure. The categories of disclosure adopted in the current study are based on guidelines on performance indicators developed by the GRI (2013) and prior literature (Gray *et al.*, 1995a; Kamla, 2007; Islam *et al.*, 2017). Those decisions are established to define each disclosure item and to identify under which disclosure category this item falls to facilitate the coding process.

Prior content analysis literature reflects a debate on how to code and count the various types of social and environmental disclosure (Campbell *et al.*, 2006). Two approaches have been commonly employed in prior literature to quantify the extent of CSR disclosure; namely, the scoring (index) approach of disclosure (see, for example, Gray *et al.*, 1995a; Kamla, 2007; Al-Tuwaijri *et al.*, 2004; Clarkson *et al.*, 2008; Cho *et al.*, 2015b; Kent and Zunker, 2017) and the measuring unit of the amount or volume of disclosure (see, for example, Neu *et al.*, 1998; Deegan *et al.*, 2000, 2002; Campbell, 2000; Campbell *et al.*, 2006; Ogden and Clarke, 2005; Islam and Deegan, 2010; Gamerschlag *et al.*, 2011; Summerhays and de Villiers, 2012; Kent and Zunker, 2013; 2017).

Table 5.5 Decision Rules for Coding Employee and Community Disclosure

The index approach is usually used to assess the breadth of corporate disclosure based on the presence or the absence of specific items of the disclosure. This approach can be also used to measure the quality or the extensiveness of corporate disclosure by assigning different weights to each item based on the specificity and extensiveness of this discloser. The volumetric approaches

can be used to check the overall amount of corporate disclosure using various measures such as word count, sentence count, and page count. The suitability of each approach depends on the research question(s) that need to be answered in any study (Vourvachis, 2007).

The current study is interested in capturing the changes in the extent of employee and community disclosure in relation to the Arab Spring and employees' and local communities' activism. To achieve these objectives, the current study relies on the two approaches discussed above to measure the extent of employee and community disclosure. Hence, the coding process of the current study involves two steps; first, measuring the volume of the disclosure using the volumetric approach; and second, measuring the breadth and the depth of disclosure using the index approach. These methods are similar to the approaches used by Patten (2002), Hooks and van Staden, (2011), and Kent and Zunker (2017) and will be discussed in details in the following two sections.

5.3.3.4. Coding Process of the Volume of Disclosure

The first approach employed in the current study to measure the extent of employee and community disclosure is based on a sentence count of employee and community disclosure within the disclosure categories identified in each disclosure index. An essential element in conducting a content analysis study is the selection of content units. The unit of analysis is defined as an identifiable component of communication in which variables are measured (Krippendorff 2004; Neuendorf 2002). Prior studies have used various measures of CSR disclosure such as the number of words (see, for example, Neu *et al.*, 1998; Campbell, 2000; Campbell *et al.*, 2006; Islam and Deegan, 2010; Gamerschlag *et al.*, 2011); the number of sentences (see, for example, Deegan *et al.*, 2000, 2002; Ogden and Clarke, 2005; Cuganesan *et al.*, 2007; Hooks and van Staden, 2011; Summerhays and de Villiers, 2012; Molate *et al.*, 2014; Kent and Zunker, 2013, 2017); and page proportions (see, for example, Campbell, 2000; Hooks and van Staden, 2011; Molate *et al.*, 2014).

The use of page proportion has been criticised for its lack of reliability and comparability since page size, print size, and column size differ from one annual report to another (Ng, 1985: cited in Kent and Zunker, 2013: p.1083; see also Campbell, 2017). Words count has the advantage of facilitating more exclusive analysis and the pragmatic advantage of scanning the data for specific words (Gray *et al.*, 1995a). However, using the number of words as a measure of disclosure makes it difficult to decide if a single word is a social disclosure (Kent and Zunker, 2013). In contrast, the use of sentences as a measure of disclosure overcomes these limitations and removes the need to standardise the number of words (Deegan *et al.*, 2002; Kent and Zunker, 2013).

Moreover, sentences are easier to be identified by coders as they exist between two punctuation marks and using the number of sentences is, therefore, less subject to inter-coder variation than words (Deegan *et al.*, 2002; Kent and Chan, 2009). Accordingly, the number of disclosure sentences is chosen as a measure of the extent of employee and community disclosure for the current study. This choice is also supported by the fact that all of these three measures are highly correlated with each other (Hackston and Milne, 1996) which suggests that the results will not be significantly affected by the choice of one measure over the two others. The volume of employee and community disclosure is coded in the same scoring sheets based on the number of sentences related to each one of the categories identified in the disclosure indexes.

5.3.3.5. Coding Process of the Breadth and the Depth of Disclosure

The scoring process of corporate disclosure can take several approaches; the most used approaches are either an unweighted (nominal) score to indicate the presence or absence of specific aspects of employee and community disclosure or a weighted (ordinal) score to capture the degree of specificity and extensiveness of the aspect (Beattie *et al.*, 2004; Hooks and van Staden, 2011; Helfaya and Whittington, 2019). The unweighted approach is a binary scoring system which is based on the number of themes included in this CSR narratives (Campbell, 2017). This approach

has the advantage of reducing the subjectivity of the coding process (Chau and Gray, 2002). Yet, at its best, the unweighted approach captures the quantity of corporate disclosure but ignores the quality of the information under assessment (Helfaya and Whittington, 2019). Indeed, this approach has little utility given that some disclosure classifications contain more information than others (Yekini and Jallow, 2012).

The weighted approach, arguably, provides a better measure of disclosure than the unweighted approach since it can be used to capture some quality dimensions of corporate disclosure; such as the depth and the time of disclosure (Hooks and van Staden, 2011; Helfaya and Whittington, 2019). The coding process of the weighted approach, however, involves a high degree of subjectivity compared to the unweighted approach (Helfaya and Whittington, 2019).

Since the main interest of the current study is to assess the extent of employee and community disclosure and its changes over time, both the weighted and unweighted scoring approaches are suitable for the current study. Hence, both these scoring approaches are used in the current study to allow a deeper and robust examination of the extent and trends of the disclosure. Accordingly, two scoring sheets have been constructed based on the categories and items identified the two disclosure indexes. The coding process of the breadth of disclosure is assessed based on the presence or the absence of disclosure items in the annual reports. Specifically, if a company disclosed any item in the disclosure indexes it has been assigned a score of (1) and a score of (0) for non-disclosure.

The coding process of the depth of disclosure is based on the nature of disclosure using a 5-points coding scale. Table 5.6 shows the 5-points coding scale adopted in the current study. This coding scale is adopted with some adjustments from Staden and Hooks (2007). Based on this coding scale, each disclosure item identified the two disclosure indexes has been awarded a score from 0 to 5 based on the nature of this disclosure. Indeed, a score of (0) for non-disclosure is assigned for non-

disclosure; a score of (1) is assigned for disclosure that is very general and nonspecific; a score of (2) is assigned for disclosure that includes qualitative details of the corporate performance; a score of (3) is assigned for disclosure that includes quantitative details of the corporate performance; and, finally, a score of (4) is assigned for disclosure that includes both qualitative and quantitative details of the corporate performance.

Table 5.6. Depth Scale of Disclosure*

SCORE	DESCRIPTION
0	Not disclosed, no discussion of the issue.
1	Minimum coverage, little detail—general terms. Anecdotal or briefly mentioned.
2	Descriptive: items were discussed in great narrative details.
3	Quantitative: item is clearly defined in quantitative details, this includes both financial and numerical information.
4	Descriptive and Quantitative: item is discussed in great narrative and quantitative details.

*Adopted with some modifications from van Staden and Hooks (2007).

5.3.3.6. The Reliability of the Coding Process

Reliability of the content analysis refers to the extent of inter-coder agreement between different coders analysing the same text and the degree to which the analysis remains unchanged over time (Brennan *et al.*, 2009). To ensure the reliability of the coding process, the coding process was carried out according to well-established decision rules. A random sample of 5 annual reports was selected and analysed by two independent coders who are unaware of the hypothesis and the research questions. One of the independent coders is a lecturer in the accounting department at Coventry University. The other coder is a fellow PhD student at the University of Essex. The results were compared, and there was a high level of agreement between the two coders and the author (93%) and (95%) for the first and the second disclosure indexes respectively. Disagreements were reviewed and resolved by the author. This method is proven to enhance the reliability of the coding process, and it has been employed by several prior studies (see, for example, Clarkson *et al.*, 2008; Hooks and van Staden, 2011).

Moreover, the coding process was carried out in two different periods with two months gap. In the first period, the author analysed the annual reports for the years 2008 – 2009 and 2012 – 2014. In the second period, the annual reports for the years 2010 – 2011 and 2014 – 2015 were analysed. The final results of the coding process of the two disclosure indexes were tested for internal consistency using Cronbach's alpha test. The result of the Cronbach's alpha test was (76.6%) indicating a high internal consistency among different items in the disclosure index across different periods. Overall, the results indicate that the measures both employee and community have a considerable degree of reliability for the current study.

5.3.4. Variables Measurement and Data Sources

Table 5.7 shows all the dependant, independent and control variables used in the current study to examine the relationship between the extent of employee disclosure and social movement variables (i.e. the Arab Spring and employees' strikes); and to examine the relationship between the extent of community disclosure and social movement variables (i.e. the Arab Spring and communities' protests). The following sections provide a detailed definition, measurement, and the coding process of each one of the variables used in the current study.

5.3.4.1. Measurement of the Volume of Employee and Community Disclosure

The volume of disclosure for each company is measured using a sentence count approach by counting the number of disclosure sentences related to employee and community disclosure. The volume of employee disclosure represents the number of disclosure sentences on different employee aspects. These aspects concern with the corporate practices that directly affect employees, mainly full-time employees. Employee disclosure includes, among others, information on issues related to employees' profiles, employees hiring and turnover, employees/management relations, benefits to full-time employees, employees training and education, occupational

Table 5.7 Summary and Sources of Variables

Variable	Definition	Operational Definition	Source
<i>Dependent variables:</i>			
V_EMP	The volume of employee disclosure.	A sentence count of disclosure devoted to employee issues as identified in the disclosure index.	Annual reports.
B_EMP	The breadth of employee disclosure.	Measured by using an employee disclosure index, which is calculated as the sum of total score awarded to the company based on the presence or the absence of each item in the disclosure index divided by the maximum possible breadth score.	Annual reports.
D_EMP	The depth of employee disclosure.	Measured by using an employee disclosure index, which is calculated as the sum of total score awarded to the company based on the nature of disclosure related to each item in the disclosure index divided by the maximum possible depth score.	Annual reports.
V_COM	The volume of community disclosure.	A sentence count of disclosure devoted to community issues as identified in the disclosure index.	Annual reports.
B_COM	The breadth of community disclosure.	Measured by using a community disclosure index, which is calculated as the sum of total score awarded to the company based on the presence or the absence of each item in the disclosure index divided by the maximum possible breadth score.	Annual reports.
D_COM	The depth of community disclosure.	Measured by using a community disclosure index, which is calculated as the sum of total score awarded to the company based on the nature of disclosure related to each item in the disclosure index divided by the maximum possible depth score.	Annual reports.
<i>Independent variables:</i>			
AR_S	The Arab Spring	A set of dichotomies that takes the value of (0) for the years 2008 and 2009; the value of (1) for the years from 2010 to 2015.	N/A
EMP_S	The number of employees' strikes.	The number of actual employees' strikes each year.	JLW. PCFEIS
EMP_M	Media attention towards employees' strikes.	The number of news articles covering employees' strikes events each year.	Daily Newspapers. News websites.
EMP_A	Association support to employees' strikes.	A set of dichotomies that takes the value of (1) if a strike is initiated and organised by labour association; and the value of (0) otherwise.	Daily Newspapers. News websites. JLW.
C_PRO	Media attention towards local communities' protests.	The number of news articles covering local communities' protests events each year.	Daily Newspapers. News websites.
<i>Control variables:</i>			
L_EMP	The number of employees.	The natural logarithm of the number of employees.	Orbis database.
POVR	The poverty level in the local community.	A set of dichotomies that takes the value of (1) if the poverty level in the local community is above the average poverty level in Jordan; and the value of (0) otherwise.	Annual reports.
L_DON	The amount of corporate donations	The natural logarithm of the amount of all types of corporate donation.	Annual reports.

Table 5.7. continued

Variable	Definition	Operational Definition	Source
GOV	State share ownership.	A set of dichotomies that takes the value of (1) if the state owns 5% or more of the total outstanding shares of each company; and the value of (0) otherwise.	Orbis database.
L_TA	Firm size	The natural logarithm of total assets.	Orbis database.
IND	Industrial classification	A set of dichotomies that takes the value of (1) if the company belongs to the financial sector; the value of (2) if the company belongs to the service sector; the value of (3) if the company belongs to the industrial sector.	ASE.
ROA	Financial performance	The ratio of ROA.	Orbis database.
L_MR	The market rate of return	Calculated as (the ending share price minus the beginning share price divided by the beginning share price $\times 100$).	Orbis database.
OWN	Floating shares	The percentage of shares owned by investors who own 5% or less of the total outstanding shares of each company.	Orbis database.
FOR	Foreign ownership	The percentage of shares owned by foreign investors who own 5% or more of the total outstanding shares of each company.	Orbis database.
FL	Financial leverage	Total liabilities divided by shareholders' equity.	Orbis database.
BIG4	Audit firm size	A set of dichotomies that takes the value of (1) if the annual report is audited by one of the big 4 audit firms; and the value of (0) otherwise.	Annual reports.

health and safety, suppliers' assessment for labour practices, employees' grievance mechanisms, diversity and equal opportunities, and equal remuneration for men and women. The volume of employee disclosure for each company is measured using the following equation:

$$V_EMP = \sum_{i=1}^n SENTENCES\ i$$

Where:

V_EMP = the volume of corporate employee disclosure,

n = number of sentences disclosed,

Sentences i = takes the value 1 for each employee disclosure sentence.

Similarly, the volume of community disclosure represents the number of disclosure sentences on different community aspects. These aspects concern with the corporate practices directed at their local communities. Community disclosure includes, among others, information on issues related to local community engagement, impact assessments, and development programmes, corporate

charitable donations and donations to other social causes, corporate support to employees' involvement with social issues, formal community grievances process, and operations with significant actual and potential negative impact on local communities. The volume of employee disclosure for each company is measured using the following equation:

$$V_COM = \sum_{i=1}^n SENTENCES\ i$$

Where:

V_COM = the volume of corporate community disclosure,

n = number of sentences disclosed,

Sentences i = takes the value 1 for each community disclosure sentence.

5.3.4.2. Measurement of the Breadth of Employee and Community Disclosure

The breadth of employee disclosure for each company is measured using an unweighted scoring sheet to check the presence or the absence of disclosure items identified employee disclosure index. The items have been assigned a score of (1) if the company had made any disclosure on any individual item and the score of (0) otherwise. Total corporate employee disclosure breadth score is calculated as a percentage of total disclosure scores assigned to all items to the maximum applicable scores for all disclosure items in the employee disclosure index. The breadth of employee disclosure for each company is measured using the following equation:

$$B_EMP = \frac{\sum_{i=1}^n SCOREi}{MAX\ SCORE}$$

Where:

B_EMP = breadth scores of corporate employee disclosure.

n = number of items disclosed.

SCORE i = takes the value 1 if the item i is disclosed or the value 0 otherwise.

MAX SCORE = maximum applicable disclosure score.

Similarly, the breadth of community disclosure for each company is measured using an unweighted scoring sheet to check the presence or the absence of disclosure items identified community disclosure index. The items have been assigned a score of (1) if the company had disclosed any individual item and the score of (0) otherwise. Total corporate community disclosure breadth score is calculated as a percentage of total disclosure scores assigned to all items to the maximum applicable scores for all disclosure items in the community disclosure index. The breadth of community disclosure for each company is measured using the following equation:

$$B_COM = \frac{\sum_{i=1}^n SCORE_i}{MAX\ SCORE}$$

Where:

B_COM = breadth scores of corporate community disclosure.

n = number of items disclosed.

SCORE_i = takes the value 1 if the item i is disclosed or the value 0 otherwise.

MAX SCORE = maximum applicable disclosure score.

5.3.4.3. Measurement of the Depth of Employee and Community Disclosure

The depth of employee disclosure for each company is measured using a 5-points scoring scale to assign different weights for each disclosure item based on the nature of disclosure related to each item identified in the employee disclosure index. Total corporate employee disclosure depth score is calculated as a percentage of total disclosure scores assigned to all items to the maximum applicable scores for all disclosure items in the employee disclosure index. The depth of employee disclosure for each company is measured using the following equation:

$$D_EMP = \frac{\sum_{i=1}^n SCORE_i}{MAX\ SCORE}$$

Where:

D_EMP = the depth scores of corporate employee disclosure.

n = total depth score.

$SCORE_i$ = takes any value from (0) to (4) based on the coding scale.

$MAX\ SCORE$ = maximum applicable depth score.

Similarly, the depth of community disclosure for each company is measured using a 5-points scoring scale to assign different weights for each disclosure item the based on the nature of disclosure related to each item identified in the community disclosure index. Total corporate community disclosure depth score is calculated as a percentage of total disclosure scores assigned to all items to the maximum applicable scores for all disclosure items in the community disclosure index. The depth of community disclosure for each company is measured using the following equation:

$$D_COM = \frac{\sum_{i=1}^n SCORE_i}{MAX\ SCORE}$$

Where:

D_COM = the depth scores of corporate community disclosure.

n = total depth score.

$SCORE_i$ = takes any value from (0) to (4) based on the coding scale.

$MAX\ SCORE$ = maximum applicable depth score.

5.3.4.4. Independent Variables

Using insights from social movement theory, the impact of the Arab Spring is captured by examining the changes in the breadth, depth, and the volume of employee and community disclosure before and after the Arab spring. The impact of employees' strikes is captured by analysing the relationship between the breadth, depth, and the volume of employee disclosure and

the number of employees' strikes and media attention towards employees' strikes. Similarly, the impact of local communities' protests is captured by analysing the relationship between the breadth, depth, and the volume of community disclosure and the media attention to local communities' protests. The following is a detailed discussion of each one of the independent variables.

5.3.4.4.1. The Arab Spring

The Arab Spring refers to the unprecedented wave of political protests and democratic uprisings which started in Tunisia in the last quarter of 2010 and the early days of 2011 and swept over the MENA region (Bayat, 2013; Khatib and Lust, 2014; Bellin, 2012; Pace and Cavatorta, 2012; Yitzhak, 2018). This wave of political protests and democratic uprisings has increased the political openness and the participation of the ordinary people in political life in Jordan and many of the MENA countries. This political openness and participation great implications for the business environment and changed the social expectation of how companies should operate and behave within the whole MENA region (Malik and Awadallah, 2013; Avina, 2013). To capture the impact of the Arab Spring, the relevant timeline of the current study is divided into two points of time. The first point is the period from 2008 to 2009 which is just before the beginning of the Arab Spring. The second point is the period from 2010 to 2015 which represents the period that marks the beginning of the Arab Spring onwards. Accordingly, the Arab Spring variable is coded using a dichotomy that takes the value of 0 for the two years before the Arab-Spring (i.e. 2008 and 2009) and the value of 1 for the period that marks the beginning of the Arab Spring onwards (2010 – 2015).

5.3.4.4.3. The Number of Employees' Strikes

This variable refers to employees' strikes against their companies which have flourished since the beginning of the Arab Spring in Jordanian. Indeed, many companies in Jordan were confronted

with an unprecedented wave of confrontational and disruptive strikes organised by their employees. Prior social movement literature suggests that documenting a movement effect depends on the credibility of the measurements used to measure the movement's strength and activities (Schneiberg and Lounsbury, 2008). Eesley and Lenox (2006), for instance, suggest that confrontational tactics such as protests, strikes, and boycotts are more effective than other less confrontational tactics such as proxy vote and letter-writing campaigns. The more disruptive those protests to the corporate economic interest and reputation, the more likely they will force corporations to respond (Eesley and Lenox, 2006; McDonnell and King, 2013; King and Pearce, 2010). Many measures of social movements' strength have been employed in prior studies such as the number of movement organisations and the number of movement members (Schneiberg 2002; Soule and King 2006; Schneiberg and Lounsbury, 2008). Other studies suggest the use of more direct measures of movement strength by measuring the number of movements' activities such as the number of protests, strikes, boycotts, and the number of news articles covering these activities (King, 2008b; Schneiberg and Lounsbury, 2008; McDonnell and King, 2013).

Data on employees' strikes is obtained mainly from reports published by the Jordan Labor Watch (JLW) and the Phenix Center for Economics and Informatics Studies (PCFEIS). JLW is a Jordanian NGO concern with improving the work conditions for labourers in Jordan following international labour standards. This NGO issues various reports and studies covering many aspects of the Jordanian labour problems. The PCFEIS is also a Jordanian NGO concern with independent policy research and public opinion measurement of the current and emerging economic, social, legislative and sustainability issues in Jordan. Given that the vast majority of employees' strikes under consideration were very disruptive; the impact of employees' strikes is measured using the number of strikes against each company during the study period. This variable is coded using the number of employees' strikes which takes the value of (0) if the company has not been targeted by employees' strikes and increases by the number of employees' strikes for each company.

5.3.4.4.3. Media Attention towards Employees' Strikes

To account for the impact of media coverage of employees' strikes, the current study will examine the impact of media attention towards employees' protests on the extent of employee disclosure. This variable is measured using the number of news articles covering employees' strikes related to each company in each year during the study period. Data on media attention towards employee's strikes are collected from the websites of eight Jordanian newspapers. Four of them are paper-printed newspapers (Addustour, Alrai, Alghad, Assabeel) while the other four are web-based news websites (Ammon News, Khaberni, JO24, and Petra News Agency).

Collecting data on movements from the media is an appropriate method since it has been commonly used by prior CSR and social movement research (see, for example, Deegan *et al.*, 2000; Islam and Deegan, 2010; Luo, et al., 2011; Gamerschlag *et al.*, 2011; King, 2008b; McDonnell and King, 2013; Yekini *et al.*, 2017). This method, however, is criticised for two potential sources of bias that may affect the results namely the description bias and the selection bias (McDonnell and King, 2013). Description bias refers to the omission of some "soft" details in newspapers articles related to specific events while selection bias refers to the omission of 'whole' events in newspapers articles (*ibid*). Since the current study is not interested in the "soft" details of protests employee's and local community protests, the description bias should not affect the results of the current study. To overcome the potential effect of selection bias, the data on employees' is collected from eight different Jordanian newspapers and two other sources (i.e. JLW and PCFEIS). This variable is coded using the number of news articles covering each employees' strike which takes the value of (0) if there is no media coverage of employees' strike and increases by the number of news articles covering employees' strikes for each company.

5.3.4.4.4. Labour Associations' Support to Employees' Strikes

It has been suggested by prior research that social movement organisations such as employee associations play an important role in facilitating the influence of stakeholders' collective actions (McCarthy and Zald, 1977; Soule and Olzak, 2004; King, 2008a; McDonnell and King, 2013; Georgallis, 2017). To account for the impact of labour associations' support to employees' strikes, the current study will examine the relationship between labour associations' support to employees' strikes and the extent of employee disclosure. Data on whether a strike is supported by labour associations or not is collected from reports published by the two previously mentioned NGOs; namely JLW and PCFEIS. This variable is coded using dichotomies that take the value of (0) if the strike is initiated and organised by the employees' themselves without labour associations support (wildcat strikes) during the period covered by the current study, and the value of (1) if the strike is initiated and organised by a labour association during the period covered by the current study.

5.3.4.4.5. Media Attention towards Local Communities' Protests

This variable refers to the protests of local communities against the companies operating in these communities which flourished at the beginning of the Arab Spring in Jordan. Many companies were confronted with an unprecedented wave of confrontational and disruptive protests organised by members of the local communities in which they operate. The majority of these protests were carried out by the unemployed youths and their families demanding job opportunities from companies operating in their communities. Similar to employees' protests and given that the vast majority of local community protests were very disruptive; the impact of these protests is measured using the number of news articles covering local communities' protests related to each company

during the study period²⁸. Data on local communities' protests is only collected from the websites of the eight previously mentioned newspapers and news websites. This variable is coded using the number of news articles covering each communities' protest, which takes the value of (0) if there is no media coverage of any community protest and increases by the number of news articles covering community protests for each company. For more robustness testing and sensitivity analysis, media coverage of communities' protests is also measured using dichotomies that take the value of (0) if the company has no articles covering communities' protests during the year; and the value of (1) if the company has one or more articles covering communities' protests during the year.

5.3.4.5. Control Variables

Many control variables are added to the regression models to ensure the validity and reliability of the statistical analyses of the current study. While some of these variables are considered as determinants for both employee and community disclosure, other variables are unique to employee disclosure or community disclosure. The following three sections provide a detailed discussion and measurement of each set of these variables.

5.3.4.5.1. Poverty Level within the Local Community

To account for the impact of the poverty level of the local community, the current study will examine the relationship between the poverty level in the local communities and the extent of both employee and community disclosure. Data on the poverty levels were collected from the website

²⁸ The choice to measure this variable based on the media coverage of communities' protests is made because of the lack of reliable source data on the number of communities' protests. A search for data on communities' protests has been yielded in fragmented data from unreliable sources on these protests. The data indicates all community protests have received some sort of media attention. Indeed, the numbers of communities' protests which obtained from these sources are highly correlated (over 0.90 correlation coefficient) with the number of news articles covering communities' protests. Therefore, these numbers have been excluded from the subsequent analyses because adding them will not significantly affect results; but it may undermine the reliability of the results due to the presence of multicollinearity and the unreliability of the sources.

of the Jordanian Department of Statistics (JDS). This department is a governmental organisation responsible for conducting surveys in Jordan; such as population, housing units, and household surveys. This variable is coded using a dichotomy that takes the value of (0) if the poverty level within the local community is above the average poverty level during the period covered by the current study; and the value of (1) if the poverty level is below the average poverty level in Jordan during the period covered by the current study.

5.3.4.5.2. Management's Attitude towards Social Issues

Although it has been rarely tested in empirical research, the management's attitude towards social issues has been identified as a potential major determinant of CSR disclosure (see, for example, Adams and Harte, 1998; Campbell, 2000; Collison *et al.*, 2003; Cormier *et al.*, 2004; Martin and Hadley, 2008). Adams and Harte (1998), for instance, suggest that the managements' patriarchal attitude has been reflected in the disclosure related to the employment of women in some UK banks and retail companies. In a questionnaire-based study of 151 FTSE companies, Martin and Hadley (2008) report that the management's negative attitudes towards environmental reporting are the most important factor behind nondisclosure. Following this discussion, it can be suggested that the management's positive attitude towards social issues has a positive influence on the extent of community disclosure. Accordingly, the presence of a statement that explicitly expresses the corporate commitments to social issues in the chairman statement is used as a proxy to control for the management's positive attitude towards social issues. Data on the management's positive attitude towards social issues is collected from the annual reports of each company for every single year. This variable is coded using a dichotomy that takes the value of (1) if the chairman statement includes a statement that explicitly expresses the corporate commitments to social issues and the value of (0) otherwise.

5.3.4.5.3. The Amount of Corporate Donations

Given that CSR in the Middle Eastern countries is usually understood and practised in the form of corporate donations (Vinke and El-Khatib, 2012; Jamali, 2014); the amount of corporate donations can be considered as an indication of the corporate activities towards their employees and the local community. Accordingly, companies that pay high/*no or low* amounts of donations are expected to report the higher extent of community disclosure to signal their superior performance or to *hide their poor performance*. In contrast, it can be also expected that companies that pay high amounts of donations might feel that they are shielded from social critique and adverse actions. Accordingly, they report less employee and community disclosure since they do not face the same legitimacy threats as poorly performing companies. Since the current study is interested in employee and community disclosure, the amount of corporate donations is used as a proxy for corporate community activities. Data on the amounts of donations are collected from the annual reports of each company for every single year. This variable is measured using the natural logarithm of the amount of all types of corporate donations.

5.3.4.5.4. The Number of Employees

The number of employees has been identified by prior research as one of the main determinants of CSR disclosure in general and employee disclosure in particular (see, for example, Gamerschlag *et al.*, 2011; Singh and Agarwal, 2013; Kent and Zunker, 2017). As one of the key corporate stakeholders, employee power and influence on corporate strategies and policies is positively associated with their number (Kent and Zunker, 2017). Indeed, the higher the number of employees, the more their support is vital for the corporate continued success and growth. Hence, the higher the number of employees is, the more motivated the management will be to report employee disclosure (*ibid*). Moreover, companies with a higher number of employees are more likely to face employee-related issues and events which suggest that management is more likely

to report employee disclosure (*ibid*). Since the current study is interested in employee disclosure which is expected to be affected by the power of employees; the number of employees is used as a proxy to control for the influence of employee power on employee disclosure. Data on the number of employees is collected from the Orbis database. Orbis is a widely used database which has a wide variety of information on around 300 million companies across the world. This variable is measured using the natural logarithm of the number of employees.

5.3.4.5.5. Firm Size

Firm size has been identified by a significant body of prior research as one of the main determinants of CSR disclosure. Prior studies, however, have employed various measures of firm size including, for instance, shareholders' equity and market capitalisation (Dhaliwal *et al.*, 2014; Kent and Zunker, 2017), total assets (Gamerschlag *et al.*, 2011; Lanis and Richardson, 2012), the number of employees (Gamerschlag *et al.*, 2011; Garay and Font, 2012), corporate revenues (Patten, 1991, 1992; Neu *et al.*, 1998; Cho *et al.*, 2015a), corporate sales (Michelon *et al.*, 2015), and turnover (Mahadeo *et al.*, 2011). Since there is no theoretical justification for any of these choices, the current study will use the total assets as a proxy for firm size. Data on firm size is collected from the Orbis database. This variable is measured using the natural logarithm of total assets.

5.3.4.5.6. Corporate Financial Performance

The findings of prior studies regarding the relationship between corporate financial performance and CSR disclosure are inconclusive and contradictory. Indeed, while some studies have reported a positive relationship between corporate financial performance and CSR disclosure (Gamerschlag *et al.*, 2011; Ajide and Aderemi, 2014), other studies have reported negative (see, for example, Neu *et al.*, 1998; Chen *et al.*, 2018) or no relationship (see, for example, Patten, 1991; Clarkson *et al.*, 2008; Reverte, 2009; Möller *et al.*, 2011; Yekini and Jallow, 2012; Cho *et al.*, 2012; Asmeri

et al., 2017). Based on these contradictory findings, the relationship between employee and community disclosure and corporate financial performance cannot be inferred with certainty. The most commonly employed measure of corporate financial performance in prior research is the Return on Assets (ROA) which reflects the interest of wider stakeholder groups than market-based measures (Reverte, 2009). Data on corporate profitability is collected from the Orbis database. This variable is measured using the ROA ratio.

5.3.4.5.7. Corporate Market Performance

Two types of corporate financial performance measures have been employed in prior CSR literature including the market-based measures such as market return and/or the accounting-based measurements such as earning per share (EPS), return on assets (ROA), and return on equity (ROE) (see, for example, Neu *et al.*, 1998; Gamerschlag *et al.*, 2011; Clarkson *et al.*, 2008; Reverte, 2009; Möller *et al.*, 2011; Yekini and Jallow, 2012). Yet, accounting-based measures of financial performance have been criticised as they do not reflect the changes in the market value of the firm and for being subject to management manipulation through, for instance, earnings management. Therefore, the market rate of return is also used as a measure of corporate financial performance in the current study. Data on the market rate of return is collected from the Orbis database. This variable is measured using the following equation.

$$\text{Market rate of return} = \frac{\text{ending share price} - \text{starting share price}}{\text{starting share price}} \times 100$$

5.3.4.5.8. The Percentage of Floating Shares

This variable measures to the extent to which corporate ownership is dispersed among small investors or concentrated in the hands of large investors. Concentrated ownership reduces the information asymmetries between managers and shareholders who can gain access to corporate information through private meetings and other informal channels (Whiting and Woodcock, 2011;

Kent and Zunker, 2017). In contrast, dispersed ownership increases the information asymmetries between managers and shareholders as they do not have the same access to information (Chau and Gray, 2002; Huafang and Jianguo, 2007; Kent and Zunker, 2017). Therefore, dispersed ownership increases the need for more publicly disclosed information to satisfy the needs of the wide group of small investors (Huafang and Jianguo, 2007; Kent and Zunker, 2017). Accordingly, a positive relationship is expected between the percentage of floating shares and the extent of both employee and community disclosure. Data on the percentage of floating shares are collected from the annual reports of each company for every single year. This variable is measured by dividing the total number of shares outstanding minus all shares held by the management and large investors on the total number of shares outstanding.

5.3.4.5.9. Foreign Ownership

Prior studies have shown a positive relationship between foreign ownership and the extent of CSR disclosure (Haniffa and Cooke, 2005; Khan *et al.*, 2013; Oh *et al.*, 2011). Indeed, foreign ownership increases the need for information to reduce information asymmetries between the management and the foreign investors. This information asymmetries arise from the geographic separation between management and foreign investors (Haniffa and Cooke, 2005; Khan *et al.*, 2013). Another source of information asymmetries arises from the cultural and knowledge differences between the foreign investors and the hosting countries, which increase their need for information to help them to make investment decisions (Khan *et al.*, 2013). In addition, the values of foreign investors can have an impact of CSR practices and disclosure mostly in the case of foreign investors from Western countries where the emphasis on CSR is greater than in the Eastern countries (Oh *et al.*, 2011). Given that the majority of foreign investors in Jordan are from Western countries, a positive relationship is expected between foreign ownership and the extent of employee and community disclosure. Data on foreign ownership is collected from the annual reports of each company for every single year. This variable is measured based on the percentage

of shares outstanding owned by foreign investors who own 5% or more of the total shares outstanding during the period covered by the current study.

5.3.4.5.10. State Share Ownership

Prior studies have suggested that there are some differences in CSR disclosure between state and private-owned companies (Mohd Ghazali, 2007; Huafang and Jianguo, 2007; Tagesson *et al.*, 2009; Li, W., & Zhang, 2010; Xu and Zeng, 2016). In Jordan, the focus of the current study, state ownership is not prevalent as in other Eastern countries since the 1990s in which the Jordanian government has sold most of its investments as a part of its privatisation program. Yet, since the privatisation program has not ended yet, the Jordanian government still owns a percentage of shares in some companies that are not fully privatised yet. Given the increased criticism of the whole privatisation program by the Jordanian activists (Ryan, 2011), state-owned companies are expected to emphasise their efforts to pursue social goals rather than profits maximisation. Accordingly, a positive relationship is expected between state-share ownership and the extent of employee and community disclosure. Data on state share ownership is collected from the Orbis database. This variable is measured using a dichotomy which takes the value of (0) for if the state does not own any of the outstanding shares of the company during the period covered by the current study; and the value of (1) for if the state owns some of the outstanding shares of the company during the period covered by the current study.

5.3.4.5.11. Financial Leverage

Prior studies have suggested that agency cost is higher for companies with high debt in their capital structure (Dhaliwal *et al.*, 2011; Yekini and Jallow, 2012; Kent and Zunker, 2017). Highly leveraged companies have incentives to disclose more information than low leveraged companies to satisfy the need of their debt holders which in turn lower their cost of capital (Dhaliwal *et al.*, 2011; Kent and Zunker, 2017). However, the results of prior studies regarding the relationship

between financial leverage and the extent of CSR are inconclusive and contradictory. Indeed, while some studies have found a positive relationship (see, for example, Clarkson *et al.*, 2008; Chan *et al.*, 2014) other studies have found a negative one (see, for example, Branco and Rodrigues, 2008; Yekini and Jallow, 2012) or no relationship (see, for example, Reverte, 2009; Cho *et al.*, 2012; Kent and Zunker, 2017). Since some studies have reported a relationship between financial leverage and the extent of CSR, the current study will control for the financial leverage. Data on financial leverage is collected from the Orbis database. This variable is measured using the total liabilities divided by shareholders' equity.

5.3.4.5.12. Audit Firm Size

Prior studies have suggested that the size of the audit firm have a positive impact on different types of voluntary disclosure including CSR disclosure (Barako *et al.*, 2006; Lim *et al.*, 2007). Big audit firms have many reputational concerns compared to smaller audit firms; hence, they have a greater influence on the voluntary information provided by their clients (Lim *et al.*, 2007). Indeed, big audit firms do not compromise the quality of their work due to their reputational concerns which influence these companies to disclose more information. In Jordan, the focus of the current study, the regulations require that all annual reports must be audited by an external audit firm. Since the current study is analysing employee and community disclosure as it has been portrayed in the annual reports of Jordanian companies; it can be expected that the volume, breadth, and depth of disclosure in annual reports of Jordanian companies to vary according to the size of the audit firm. Accordingly, the audit firm size is employed as a control variable in the current study. Data on the audit firm size is collected from the annual reports of each company for every single year. This variable is coded using a dichotomy that takes the value of (1) if the reports are audited by one of the big 4 audit firms during the period covered by the current study and the value of (0) otherwise.

5.3.4.5.13. Industrial Classification

Several classifications have been used in prior research to classify companies according to their industries consumer proximity (high-profile vs low-profile) (Roberts, 1992; Campbell *et al.*, 2006; Branco and Rodrigues, 2008; Yekini and Jallow, 2012), and environmental sensitivity (ESI vs non-ESI) (Cho and Patten, 2007; Branco and Rodrigues, 2008; Cho *et al.*, 2015a). Prior studies have shown that CSR disclosure is affected by the industry in which the company operates. Accordingly, the industrial classification is used as a proxy for industrial classification in the current study. Data on the industrial classifications are collected from the ASE website. This variable is coded using dichotomies which take the value of (1) for financial firms, the value of (2) for service firms, and the value of (3) for industrial firms.

5.6. Conclusion

Researchers need to be aware of the philosophical assumptions underlying their research. These philosophical assumptions have a great influence on how the phenomena under investigation are being understood and investigate; and consequently, on the subsequent methodological choices. This chapter articulates the philosophical and the methodological choices alongside the research design employed in the current study to link the theoretical framework with the empirical analysis. The empirical analysis of the current study aims at providing in-depth analysis of the extent, trends, and practices of employee and community disclosure as portrayed by the Jordanian companies and the changes it underwent throughout the period from 2008 to 2015. The current study also aims at examining the impact of a social movement (the Arab Spring, employees' strikes, and local communities' activism) on the extent of employee and community disclosure in the annual reports of Jordanian companies throughout the same period. In doing so, the current study aims at providing generalisable predictions of the relationship between employee and community disclosure with social movement variables (Arab Spring, employees' strikes and communities'

protests). Accordingly, the philosophical underpinnings of the current study are rooted in the positivist paradigm which allows the current study to provide a generalisable prediction of the causal relationships under investigation. This is achieved through the use of deductive reasoning approach which involves the development of testable hypotheses and testing these hypotheses using quantitative research techniques.

The research design adopted in the current study involves the use of a sample of 50 Jordanian companies over 8 years. Data on employee and community disclosure is collected through quantitative content analysis approach. Two disclosure indexes have been developed based on the GRI (2013) guidelines and adjusted based on the relevant prior literature and the study context. The data has been collected from the annual report of the sample companies and coded following pre-determined decision rules to ensure the objectivity and the stability of the coding process. The dependant, independent, and control variables are measured and coded based on the theoretical framework of the current study and the relevant prior literature. The chapter then provides a detailed definition and coding process of each one of the variables used in the current study. The chapter moves with providing a discussion of the statistical analyses techniques adopted in the current study to analyse the data and test the relationships between these variables. The last section of this chapter provides the concluding remarks.

The next two chapters provide the first and second parts of the empirical work of the current study. The first part provides an in-depth analysis of the extent, trends, and practices of employee disclosure as portrayed by the Jordanian companies and the changes it underwent throughout the period from 2008 to 2015. It also provides an examination of the impact of a social movement (the Arab Spring and employees' strikes) on the extent of employee disclosure throughout the same period. The second part provides an in-depth analysis of the extent, trends, and practices of community disclosure as portrayed by the Jordanian companies and the changes it underwent

throughout the period from 2008 to 2015. It also provides an examination of the impact of a social movement (the Arab Spring and local communities' activism) on the extent of community throughout the same period.

Chapter Six

Employee Disclosure Practices in Jordan and the Relationship between Employee Disclosure and Social Movement

Chapter Six: Employee Disclosure Practices in Jordan and the Relationship between Employee Disclosure and Social Movement

6.1. Introduction

This chapter provides the first part of the empirical work of this study, which aims at achieving two main objectives. The first objective is to provide an in-depth analysis of the extent, trends, and practices related to employee disclosure as it has been portrayed by the Jordanian public companies and its changes throughout the period from 2008 to 2015. The second objective is to examine the impact of social movement variables on the extent of employee disclosure in the annual reports of Jordanian public companies. Accordingly, this chapter commences with performing a descriptive analysis of the trends and the extent of employee disclosure and then moves to perform a regression analysis to examine the association between the volume, breadth, and depth of employee disclosure with social movement variables (the Arab Spring and employees' strikes) and corporate characteristics. The data on employee disclosure was collected and computed for the eight years of this study and will be presented in this chapter. This will allow a deeper investigation of the level and the current trends of employee disclosure practices of the Jordanian public companies and the changes in these trends over time.

The findings of the content analysis of this study are presented in this chapter in the following manner. The first section illustrates the trends and the extent of employee disclosure as it has been portrayed by the Jordanian companies and their changes throughout the period from 2008 to 2015. The second section provides the current practices of employee disclosure as it has been portrayed by the Jordanian companies and its changes throughout the same period. Descriptive statistics of employee disclosure in total and within each disclosure category are presented alongside several examples and comparisons to allow a deeper investigation of this type of disclosure and its changes in this disclosure over the eight years (i.e. 2008 - 2015). The third section provides the descriptive statistics of the independent and control variables, correlation analyses, and regression analysis to

test the relationship between the extent of employee disclosure with social movement variables (the Arab Spring and employees' strikes). The last section provides the discussion and the final comments and concluding remarks.

6.2. The Extent of Employee Disclosure in Jordan

This section illustrates the extent of employee disclosure of the Jordanian companies based on the disclosure index, which has been employed in this study. This index reflects – to a large extent – the most recent sustainability disclosure standards made by the GRI. These widely adopted standards represent the global best practice for reporting on a range of economic, environmental and social impacts (GRI, 2019). It is worth mentioning here that most of the items identified in the disclosure index are largely deemed to be voluntary information since the Jordanian laws and regulations provide very limited requirements concerning corporate disclosure on social and environmental issues. Therefore, the Jordanian corporations have considerable control over the provision and the content of such information.

Table 6.1 shows the average breadth, depth, and volume of employee disclosure as it has been disclosed by reporting companies throughout the period between 2008 and 2015. The table shows that all Jordanian companies have made some sort of disclosure that falls under several disclosure categories identified in the employee disclosure index. On average, companies disclose information related to 8 items out the total of 21 items identified under employee disclosure in the disclosure index. The content of this disclosure will be analysed in greater detail throughout the chapter, but some preliminary observations can be made at this stage. The most striking factor to emerge from the data is the weak engagement of Jordanian companies with employee disclosure.

Table: 6.1. The Average Breadth, Depth, and Volume of Employee Disclosure (2008 – 2015)

Disclosure Measure	2008		2009		2010		2011		2012		2013		2014		2015	
	mean (Std.)	min (max)	mean (Std.)	min (max)	mean (Std.)	min (max)	mean (Std.)	min (max)	mean (Std.)	min (max)	mean (Std.)	min (max)	mean (Std.)	min (max)	mean (Std.)	min (max)
Breadth of employee disclosure	3.42 (1.38)	1 (8)	3.46 (1.38)	1 (8)	3.54 (1.51)	1 (8)	3.58 (1.57)	1 (8)	3.66 (1.50)	1 (8)	3.54 (1.52)	1 (8)	3.62 (1.53)	1 (8)	3.6 (1.60)	1 (8)
Depth of employee disclosure	8.32 (4.04)	3 (21)	8.44 (4.06)	3 (21)	8.76 (4.67)	3 (23)	8.92 (4.80)	3 (23)	9.08 (4.59)	3 (23)	8.86 (4.69)	3 (23)	8.96 (4.80)	3 (23)	9.02 (4.90)	3 (23)
Volume of employee disclosure	13.4 (11.6)	2 (60)	13.1 (9.87)	2 (42)	15.6 (11.9)	2 (49)	16.72 (13.3)	2 (51)	16.26 (13.1)	2 (53)	17.16 (14.3)	2 (53)	17.1 (13.8)	2 (58)	18.66 (16.6)	2 (68)

The result shows that the average breadth of employee disclosure varies between 3.42 and 3.66 items for the lowest year in 2008 and the highest year in 2012 respectively. Throughout the whole period, the disclosure coverage varies between 1 and 8 items for the lowest and the highest reporting companies respectively. This indicates that the majority of companies under consideration do not have a structured approach to employee issues and do not systematically follow the GRI guidelines when reporting employee disclosure.

The average depth of employee disclosure per reporting company varies between 8.32 and 9.08 for the lowest year in 2008 and the highest year in 2012 retrospectively, out of the highest possible score of 70. The minimum disclosure depth scores for the lowest reporting companies is 3 and it has remained the same throughout the period. This indicates that all companies have reported some information related to employee issues throughout the period. The maximum depth score for the highest reporting companies varies between 21 scores for the first two years (i.e. 2008 and 2009) while it has increased to 23 scores during the following six years (i.e. 2010 – 2015). These low depth scores indicate that employee disclosure for the majority of the companies under consideration is dominated by general statements without providing any further qualitative and quantitative details.

The other measure of employee disclosure is the volume of disclosure, which is based on the number of disclosure sentences related to local employment issues. Using this measure, in addition to the previous ones, allows this study to uncover the changes in the volume of employee disclosure vis-à-vis any changes in the topics they report on and the nature of this disclosure. The average volume of total employee disclosure per reporting company varies between 13.1 and 18.66 sentences for the lowest and the highest years in 2009 and 2015 respectively. Throughout the period, all companies have reported at least two sentences related to employee disclosure. The maximum number of sentences related to employee disclosure for the highest reporting companies

varies between 42 and 68 sentences for the lowest and the highest years in 2009 and 2015 respectively.

These trends reported above provide a clear indication of the weak engagement by the Jordanian companies with employee disclosure and suggest that there is a large room for improvement to be made in this regard. Yet, those results are consistent with the findings of a significant body of previous studies concerning CSR disclosure in general and employee disclosure in particular within the contexts of many emerging and more developed countries alike; such as Middle Eastern countries (Kamla, 2007; Al-Hamadeen and Badran, 2014; Ibrahim and Hanefah, 2016); Malaysia (Janggu *et al.*, 2007; Huang *et al.*, 2008); Bangladesh (Khan and Khan, 2010; Muttakin *et al.*, 2018a); Australia (Kent and Zunker, 2013, 2017); Greece (Vazakidis *et al.*, 2013); Czech Republic (Petera *et al.*, 2015); Poland (Matuszak and Róžańska, 2017); Spain (Odriozola *et al.*, 2015); Portugal (Branco and Rodrigues, 2008), and Sweden (Tagesson *et al.*, 2009). Muttakin *et al.*, (2018a), for instance, have reported that the average employee disclosure by the Bangladesh companies is only about 2.7 disclosure items out of 9 items identified in their disclosure index. Huang *et al.* (2008) reported that the average human capital disclosure by the Malaysian companies is 3.78 disclosure items out of 20 items and suggested that this type of disclosure is qualitative with very limited quantitative information. In Greece, Vazakidis *et al.* (2013) reported that less than 50% of their sample report information related to many employee issues such as benefits to full-time employees, injuries and lost days ratios, training hours, and breakdown of employees per category according to gender, age group, minority group. Finally, Kent and Zunker (2017) have reported that the average employee disclosure by the Australian companies is about 1.67 disclosure items out of 9 and around 8.24 disclosure sentences per reporting company.

Surprisingly, prior research has offered very limited explanations of the low level of corporate engagement with employee disclosure. Yet, it has highlighted some factors that can provide

plausible explanations for the low level of corporate engagement with employee disclosure in general and within the context of the emerging economies. The main factor behind the low level of employee disclosure is the voluntary nature of this disclosure due to the lack of any effective regulations to mandate CSR disclosure in general and disclosure on employee issues in particular (Malik and Awadallah, 2013; Ibrahim and Hanefah, 2016; Haddad *et al.*, 2017). This leaves companies with considerable control to decide whether to report information related to employee issues or not. Other factors such as the distinctive social, economic, and political realities of emerging countries have also contributed to the lack of corporate disclosure on employee issues. Those factors included, for instance, the lack of employee lobbying groups and the weak role of their associations in promoting employee disclosure (Jamali, 2007, 2014; Belal *et al.*, 2013; Malik and Awadallah, 2013; Al-Abdin *et al.*, 2018).

The second observation that can be made at this stage is the clear impact of the Arab Spring on the extent of employee disclosure, which can be noticed from the data. Figure 6.1 shows the patterns of the average breadth, depth, and volume of employee disclosure per reporting company throughout the period from 2008 to 2015. The figure shows that the average breadth of employee disclosure has remained relatively stable throughout the period. In contrast, the figure shows a significant increase in the average volume and depth of employee disclosure over the years 2010 and 2011 compared to the previous two years (i.e. 2008 and 2009). To further test this observation, I carried out T-test to test whether the differences in the average breadth, depth, and volume of employee disclosure pre and post the Arab Spring are statistically significant. The result of T-test is presented in Table B in the Appendices and it suggests that only the differences in the average volume and depth of employee disclosure pre and post the Arab Spring are significantly different from zero. Interestingly, the year 2010 is the year that marked the beginning of the Arab Spring in Tunisia and its diffusion to the other countries within the MENA region. This year has also marked the beginning of an unprecedented wave of employees' strikes, who inspired by the democratic

movement of the Arab Spring. Since the 2010 annual reports of the companies under consideration are being published in the following year, companies are given an ample time to recognise the threats of the Arab Spring and to react to these threats through their communication strategies in the annual reports. It is clear from the data that, following the Arab Spring, the Jordanian companies are increasingly seeking to highlight their contribution towards their employees by providing more disclosure on employee issues. However, this is usually done by providing more general and promotional statements with few specific qualitative or quantitative details about these contributions.

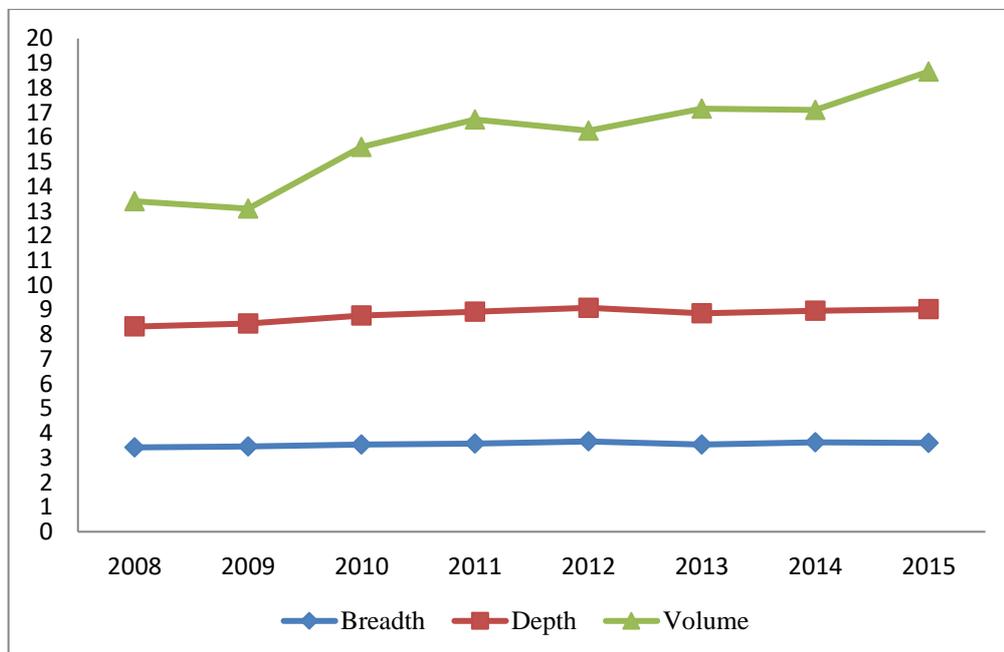


Figure 6.1: The Average Breadth, Depth, and Volume of Employee Disclosure per Reporting Company (2008-2015).

This type of corporate response is consistent with the corporate legitimization behaviour in which companies – through their CSR disclosure strategies – attempt to maintain their legitimacy within a rapidly changing society and social expectations (Lindblom, 1994; Adams and Harte, 1998; Deegan, 2002; Darendeli and Hill, 2016). Accordingly, it can be said that a legitimacy gap was looming in the horizon or at least perceived to be so by the Jordanian companies regarding their contributions to their employees since the beginning of the Arab-Spring in 2010. In their response, the Jordanian companies have increased the volume of their employee disclosure in 2010 and the

following years.²⁹ Those results are consistent with the finding of a significant body of prior research, which investigated the changes in corporate CSR disclosure at times of negative or controversy events. Indeed, a substantial body of prior research has reported that companies increased the volume of their CSR disclosure in response to legitimacy threatening events and increasing social and political pressure (see, for example, Patten, 1991, 1992; Deegan *et al.*, 2000; Cho, 2009; Summerhays and de Villiers, 2012; Blanc *et al.*, 2017). The following section provides a detailed overview of the content of employee disclosure as depicted by the Jordanian companies and the changes in disclosure practices throughout the study period.

6.3. Employee Disclosure Practices in Jordan

This section provides a detailed overview of employee disclosure practices of the Jordanian companies in the light of the employee disclosure index. In doing so, an in-depth overview of the content of disclosure will be provided throughout this section together with many examples that best illustrate how disclosure is being made by the Jordanian companies on each disclosure item identified in the employee disclosure index. In total, the Jordanian companies disclose information related to 11 items out of 21 items identified under employee disclosure in the disclosure index. The coverage of this disclosure is mainly related to Employment issues (4 items), Occupational Health and Safety issues (3 items), Training and Education issues (3 items), and Diversity and Equal Opportunity issues (1 item). Other areas of disclosure under employee issues have received no attention at all from the surveyed companies since none of them has made any disclosure related to these areas. These areas include the Labour/Management Relations, Equal Remuneration for Men and Women, Supplier Assessment for Labour Practices, and Labour Practices Grievance Mechanisms.

²⁹ This statement is based on the average data reported in Table 6.1 above. Hence, it is not clear at this stage whether companies have increased the volume of employee disclosure in response to the Arab Spring in general, or in response to employees' strikes. Further investigation to follow in section 6.4 of this chapter.

The lack of disclosure on these areas can be attributed to many factors other than the previously discussed ones, which are related to the voluntary nature of employee disclosure and the lack of any strong or constant pressure towards the provision of such information from employees and their association. Indeed, the lack of disclosure on Labour/Management Relations issues and Equal Remuneration for Men and Women issues can be seen as a corporate attempt to avoid discussing sensitive and controversial issues within the society. Embracing these areas of the disclosure involves the discussion of gender equality and collective bargaining rights, which are highly sensitive issues within the Middle-Eastern context and particularly in Jordan. According to USAID's (2019) report, for instance, women's economic participation rates in Jordan are among the lowest in the world. The report suggests that the social norms and cultural restraints in Jordan are the main factors behind this low level of women's economic participation. Another report published in (2018) by the Human Rights Watch Organisation (HRWO) suggests that the Jordanian government has continued to impose many restrictions on the freedom of expression, assembly, and women's rights in Jordan. Therefore, companies in Jordan might attempt to avoid any disclosure that deemed to breach the social and cultural norms or the restrictions imposed by the government.

Another factor that explains the lack of disclosure on these areas of employee issues is due to the corporate attempt to obfuscate their bad performance in these areas. Indeed, prior studies have reported that companies with bad CSR performance attempt to obfuscate their bad performance by providing minimal or no disclosure (see, for example, Leung *et al.*, 2015). In addition, this lack of disclosure on these issues can be attributed to the fact that CSR practices in Jordan and most of the emerging countries are not developed enough to embrace such areas of employee issues. Those areas of the disclosure are, in fact, not considered as important CSR issues by the reporting companies or the society at large. Other issues including attracting foreign investments and creating jobs are often given greater importance than other employee issues such as maintaining

high labour standards (Visser, 2008; Belal *et al.*, 2013). All these factors explain the lack of disclosure on these areas of employee issues by the surveyed companies.

Table 6.2 illustrates the frequencies and the percentage of disclosure on each item under Employment sub-category for the period 2008 – 2015. The table shows that companies disclose information related to 4 out of 5 items identified under this sub-category. Throughout the period, all the reporting companies have continuously provided information in the form of tables showing the total number of the workforce by employment type, contract, qualification, and region. The great emphasis placed on this item by the reporting companies is consistent with the legal requirements, which mandate the disclosure related to this item. Some companies have gone beyond the minimal legal requirements to provide further information showing the number of new employees hired (the second item) and the percentage of employee turnover (the third item). However, only around 13 (26%) and eight (16%) companies have provided information related to the second and third items respectively, and the numbers have remained relatively stable throughout the period. This reinforces the fact that all companies do comply with the minimal legal disclosure requirements, but only a few of them do provide additional voluntary information.

Table 6.2. Frequencies of Items Disclosure under Employment Category (2008-2015)

Disclosure Items	Disclosure Instances							
	2008	2009	2010	2011	2012	2013	2014	2015
The total number of the workforce by employment type, contract, qualification, and region.	50 100%	50 100%	50 100%	50 100%	50 100%	50 100%	50 100%	50 100%
Total number and rate of the new employee hired.	12 24%	13 26%	13 26%	13 26%	15 30%	13 26%	14 28%	14 28%
Total number and rate of employee turnover.	8 16%	8 16%	8 16%	8 16%	8 16%	8 16%	8 16%	8 16%
Benefits to full-time employees including life insurance, health care ...et	7 14%	8 16%	13 26%	13 26%	16 32%	13 26%	14 28%	14 28%
Return to work and retention rates after parental leave.	0	0	0	0	0	0	0	0

N=50

The fourth item under Employment sub-category is the one related to the benefits provided by the company to full-time employees. In 2008, only seven companies (14%) reported information related to this item, and this number has almost doubled to reach 13 (26%) and 16 (32%) companies in 2010 and 2012 respectively. The National Poultry Co provides an example of a general sentence about providing health insurance to their employees stating that: “*All employees are provided with the health insurance*” (National Poultry Co, Annual Report, 2011: p.13). Prior to the date of this report, the company did not provide any disclosure mentioning health insurance or any other benefits provided to employees. Interestingly, during this year (2011), the company had been targeted by an employees’ strike and it was reported in 14 news articles by the eight most popular dailies and news websites in Jordan. The protesting employees have forced the company to bring their operations to a halt by forming human barriers with their bodies to block the company’s gates. This explains why the company has started to disclose information related to the benefits they provide to their employees.

Another interesting example of how disclosure related to the benefits provided to full-time employees has evolved and developed during the Arab-Spring is illustrated in the following quotes reported by the Arab Potash Company PLC:

The region, in general, is experiencing unrest due to economic, political, and social conditions which may impact the commercial and investment activities in the region including potential labour strikes and disputes at the company facilities and the public service sector (Arab Potash Company PLC, Annual Report, 2011: p. 30).

In the following year (i.e. 2012), the Arab Potash Company PLC has been targeted by an employees’ strike and added the following disclosure to the previous quote:

APC cares about its employees’ wellness. Currently, APC employees’ benefits packages are among the highest in the region. In addition, management keeps open channels of communication with labour unions and worker representatives. Every two years APC and the union sign a labour agreement that covers all needs and concerns of the workers and the union to ensure smooth and uninterrupted operations (Arab Potash Company PLC, Annual report, 2012: p. 41).

Again, the Arab Potash Company PLC has been threatened by another employees' strike in 2015 and added the following disclosure in the same year to the previous two quotes:

APC has signed a new union labour agreement for the years 2015-2016. In addition, a new salary scale and employee benefits study are to be implemented at the beginning of 2015 (Arab Potash Company PLC, Annual report, 2015: p. 56).

This is a clear example of the impact of the Arab Spring and labour movements on corporate disclosure practices. Many companies have realised the potential power of their long-marginalised stakeholders and the importance of managing their relationships with those powerful stakeholders. More than often, however, companies have only provided promotional disclosure and general statements without providing any further qualitative and quantitative details.

The second most disclosed sub-category under employee disclosure is the one related to Training and Education. Table 6.3 shows the frequencies and the percentage of disclosure on each item under Training and Education sub-category for the period 2008-2015. The table shows that the majority of companies within the sample reported some information about the training programmes they provide to their employees, and this pattern has remained relatively stable throughout the period. On average, 78% of the companies provided detailed information regarding the type and scope of these training programmes and assistance provided to upgrade the skills of their employees. The vast majority of those companies have also gone further by providing detailed quantitative information regarding the number of employees, the number of training hours, the average hours, and location of these training programs. Again, the great emphasis on this type of disclosure by the surveyed companies is consistent with the legal requirements in Jordan, which require all companies to report information related to their training programs if they provide any during the year covered by the report.

However, the other two disclosure items under the Training and Education sub-category have received far less attention than the previous ones. Only one company in one year has reported

information regarding the transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment. None of the reporting companies has provided any information showing the percentage of employees who receive Training and Education courses by gender. Again, the lack of attention to these issues reinforces the fact that all companies do comply with the minimal legal disclosure requirements, but very few of them do provide additional voluntary information. In addition, the lack of disclosure on the last item can be explained in the light of women's position in Eastern societies and Jordan.

Table 6.3. Frequencies of Items Disclosure under Training and Education Category (2008-2015)

Disclosure Items	Disclosure Instances							
	2008	2009	2010	2011	2012	2013	2014	2015
Training that company's employees have undertaken by the number of hours, average hours, and location of this training.	40 80%	39 78%	38 76%	39 78%	39 78%	38 76%	39 78%	38 76%
Type and scope of programmes implemented and assistance provided to upgrade employee skills.	40 80%	38 76%	37 74%	37 74%	38 76%	37 74%	39 78%	38 76%
Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.	0 0%	0 0%	1 2%	0 0%	0 0%	0 0%	0 0%	0 0%
The percentage of total employees by gender and by employee category who received a regular performance and career development review.	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%

N=50

The third most disclosed sub-category under employee disclosure is the one related to Occupational Health and Safety issues. Table 6.4 illustrates the frequencies and the percentage of disclosure on each item under the Occupational Health and Safety category for the period 2008 – 2015. It is strikingly clear from the table that there is a weak engagement with Occupational Health and Safety issues by the surveyed companies. Only around 10 (20%) and 13 (26%) companies have reported information related to their health and safety policy. The majority of these companies have only provided minimal disclosure in the form of a general statement mentioning

their safety policy. A typical example of such disclosure is provided by the Arab Electrical Industries PLC stating that: “*the company is keen to provide training courses for its workers on Occupational Health and Safety issues to prevent any worksite injuries*” (Arab Electrical Industries PLC, Annual Report, 2011: p.17).

Table 6.4. Frequencies of Items Disclosure under Occupational Health and Safety Category (2008-2015)

Disclosure Items	Disclosure Instances							
	2008	2009	2010	2011	2012	2013	2014	2015
Company’s specific workers’ health and safety policy.	10 20%	12 24%	13 26%	13 26%	12 24%	12 24%	12 24%	11 22%
Types of injury, injury rates, occupational disease rates, lost day rate, absentee rate, and work-related facilities for the total workforce, or a brief statement that no such incidents have occurred during the reported period.	2 4%	1 2%	2 4%	2 4%	2 4%	2 4%	2 4%	3 6%
Workers who were involved in occupational activities who had high incidence or high risk of specific diseases.	0 0%	0 0%	0 0%	1 2%	0 0%	0 0%	0 0%	1 2%
Formal joint management-workers health and safety committee.	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%
The percentage of total workforce represented in joint management-workers health and safety committees.	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%

N=50

Throughout the period, only two companies on average have provided an extensive disclosure related to their health and safety policy, including the injury rates and the lost day rate. In all instances, this type of disclosure is positive in nature; highlighting their extensive efforts to ensure a safer workplace for their employees; including, the measures are taken to identify hazards and unsafe behaviours; to ensure that workers have the skills and knowledge to maintain a safe working environment; to encourage the workers to raise any safety concerns, and the training undertaken by employees on Occupational Health and Safety issues. The following quote is a typical example in the chairman statement of the annual report of Jordan Cement Factories PSC:

On safety, for the first time in the history of the Company, we completed one full year without any lost time incident. The last incident took place in Rashidiya plant in February

2009. Both our plants achieved new records for time without any lost time incidents (Fuhais 774 days and Rashidiya 693 days) (Jordan Cement Factories PSC, Annual Report, 2010: p.9).

No disclosure, however, has been reported by the reporting companies concerning the last two items identified under the Occupational Health and Safety category throughout the period. These trends reported above demonstrate the lack of importance placed on Health and Safety issues by the surveyed companies. Besides being completely voluntary, Health and Safety issues are not considered as important areas of CSR in the context of emerging countries, and Jordan is not an exception. As discussed earlier, other issues including attracting foreign investments and creating jobs are often given greater importance than other employee issues such as maintaining high labour standards (Visser, 2008; Belal *et al.*, 2013). Hence, companies do not face any strong and constant pressure from regulatory bodies or other interest groups within society to disclose such information.

The fourth sub-category in this study under employee disclosure is the one related to Diversity and Equal Opportunity issues. Table 6.5 illustrates the frequencies and the percentage of disclosure on each item under this category for the period 2008 – 2015. The results presented in the table confirm what has been suggested earlier that companies avoid discussing issues related to women's rights and gender equality, which is highly sensitive and controversial issues within society. In 2008, only two companies disclosed information about the percentage of employees by gender and by age group. This number increased to 4 companies in 2013 and then declined to only three companies in 2015. The disclosure provided under this category was specific and quantitatively presented in the form of tables and graphs showing the number of employees by gender or age groups. All the companies reported no disclosure concerning minority groups or any indicators of diversity other than the gender and age groups. In addition, none of the surveyed companies has provided information related to the percentage of individuals within the organisation's governance bodies by gender, age group, minority groups, or any other indicators of diversity. The lack of

disclosure on this item can be also attributed to the corporate attempts to hide their poor performance in relation to gender equality. Indeed, in their study, Al-Hamadeen and Badran (2014) have reported that only 6 women have been appointed as a director in the governance bodies of 234 Jordanian companies.

Table 6.5. Frequencies of Items Disclosed under Diversity and Equal Opportunity Category (2008-2015)

Disclosure Items	Disclosure Instances							
	2008	2009	2010	2011	2012	2013	2014	2015
The percentage of individuals within the organisation's governance bodies by gender, age group, minority groups, and any other indicators of diversity.	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%
The percentage of employees by gender, age group, minority groups, and any other indicators of diversity.	2 4%	2 4%	2 4%	3 6%	3 6%	4 8%	3 6%	3 6%

N=50

To this end, it can be concluded that employee disclosure in Jordan is dominated by disclosure on Employment issues and Training and Education issues. More specifically, the most disclosed items under these two sub-categories are the ones required by the Jordanian regulations. This indicates that laws and regulations are the main determinants of employee disclosure in Jordan. Other voluntary disclosure items under employee disclosure have received less attention from the surveyed companies. In contrast to the expectation of the current study, this conclusion confirms what has been suggested in the previous section that companies did not significantly increase the breadth and the depth of their employee disclosure following the Arab Spring. Yet, the volume of employee disclosure has shown a significant increase throughout the period, which is in line with the expectations of the current study. This will be tested further in the next section, which provides a close examination of the relationship between the volume, breadth, and depth of employee disclosure with social movement factors and corporate characteristics.

6.4. The Relationship between Employee Disclosure and Social Movement Factors

This section provides an examination of the association between social movement variables – the Arab-Spring and employees’ strikes – and the extent of employee disclosure of the Jordanian shareholding companies. It commences with providing the descriptive statistics of the independent and the control variables. Correlation analysis is then performed to check and detect any autocorrelations between the variables. Various regression analyses are then carried to examine the relationships in question in this study. Three main models are tested where the volume, breadth, and depth of employee disclosure are the dependent variables. The results of the regression analyses are then discussed in the light of the findings of prior research and the theoretical framework adopted in this study.

6.4.1. Descriptive Statistics

This section provides the descriptive statistics for social movement variables and corporate characteristics which are employed to examine the relationships in question. Table 6.6 shows the descriptive statistics for the independent variables. Panel A shows the continuous independent variables, and Panel B shows the dichotomous independent variables. An examination of the number of employees’ strikes shows that the total number of actual employees’ strikes is 69 strikes throughout the period. These strikes vary between 0 and 3 for the lowest and the highest companies respectively. The total number of news articles covering employees’ strikes is 401 articles throughout the period. The coverage of these articles varies between 1 and 76 articles for the lowest and the highest strikes respectively. This indicates that all employees’ strikes received some sort of media attention as they are all covered by at least one news article.

Given the sample size, which consists of 50 companies, and the fact that employees’ strikes were very uncommon prior to the Arab Spring; the number of actual employees’ strikes and the number of news articles covering them indicate an increasing pressure on the Jordanian companies from

their employees. As discussed earlier in chapter 4, this pressure is directed towards demanding higher wages, health insurance, better workplace conditions, and the compliance with the regulations of minimum wages, working hours, and vacations (Labour-Watch, 2016; ESC, 2015). However, only 17 (24.6%) out of the 69 strikes were being initiated or supported by labour associations, which indicates that the majority of these strikes were initiated and organised by the employees themselves without any support from their associations. This is not surprising knowing that the Jordanian government has been hindering the establishments of labour associations, and there are only 14 registered labour associations in Jordan. Insofar as the labour unions are unable or unwilling to support the employees' claims, employees have taken things in their own hands to initiate and organise their wildcat strikes.

Table 6.6. Descriptive Statistics of the Independent Variables (2008-2015)

Panel A: Continues Variables				
Variable	Mean	Standard Deviation	Min.	Max.
Employees' strikes	0.1725	0.397	0	3
Media attention towards employees' strikes	1.425	6.840	0	76
Panel B: Binary Variables:				
Variable	Percentage			
Arab Spring	75%			
Association supported protests	24.6%			

N=400

Table 6.7 shows the descriptive statistics for the control variables. Panel A shows the continuous control variables and Panel B shows the dichotomous control variables. The table shows that 28% of the companies within the sample operate in the poorest areas where the poverty level is above the general average level in Jordan. These areas with high poverty level are also characterised by the high unemployment level especially among the youth who live in there. An examination of the amounts of donations shows that the amounts of corporate donations vary between JOD 0 and 10.1 Million with an average of JOD 269.1 Thousand. This indicates that companies within the sample vary significantly in terms of their donations. This means that this variable is not equally

distributed and has high variability, and hence, the natural logarithms of the corporate donations will be used in the subsequent analysis.

Table 6.7 Descriptive Statistics of the Control Variables (2008-2015)

Panel A: Continues Variables				
Variable	Mean	Standard Deviation	Min.	Max.
Corporate donations	269,104.3	114,427.1	0	10,100,000
The number of employees	841.1425	1053.28	3	4,700
Total assets*	405	1,080	7.4	7,920
ROA	2.36%	7.91%	-54.20%	43.30%
Market rate of return	-1.73%	28.97%	-69.92%	140.95%
Financial leverage	67.9%	147%	0%	795%
Floating shares	38.65%	20.32%	1.30%	100%
Foreign ownership	7.9%	17.3%	0%	69.05%
Panel C: Binary Variables:				
Variable	Percentage			
Management's attitude towards social issues	32%			
Poverty level	28%			
Government ownership	6.5%			
Financial companies	28%			
Service companies	42%			
Industrial companies	30%			
Big 4	45.75%			

N=400 * JOD million

The average number of employees per company per year is 841 employees, with the highest being 4700 employees and the lowest being 3 employees only. However, since this variable is not normally distributed, the natural logarithms of the number of employees will be used in the regression models.

In terms of corporate size, Table 6.7 shows that the average amount of total assets for the surveyed companies is JOD 405 million, with the highest of JOD 7.920 million and the lowest of JOD 7.4 million. Again, since this variable is not normally distributed, the natural logarithm of the total assets will be used in the subsequent analysis. The average percentage of the return on assets is 2.36% indicating that the surveyed companies are not very profitable in general. The highest

companies in terms of profitability have achieved 43.30% return on their assets and the lowest profitable companies their losses were as high as 54.20% of their assets.

In terms of corporate market performance, the average market rate of return is -1.73% indicating that the majority of companies are not performing well in the stock market in general. Moreover, the market rate of return varies between 140.95% and -69.92% for the best and the worst-performing companies respectively. This indicates that the surveyed companies vary significantly in terms of their profitability and market performance. The highest companies in terms of financial leverage have their debt almost as high as 8 times of their equities, while the lowest companies have all their assets (100%) being financed by their equities.

In terms of corporate ownership, Table 6.7 shows that the average percentage of floating shares is 38.65%, which indicates that a considerable amount of the outstanding shares of the surveyed companies is concentrated in the hands of large investors. It is also worth mentioning here that almost all of these shares are owned by institutional investors, which implies that individual ownership is not common in Jordan. The lowest percentage of floating is 1.3% indicating that almost all of the company's shares are being held by dominated stakeholders. The highest percentage of floating shares is 100% indicating that there are no dominated shareholders who own 5% or more of the outstanding shares of these companies. Only small proportions (about 7.9%) of the outstanding shares, which are being held by large investors, are owned by foreign investors. This indicates that the Jordanian business environment is not very attractive for foreign investors, and this is evident by the low proportion of foreign investments in the capital of the companies under consideration.

Regarding the management's attitude towards social issues, Table 6.7 shows that only about 32% of the companies reported a statement that explicitly expresses their commitments to social issues in the chairman statement section of the annual reports. Those who explicitly expressed their

commitments to social issues are usually the managers of the largest companies in terms of total assets. This can be attributed to the fact that larger companies are more visible and, therefore, have higher political cost than smaller ones. Thus, the managers of these companies express their commitment to social responsibility issues to avoid any political interference from their powerful stakeholders such as the government and the regulatory agencies (Watts and Zimmermann, 1978; Gamerschlag *et al.*, 2011). In addition, the managers of larger companies are more likely to have the resources needed to fulfil their commitments to social issues (Cowen *et al.*, 1987; Reverte, 2009). In contrast, the managers of smaller companies do not have those resources and, therefore, prefer to remain silent rather than express commitments they are unable or unwilling to fulfil.

In terms of industrial classification, Table 6.7 shows that the surveyed companies vary in their industrial classification, with the service companies making about 42% of the sample followed by the industrial companies 30% and the financial companies 28%. Finally, the surveyed companies also vary in terms of audit firm size, about 45.75% of the annual reports analysed in this study were being audited by one of the biggest four audit firms. The high variation observed above in the corporate attributes is the result of examining a wide range of companies that vary in many aspects; such as their exposure to employees' strikes and media attention, firm sizes, performance, ownership structure, industry classification, and audit firm size.

6.4.2. Correlation Analysis

Correlation analysis carried out to check the construct validity of the disclosure measures and to check for the presence of multicollinearity between any of the variables used in the regression models. Table 6.8 shows the results of the correlation analysis for the dependant, independent, and control variables. It can be noticed from the table that there is a significantly high correlation between the different measures of employee disclosure. The highest correlation can be observed between the breadth and the depth of employee disclosure with the coefficient of 0.91.

There is also a significantly high correlation between the volume of employee disclosure with the breadth and the depth of employee disclosure with the coefficients of 0.49 and 0.60 retrospectively. The high correlation coefficient between the breadth and the depth of employee discourse confirms that both have followed a similar trend throughout the period, which has been suggested earlier in section 6.2 of this chapter. In addition, the high correlation coefficients between the volume, breadth, and depth of employee disclosure are consistent with the findings of prior studies, which reported high correlation coefficients between different measures of CSR disclosure (see for example Hackston and Milne, 1996; Hasseldine et al., 2005; Hooks and van Staden, 2011).

The result of the correlation analysis also shows that there is a significant correlation between the volume, breadth, and depth of employee disclosure with most social movement variables and corporate characteristics. Table 6.8 shows a significant high correlation between the volume, breadth, and depth of employee disclosure with the number of actual employees' strikes, media attention towards employees' strikes, and associations support to employees' strikes.

In addition, the table also shows a significant correlation between the volume, breadth, and depth of employee disclosure with the number of employees, management's positive attitude towards social issues, firm size, foreign ownership, and audit firm size. The highest correlation between employee disclosure and corporate characteristics can be observed between the volume of employee disclosure and firm size with the coefficient of 0.61.

Another significant high correlation can be observed between the number of employees with the volume, breadth, and depth of employee disclosure with the coefficient of 0.56, 0.50, and 0.55 respectively. These high correlations coefficients reported above are in line with the theoretical foundations of this study regarding the association between the volume, breadth, and depth of employee disclosure with the explanatory and the control variables.

Table 6.8 Pearson Correlations of Labour Disclosure to Social Movement Variables and Corporate Characteristics

	V_E MP	B_E MP	D_E MP	AR_ S	EM P_S	EMP _M	EMP _A	POV R	M_A	L_D ON	L_E M	L_T A	ROA	L_M R	OW N	FOR	GOV	FL	BIG4	IND
V_EMP	1																			
B_EMP	.49*	1																		
D_EMP	.60*	.91*	1																	
AR_S	.12*	.04	.05	1																
EMP_S	.38*	.30*	.39*	.16*	1															
EMP_M	.31*	.25*	.34*	.10*	.46*	1														
EMP_A	.21*	.16*	.24*	.11*	.46*	.37*	1													
POVR	.45*	.31*	.37*	-.00	.23*	.19*	.18*	1												
M_A	.59*	.33*	.34*	0.11*	.20*	.15*	.16*	.34*	1											
L_DON	.44*	.30*	.34*	.00	.29*	.22*	.15*	.46*	.30*	1										
L_EM	.56*	.50*	.55*	.00	.37*	.24*	.16*	.48*	.36*	.50*	1									
L_TA	.61*	.28*	.42*	.02	.33*	.26*	.19*	.54*	.47*	.58*	.56*	1								
ROA	.04	.02	.12*	-.15*	.07	.10*	.03	.24*	-.02	.13*	.19*	.13*	1							
L_MR	-.02	.00	.02	.11*	-.00	-.00	-.04	.01	-.06	-.09	.04	-.03	.14*	1						
OWN	-.11*	-.17*	-.21*	-.08	-.07	-.07	-.05	-.23*	-.09	-.05	-.06	-.20*	-.10*	-.07	1					
FOR	.45*	.27*	.37*	.01	.16*	.17*	.13*	.45*	.44*	.33*	.32*	.60*	.11*	-.04	-.30*	1				
GOV	.37*	.30*	.42*	-.03	.24*	.36*	.17*	.24*	.27*	.32*	.37*	.35*	.24*	-.03	-.21*	.31*	1			
FL	.07	.11*	.08	.04	.05	.02	.00	-.01	-.00	.06	.08	.08	-.10*	.20*	.04	-.02	-.00	1		
BIG4	.42*	.38*	.47*	.00	.19*	.14*	.18*	.37*	.29*	.38*	.36*	.53*	.02	-.04	-.20*	.39*	.24*	.09	1	
IND	.01	.25*	.23*	-.00	.13*	.16*	.06	.10*	-.16*	.01	.21*	-.24*	.02	.02	-.15*	-.02	.20*	.07	-.07	1

V_EMP volume of employee disclosure, B_EMP breadth of employee disclosure, D_EMP depth of employee disclosure, AR_S Arab Spring, EMP_S employees' strikes, EMP_M media attention towards employees' strikes, EMP_A association support to employees' strikes, POVR poverty level of the local community, MA management's altitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND industrial classification.

* Significance at a confidence level of * ($P \leq 5\%$).

The second objective of the correlation analysis is to check for the presence of multicollinearity between any of the independent and control variables. Multicollinearity is an indication of the existence of a linear relationship between two or more of the independent and control variables, which may inflate the size of the error terms and weaken the analysis (Tabachnick *et al.*, 2007). In addition, the presence of multicollinearity may bias the regression estimators and make it difficult to differentiate the individual effects of the explanatory variables (O'brien, 2007). The results of the correlation analysis indicate that multicollinearity is unlikely to be a concern for this study since there is no correlation coefficient higher than 0.60 between any of the independent and control variables (Tabachnick *et al.*, 2007). Nevertheless, the presence of the multicollinearity will be further examined in the next section.

6.4.3. Regression Analysis

This section provides an examination of the relationship between the volume, breadth, and depth of employee disclosure with social movement variables and corporate characteristics over the period from 2008 to 2015. For this purpose, data on all variables have been computed for the eight years (2008-2015), and several regression analyses are performed to test the relationships between the volume, breadth, and depth of employee disclosure with the independent variables. The results of the main regression analysis are presented in Tables 6.9 - 6.11.

Table 6.9 shows the results of the pooled OLS regression models of social movement variables on the extent of employee disclosure, where the volume of employee disclosure is the dependent variable. The adjusted R^2 for the final model (Model 6) is 59%, which indicates that the final model can explain 59% of the variation in the volume of employee disclosure. In terms of social movement variables, the regression results show a significant positive association between the volume of employee disclosure and the media attention towards employees' strikes (EMP_M) at the level of ($p \leq 0.05$).

Table 6.9 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Volume of Employee Disclosure (2008-2015)

Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
AR_S	-	2.545	-	-	-	2.311
EMP_S	-	-	3.495**	-	-	2.705
EMP_M	-	-	-	-	0.211**	0.169**
EMP_A	-	-	-	2.499	-	-1.486
POVR	0.294	0.294	0.236	0.221	0.301	0.298
MA	9.827***	9.827***	9.662***	9.758***	9.805***	9.723***
L_DON	0.204	0.204	0.159	0.203	0.190	0.158
L_EM	2.849***	2.849***	2.748***	2.875***	2.898***	2.795***
L_TA	5.483***	5.483***	4.856***	5.409***	4.952***	4.617***
ROA	-6.683	-6.683	-6.640	-6.705	-7.184	-7.038
L_MR	0.685	0.685	0.637	0.742	0.755	0.670
OWN	2.858	2.858	2.138	2.782	2.428	2.002
FOR	2.691	2.691	3.394	2.786	3.032	3.452
GOV	3.938	3.938	3.491	3.783	2.394	2.448
FL	0.0200	0.0200	0.0266	0.0222	0.0218	0.0253
BIG4	2.073**	2.073**	2.047**	1.988*	2.134**	2.152**
IND_EF	Yes	Yes	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-44.36***	-44.36***	-38.39***	-43.65***	-39.72***	-36.45***
VIF	1.88	1.92	1.88	1.85	1.86	1.91
Adj. R ²	57.7%	57.7%	58.5%	57.8%	58.6%	59%

AR_S Arab Spring, EMP_S employees' strikes, EMP_M media attention towards employees' strikes, EMP_A association support to employees' strikes, POVR poverty level of the local community, MA management's altitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

This indicates that the volume of employee disclosure increases by the media attention towards employees' strikes. Surprisingly, the regression results show that none of the other social movement variables is significantly associated with the volume of their employee disclosure. Those variables include the Arab Spring (AR_S), the number of employees' strikes (EMP_S), and the associations' support to employees' strikes (EMP_A). Regarding corporate characteristics and across all models, the regression results show a significant positive association between the volume of employee disclosure and all of the management's attitude towards social issues (M_A), the number of employees (L_EM), firm size (L_TA), and the audit firm size (BIG_4).

Table 6.10 shows the results of the pooled OLS regression models of social movement variables on the extent of employee disclosure, where the breadth of employee disclosure is the dependent variable. The adjusted R^2 for the final model (Model 6) is 41.6%, which indicates that the final model can explain 41.6% of the variation in the breadth of employee disclosure. Similar to what has been observed earlier in relation to the volume of employee disclosure; the regression results show a significant positive association between the breadth of employee disclosure and the media attention towards employees' strikes (EMP_M) at the level of ($p \leq 0.10$). This also indicates that the breadth of employee disclosure increases by the media attention towards employees' strikes. Again, none of the other social movement variables is significantly associated with the breadth of their employee disclosure. Those variables include the Arab Spring (AR_S), number of employees' strikes (EMP_S), and the associations' support to employees' strikes (EMP_A). Regarding corporate characteristics and across all models, the regression results show a significant positive association between the breadth of employee disclosure and all of the management's attitude towards social issues (M_A), the number of employees (L_EM), firm size (L_TA), and the audit firm size (BIG_4). The results also show a significant negative association between both corporate profitability (ROA) and dispersed ownership (OWN) with the breadth of employee disclosure.

Table 6.10 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Breadth of Employee Disclosure (2008-2015)

Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
AR_S	-	-0.00114	-	-	-	-0.00240
EMP_S	-	-	0.0186**	-	-	0.0141
EMP_M	-	-	-	-	0.00117**	0.000955*
EMP_A	-	-	-	0.0132	-	-0.00838
POVR	0.00795	0.00795	0.00764	0.00756	0.00798	0.00799
M_A	0.0263***	0.0263***	0.0254***	0.0259***	0.0262***	0.0257***
L_DON	0.00157	0.00157	0.00133	0.00156	0.00149	0.00133
L_EM	0.0298***	0.0298***	0.0293***	0.0300***	0.0301***	0.0296***
L_TA	0.018***	0.018***	0.022***	0.019***	0.021***	0.023***
ROA	-0.0724**	-0.0724**	-0.0722**	-0.0725**	-0.0752**	-0.0744**
L_MR	0.00179	0.00179	0.00153	0.00209	0.00218	0.00172
OWN	-0.0253*	-0.0253*	-0.0291*	-0.0257*	-0.0277*	-0.0299**
FOR	0.0211	0.0211	0.0248	0.0216	0.0230	0.0252
GOV	0.0224**	0.0224**	0.0201**	0.0216**	0.0139	0.0142
FL	0.000861	0.000861	0.000897	0.000873	0.000872	0.000889
BIG4	0.0319***	0.0319***	0.0317***	0.0314***	0.0322***	0.0323***
IND_EF	Yes	Yes	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.189***	0.189***	0.221***	0.193***	0.215***	0.232***
VIF	1.88	1.92	1.88	1.85	1.86	1.91
Adj. R ²	40.2%	40.2%	41%	40.3%	41.2%	41.6%

AR_S Arab Spring, EMP_S employees' strikes, EMP_M media attention towards employees' strikes, EMP_A association support to employees' strikes, POVR poverty level of the local community, MA management's altitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

Table 6.11 shows the results of the pooled OLS regression models of social movement variables on the extent of employee disclosure, where the depth of employee disclosure is the dependent variable. The adjusted R^2 for the final model (Model 6) is 52.4%, which indicates that the final model can explain 52.4% of the variation in the depth of employee disclosure. In terms of social movement variables, the regression results show a significant positive association between the depth of employee disclosure with both the number of employees' strikes (EMP_S) at the level of ($p \leq 0.10$) and the media attention towards employees' strikes (EMP_M) at the level of ($p \leq 0.05$). This indicates that companies have significantly increased the volume of their employee disclosure after being targeted by employees' strikes. This increase is higher for the strikes that have attracted high media attention. None of the other social movement variables is significantly associated with the breadth of their employee disclosure. Those variables include the Arab Spring (AR_S), and the associations' support to employees' strikes (EMP_A). Regarding corporate characteristics and across all models, the regression results show a significant positive association between the breadth of employee disclosure and all of the management's attitude towards social issues (M_A), the number of employees (L_EM), government ownership (GOV), and the audit firm size (BIG_4).

6.4.4. Additional Analysis

Additional tests were carried out to explore further the relationship between the extent of employee disclosure and both social movement variables and corporate characteristics. Firstly, to check if high media attention or association support would boost the impact of employees' strikes on the extent of employee disclosure, I run the main three models with two interaction variables (i.e. $EMP_S \times EMP_A$ and $EMP_S \times EMP_M$).

Table 6.11 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Depth of Employee Disclosure (2008-2015)

Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
AR_S	-	0.00897	-	-	-	0.00660
EMP_S	-	-	0.0410***	-	-	0.0287*
EMP_M	-	-	-	-	0.00234***	0.00168**
EMP_A	-	-	-	0.0486	-	0.00757
POVR	0.0118	0.0118	0.0111	0.0104	0.0119	0.0112
M_A	0.0242**	0.0242**	0.0222**	0.0228**	0.0239**	0.0224**
L_DON	-0.000506	-0.000506	-0.00104	-0.000522	-0.000657	-0.000989
L_EM	0.0289***	0.0289***	0.0278***	0.0294***	0.0295***	0.0286***
L_TA	0.00421	0.00421	-0.00315	0.00277	-0.00167	-0.00539
ROA	-0.0176	-0.0176	-0.0171	-0.0181	-0.0232	-0.0213
L_MR	0.00916	0.00916	0.00859	0.0103	0.00994	0.00949
OWN	-0.0193	-0.0193	-0.0278	-0.0208	-0.0241	-0.0289*
FOR	0.0462	0.0462	0.0545	0.0481	0.0500	0.0550
GOV	0.0693***	0.0693***	0.0641***	0.0663***	0.0522***	0.0529***
FL	0.000525	0.000525	0.000602	0.000568	0.000545	0.000601
BIG4	0.0575***	0.0575***	0.0572***	0.0558***	0.0581***	0.0575***
IND_EF	Yes	Yes	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.00798	0.00798	0.0780	0.0218	0.0594	0.0961
VIF	1.88	1.92	1.88	1.85	1.86	1.91
Adj. R ²	49.7%	49.7%	51.5%	50.4%	51.6%	52.4%

AR_S Arab Spring, EMP_S employees' strikes, EMP_M media attention towards employees' strikes, EMP_A association support to employees' strikes, POVR poverty level of the local community, MA management's attitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

The results of the pooled OLS regression analyses with the interaction terms are presented in Table 6.12. Interestingly, the table shows that the main effect of the association support is still not statistically significant at any level across all 6 models. Yet, the coefficient for the interaction effect between employees' strikes and association support $EMP_S \times EMP_A$ is negative and statistically significant at the level of ($p \leq 0.05$) in Model 1a, but not in the other models. This indicates that companies respond to employees' strikes that have been initiated by employees' association with no or less increase in the volume of employee disclosure compared to wildcat strikes. This can be explained by the fact that companies usually have many formal communication channels with formal employees' associations. This makes it easier to resolve any conflict and end strikes without the need to communicate their counterclaims to all employees. In contrast, those formal communication channels are not always available in the case of wildcat strikes, which usually do not have formal or proper leadership. This would increase the need for companies to communicate their claims and efforts to resolve the strikes to a wider audience of their employees through employee disclosure. Moreover, this can be also attributed to the weak role of employees' associations in Jordan and the lack of any government support to these associations. This leaves them with a very limited power to support the employees in their claims against companies and force them to change their employee disclosure practices.

Other interesting results can be observed in relation to the interaction effect between employees' strikes and the media attention towards these strikes. Indeed, the results show that media attention towards employees' strikes has remained positive and statistically significant across all 6 models. Moreover, the coefficient for the interaction variable $EMP_S \times EMP_M$ is positive and statistically significant in Model 1b, but not in the other models. This indicates that the higher the media attention towards employees' strikes, the higher the increase in the volume of their employee disclosure. This provides evidence of the moderating effect of media attention in boosting the impact of employees' strikes on the targets' disclosure practices.

Table 6.12 Pooled OLS Regression with Cluster Standard Errors and Interaction Terms of Social Movement Variables on the Extent of Employee Disclosure (2008-2015)

Variable	V_EMP		B_EMP		D_EMP	
	Model 1a	Model 2b	Model 1c	Model 2d	Model 1e	Model 2f
AR_S	2.202	2.202	-0.00289	-0.00289	0.00644	0.00644
EMP_S	3.456	3.456*	0.0175	0.0175	0.0299*	0.0299*
EMP_M	0.160**	0.656***	0.000914*	0.00313**	0.00166**	0.00239**
EMP_A	5.987	-0.958	0.0250	-0.00602	0.0186	0.00835
EMP_S × EMP_A	-6.945**	-	-0.0311	-	-0.0102	-
EMP_S × EMP_M	-	0.496**	-	0.00222	-	0.000730
POVR	0.367	0.367	0.00830	0.00830	0.0113	0.0113
M_A	9.710***	9.710***	0.0257***	0.0257***	0.0224**	0.0224**
L_DON	0.165	0.165	0.00135	0.00135	-0.000980	-0.000980
L_EM	2.742***	2.742***	0.0293***	0.0293***	0.0285***	0.0285***
L_TA	4.391***	4.391***	0.0244***	0.0244***	0.00572	0.00572
ROA	-8.159	-8.159	-0.0794**	-0.0794**	-0.0230	-0.0230
L_MR	0.744	0.744	0.00205	0.00205	0.00960	0.00960
OWN	1.855	1.855	-0.0306**	-0.0306**	-0.0291*	-0.0291*
FOR	4.389	4.389	0.0293	0.0293	0.0564	0.0564
GOV	2.250	2.250	0.0133	0.0133	0.0526***	0.0526***
FL	0.0223	0.0223	0.000876	0.000876	0.000597	0.000597
BIG4	2.148**	2.148**	0.0323***	0.0323***	0.0575***	0.0575***
IND_EF	Yes	Yes	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-34.50***	-34.50***	0.241***	0.241***	0.0990	0.0990
VIF	2.34	4.42	2.34	4.42	2.34	4.42
Adj. R ²	59.2%	59.2%	41.8%	41.8%	52.4%	52.4%

V_EMP volume of employee disclosure, B_EMP breadth of employee disclosure, D_EMP depth of employee disclosure.

Significance at a confidence level of *** ($P \leq 1\%$), ** ($P \leq 5\%$). * ($P \leq 10\%$).

Secondly, it is a fallacy to assume that the Arab Spring and employees' strikes have the same impact on all types of employee disclosure. Although most of the items identified in the employee disclosure index are voluntary, the Jordanian regulation requires all publicly listed companies to disclose information regarding the number of employees and their training programs. Hence, it can be expected that disclosure related to these items might not be affected by social movement factors given that companies have little discretionary power over the provision of such disclosure. To check if this is the case here, all of the three main models were carried out again on the voluntary employee disclosure only, excluding any disclosure related to the three mandatory items.

The results of the pooled OLS regression analysis of social movement variables on the volume, breadth, and depth of voluntary employee disclosure are presented in Tables 6.13 - 6.15. The overall results are almost identical to those obtained from the main three models, with only one interesting exception. Interestingly, the results show a significant positive association at the level of ($p \leq 0.05$) between the dummies for the Arab Spring (AR_S) and the volume of voluntary employee disclosure (Table 6.13). This indicates that the surveyed companies have significantly increased the volume of their voluntary employee disclosure after the Arab Spring, but not the volume of the mandatory employee disclosure. This can be explained by the fact that companies have higher discretionary power over the provision and the nature of voluntary disclosure but not the mandatory one. This explains why the Arab Spring is only associated with voluntary employee disclosure but not the mandatory disclosure.

Finally, as described earlier in the previous chapters, the effect of the Arab Spring – at least in Jordan – is anticipated to be higher during the first four years (i.e. 2010-2013). Consequently, employees' power and the press freedom are also anticipated to be higher during these four years than in the following two years when the Jordanian government has greatly restricted the press and public freedom since the last quarter of 2013.

Table 6.13 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Volume of Voluntary Employee Disclosure (2008-2015)

Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
AR_S	-	4.214**	-	-	-	3.971**
EMP_S	-	-	3.473**	-	-	2.712
EMP_M	-	-	-	-	0.219***	0.182**
EMP_A	-	-	-	2.075	-	-2.063
POVR	0.433	0.433	0.375	0.372	0.440	0.454
M_A	9.076***	9.076***	8.913***	9.019***	9.054***	8.987***
L_DON	0.0295	0.0295	-0.0154	0.0288	0.0153	-0.0167
L_EM	2.912***	2.912***	2.812***	2.933***	2.963***	2.855***
L_TA	5.368***	5.368***	4.745***	5.306***	4.816***	4.484***
ROA	-1.678	-1.678	-1.636	-1.697	-2.199	-2.059
L_MR	0.343	0.343	0.295	0.390	0.416	0.319
OWN	3.633*	3.633*	2.917	3.569	3.186	2.766
FOR	2.015	2.015	2.714	2.094	2.369	2.777
GOV	2.395	2.395	1.950	2.266	0.791	0.842
FL	0.0256	0.0256	0.0322	0.0275	0.0276	0.0306
BIG4	2.116**	2.116**	2.090**	2.046**	2.180**	2.219**
IND_EF	Yes	Yes	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-48.05***	-48.05***	-42.12***	-47.46***	-43.22***	-39.99***
VIF	1.88	1.92	1.88	1.85	1.86	1.91
Adj. R ²	56.1%	56.1%	57%	56.1%	57.2%	57.6%

AR_S Arab Spring, EMP_S employees' strikes, EMP_M media attention towards employees' strikes, EMP_A association support to employees' strikes, POVR poverty level of the local community, MA management's altitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

Table 6.14 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Breadth of Voluntary Employee Disclosure (2008-2015)

Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
AR_S	-	-0.00125	-	-	-	-0.00264
EMP_S	-	-	0.0204**	-	-	0.0155
EMP_M	-	-	-	-	0.00129**	0.00105*
EMP_A	-	-	-	0.0145	-	-0.00922
POVR	0.00874	0.00874	0.00840	0.00831	0.00878	0.00879
M_A	0.0289***	0.0289***	0.0279***	0.0285***	0.0288***	0.0283***
L_DON	0.00172	0.00172	0.00146	0.00172	0.00164	0.00146
L_EM	0.0328***	0.0328***	0.0322***	0.0330***	0.0331***	0.0325***
L_TA	0.0206***	0.0206***	0.0242***	0.0210***	0.0238***	0.0257***
ROA	-0.0796**	-0.0796**	-0.0794**	-0.0798**	-0.0827**	-0.0819**
L_MR	0.00197	0.00197	0.00168	0.00230	0.00239	0.00189
OWN	-0.0278*	-0.0278*	-0.0320*	-0.0283*	-0.0305*	-0.0329**
FOR	0.0232	0.0232	0.0273	0.0238	0.0253	0.0277
GOV	0.0247**	0.0247**	0.0221**	0.0238**	0.0153	0.0156
FL	0.000947	0.000947	0.000986	0.000960	0.000959	0.000978
BIG4	0.0350***	0.0350***	0.0349***	0.0345***	0.0354***	0.0355***
IND_EF	Yes	Yes	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.158***	0.158***	0.193***	0.162***	0.186***	0.205***
VIF	1.88	1.92	1.88	1.85	1.86	1.91
Adj. R ²	40.2%	40.2%	41%	40.3%	41.2%	41.6%

AR_S Arab Spring, EMP_S employees' strikes, EMP_M media attention towards employees' strikes, EMP_A association support to employees' strikes, POVR poverty level of the local community, MA management's altitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

Table 6.15 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Depth of Voluntary Employee Disclosure (2008-2015)

Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
AR_S	-	0.00986	-	-	-	0.00726
EMP_S	-	-	0.0451***	-	-	0.0316*
EMP_M	-	-	-	-	0.00257***	0.00184**
EMP_A	-	-	-	0.0535	-	0.00833
POVR	0.0130	0.0130	0.0123	0.0114	0.0131	0.0123
M_A	0.0266**	0.0266**	0.0244**	0.0251**	0.0263**	0.0247**
L_DON	-0.000556	-0.000556	-0.00114	-0.000575	-0.000723	-0.00109
L_EM	0.0318***	0.0318***	0.0305***	0.0324***	0.0324***	0.0314***
L_TA	0.00463	0.00463	-0.00346	0.00305	0.00184	0.00593
ROA	-0.0194	-0.0194	-0.0189	-0.0199	-0.0255	-0.0235
L_MR	0.0101	0.0101	0.00945	0.0113	0.0109	0.0104
OWN	-0.0213	-0.0213	-0.0306	-0.0229	-0.0265	-0.0318*
FOR	-0.0194	-0.0194	-0.0189	-0.0199	-0.0255	-0.0235
GOV	0.0762***	0.0762***	0.0705***	0.0729***	0.0574***	0.0582***
FL	0.000577	0.000577	0.000663	0.000625	0.000600	0.000661
BIG4	0.0632***	0.0632***	0.0629***	0.0614***	0.0640***	0.0632***
IND_EF	Yes	Yes	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-0.0662	-0.0662	0.0108	-0.0510	-0.00966	0.0307
VIF	1.88	1.92	1.88	1.85	1.86	1.91
Adj. R ²	49.7%	49.7%	51.5%	50.4%	51.6%	52.4%

AR_S Arab Spring, EMP_S employees' strikes, EMP_M media attention towards employees' strikes, EMP_A association support to employees' strikes, POVR poverty level of the local community, MA management's altitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

Accordingly, it can be anticipated that the impact of the Arab Spring and employees strikes on the extent of employee disclosure would be lower in the last two years of this study. To test this proposition, I reduced the data to the six years following the Arab Spring only (2010 onwards) and excluded the first two years before the Arab Spring. Moreover, to test the differences between the two periods, I created a dummy variable POST_AR, which takes the value of one for the later period of the Arab Spring (2014 and 2015) and 0 otherwise. The results of the pooled OLS regression analysis of social movement variables on the volume, breadth, and depth of employee disclosure for the years 2010 - 2015 are presented in Tables 6.16 - 6.18. The overall results are very similar to those obtained from the main three models. Yet, against my expectations, the results show a negative, but not statistically significant, association between the dummies for the last two years (2014 and 2015) POST_AR and both the volume and the depth of employee disclosure (Tables 6.16 and 6.18). This indicates that there are no significant differences in the impact of the Arab Spring on the volume, breadth, and depth of employee disclosure between the two periods. This can be explained by the fact that social change is a long-term and ongoing process of negotiations, bargaining, concessions, repressions, resistance, and a mix of these tools throughout a social movement (Bosi, *et al.*, 2016; Bartley, 2007; Luders, 2006; Schneiberg and Soule, 2005). Hence, although the Jordanian government has imposed many restrictions on the press and public freedom in 2013; there was a high uncertainty whether these restrictions would be successful in suppressing the public and employees' movements or whether that would backfire and level up the hostility of these movements. Therefore, it can be reasonably expected that companies could not risk reducing their social and employee disclosure during this time to avoid any hostile confrontation with the public and their employees.

Table 6.16 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Volume of Employee Disclosure (2010-2015)

Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
POST_AR	-	-1.290	-	-	-	-1.376
EMP_S	-	-	3.048*	-	-	2.418
EMP_M	-	-	-	-	0.183**	0.150**
EMP_A	-	-	-	1.690	-	-1.642
POVR	0.132	0.132	-0.0810	0.0640	0.0737	-0.0186
M_A	10.74***	10.74***	10.53***	10.69***	10.81***	10.67***
L_DON	0.0529	0.0529	0.00980	0.0521	0.0333	0.00345
L_EM	3.031***	3.031***	2.930***	3.051***	3.069***	2.962***
L_TA	5.843***	5.843***	5.301***	5.785***	5.316***	5.038***
ROA	-2.085	-2.085	-1.459	-2.218	-3.068	-2.262
L_MR	0.261	0.261	0.259	0.315	0.306	0.244
OWN	3.041	3.041	2.717	2.991	2.722	2.572
FOR	0.238	0.238	1.012	0.288	0.442	0.971
GOV	4.327	4.327	3.818	4.173	2.385	2.487
FL	-0.00289	-0.00289	0.00213	-0.00155	-0.00172	0.000740
BIG4	2.865**	2.865**	2.847**	2.793**	2.975**	3.011**
IND_EF	Yes	Yes	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-46.45***	-45.16***	-41.62***	-45.93***	-41.89***	-38.02***
VIF	1.84	1.89	1.84	1.81	1.84	1.89
Adj. R ²	59%	59%	59.7%	59.1%	59.8%	60.2%

POST_AR the dummies for the years 2014 and 2015, EMP_S employees' strikes, EMP_M media attention towards employees' strikes, EMP_A association support to employees' strikes, POVR poverty level of the local community, MA management's altitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

Table 6.17 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Breadth of Employee Disclosure (2010-2015)

Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
POST_AR	-	0.00215	-	-	-	0.00184
EMP_S	-	-	0.0163*	-	-	0.0111
EMP_M	-	-	-	-	0.0116**	0.00999**
EMP_A	-	-	-	0.0121	-	-0.00639
POVR	0.00674	0.00674	0.00561	0.00626	0.00637	0.00591
M_A	0.0249***	0.0249***	0.0238***	0.0246***	0.0254***	0.0247***
L_DON	-0.000052	-0.000052	-0.000152	0.0000726	-0.000046	-0.000182
L_EM	0.0407***	0.0407***	0.0401***	0.0408***	0.0409***	0.0404***
L_TA	0.0207**	0.0207**	0.0236***	0.0211***	0.0240***	0.0253***
ROA	-0.0839**	-0.0839**	-0.0806**	-0.0849**	-0.090***	-0.0865**
L_MR	0.00637	0.00637	0.00635	0.00675	0.00665	0.00640
OWN	-0.0257	-0.0257	-0.0274*	-0.0261	-0.0277*	-0.0285*
FOR	0.0202	0.0202	0.0244	0.0206	0.0215	0.0240
GOV	0.0161	0.0161	0.0134	0.0150	0.00378	0.00425
FL	0.000558	0.000558	0.000585	0.000568	0.000566	0.000578
BIG4	0.0351***	0.0351***	0.0350***	0.0346***	0.0358***	0.0359***
IND_EF	Yes	Yes	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.184***	0.182***	0.210***	0.188***	0.213***	0.223***
VIF	1.84	1.89	1.84	1.81	1.84	1.89
Adj. R ²	46.2%	46.2%	47%	46.4%	47.5%	47.8%

POST_AR the dummies for the years 2014 and 2015, EMP_S employees' strikes, EMP_M media attention towards employees' strikes, EMP_A association support to employees' strikes, POVR poverty level of the local community, MA management's altitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

Table 6.18 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Depth of Employee Disclosure (2010-2015)

Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
POST_AR	-	-0.000636	-	-	-	-0.00201
EMP_S	-	-	0.0345**	-	-	0.0225
EMP_M	-	-	-	-	0.00203**	0.00150**
EMP_A	-	-	-	0.0422	-	0.0101
POVR	0.0124	0.0124	0.00998	0.0107	0.0117	0.00993
M_A	0.0227*	0.0227*	0.0204*	0.0217*	0.0236**	0.0216*
L_DON	-0.00177	-0.00177	-0.00225	-0.00179	-0.00199	-0.00225
L_EM	0.0375***	0.0375***	0.0363***	0.0380***	0.0379***	0.0372***
L_TA	0.00403	0.00403	-0.00210	0.00258	-0.00182	-0.00463
ROA	-0.0231	-0.0231	-0.0160	-0.0264	-0.0340	-0.0273
L_MR	0.0121	0.0121	0.0121	0.0135	0.0126	0.0128
OWN	-0.0289	-0.0289	-0.0325*	-0.0301	-0.0324*	-0.0342*
FOR	0.0376	0.0376	0.0464	0.0389	0.0399	0.0453
GOV	0.0819***	0.0819***	0.0762***	0.0781***	0.0604**	0.0613**
FL	0.000218	0.000218	0.000275	0.000252	0.000231	0.000273
BIG4	0.0604***	0.0604***	0.0602***	0.0586***	0.0617***	0.0608***
IND_EF	Yes	Yes	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.00221	0.00285	0.0568	0.0152	0.0528	0.0803
VIF	1.84	1.89	1.84	1.81	1.84	1.89
Adj. R ²	54.3%	54.3%	55.7%	54.9%	55.9%	56.5%

POST_AR the dummies for the years 2014 and 2015, EMP_S employees' strikes, EMP_M media attention towards employees' strikes, EMP_A association support to employees' strikes, POVR poverty level of the local community, MA management's altitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

6.4.5. Sensitivity analysis

Sensitivity tests were carried out to test the validity and sensitivity of the main findings of the current study. In order to check the validity of the pooled OLS regression models; the three main models of this study were tested again using GLS regression models with RE and FE specifications and with clustered and robust standards errors. The results of the RE and FE regression are presented in Tables D in the appendices, which are very similar to those obtained from the main regression technique. Moreover, two different dichotomies have been used to account for the impact of the Arab Spring; including using dummies for every single year and by dividing the period into three dichotomies. Using any of these measures gives the same results obtained from our main regression models. Moreover, a different measure of employees' strikes using dummies that take the value of 1 if the company has been targeted by employees' strikes and zero otherwise. The same measure is also applied to the media attention towards employees' strikes. Again, the results are very similar to those obtained from our main regression models. Finally, the market capitalisation has also been employed in the current study as an alternative measure of firm size. Once again, similar results were also achieved.

To eliminate the possibility that the sample is not random, and following prior studies (see, for example, Baboukardos, 2018), the Heckman's (1979) full maximum likelihood method is employed to correct for potential sample selection bias by jointly estimating the valuation and selection models. The dependant variable in the selection model is a binary variable that takes the value of 1 if the company is selected in the sample and zero otherwise. In the selection model, the binary variable is regressed on a number of firm-specific characteristics (i.e. market capitalisation, financial leverage, the number of employees, market return, and ROA). This model is performed using a sample from all the listed companies in the ASE excluding all companies that have their data missing, which resulted in 1184 firm/year observations. The results of the Heckman test is

presented in Table E in the appendices for both the valuation and the estimation models and for each measure of employee disclosure. Once again, the results of the sample selection model verify the results obtained from the three main OLS models. All things considered, the outcomes of the sensitivity analysis show that the results are consistent across different model specifications and different variables measurement, which confirms the reliability and the validity of the main findings reported in this study.

6.4.6. Discussion of the Regression Results

The overall results of the regression analyses are broadly in line with the theoretical foundation underpinning this study regarding employee disclosure response to social movement factors. Indeed, the overall results show that the surveyed companies have changed their employee disclosure practices in response to the Arab Spring and employees' strikes. In particular, the results shows a statistically significant positive association between the Arab Spring dummies and the volume of voluntary employee disclosure. This indicates that, following the Arab Spring, the surveyed companies have significantly increased the volume of their voluntary employee disclosure, but not the total employee disclosure. This can be explained by the fact that companies have high discretionary power over the provision and the nature of voluntary disclosure but not the mandatory one. This also explains why the Arab Spring is associated with the volume of voluntary employee disclosure only. These results are in line with the findings of prior literature on the impact of social movement on corporate disclosure strategies (McDonnell and King, 2013; Hiatt *et al.*, 2015; Yang and Rhee, 2019). In addition, these results are consistent with the findings of a significant body of prior research, which reported that companies increase the volume of their CSR disclosure in response to legitimacy threatening events and growing social and political pressure (see, for example, Patten, 1991, 1992; Deegan *et al.*, 2000; Cho, 2009; Summerhays and de Villiers, 2012; Vourvachis *et al.*, 2016; Dube and Maroun, 2017; Blanc *et al.*, 2017).

Furthermore, the results also revealed that there is no statistically significant association between the Arab Spring dummies and the volume of their voluntary employee disclosure with both the breadth and the depth of the total or the voluntary employee disclosure. This indicates that although the surveyed companies have significantly increased the volume of their voluntary employee disclosure following the Arab Spring; this increase usually involves providing more general promotional disclosure without providing any further qualitative or quantitative details. These results have remained stable throughout the six years following the Arab Spring with no significant differences that can be attributed to the decline in the level of public and press freedom in the last two years (2014 and 2015).

As for the other social movement variables of interest of the current study, which are the ones related to local employees' strikes. The results show a significant positive association between the media attention towards employees' strikes with the volume, breadth, and depth of both total and voluntary employee disclosure. The results also show a significant positive association between employees' strikes and the depth of both total and voluntary employee disclosure. This indicates that the surveyed companies have significantly increased the extent of their employee disclosure in response to employees' strikes and the media attention towards these strikes. These results are in line with the findings of prior studies, which reported that companies have increased their social and environmental disclosure after being targeted by stakeholders' activism such as consumers (McDonnell and King, 2013; Yang and Rhee, 2019); environmental activists (Hiatt *et al.*, 2015); and shareholders (Michelon *et al.*, 2020). The results are also consistent with the findings of studies that have reported a positive relationship between media attention to specific CSR issues and the amount of CSR disclosure on the same issues; such as environmental issues (Aerts and Cormier, 2009); community issues (Islam and Deegan, 2010; Yekini *et al.*, 2017); employee issues (Kent and Zunker, 2013), and anti-corruption issues (Blanc *et al.*, 2017).

Moreover, the results highlight the moderating effect of media attention towards employees' strikes in boosting the impact of these strikes on the extent of employee disclosure. In particular, the results shows that the higher the media attention towards employees' strikes, the higher the increase in the volume of employee disclosure. This is consistent with the findings of King (2008b) who found that companies are more likely to concede to boycotts when they attract a great deal of media attention. This is also consistent with the findings of Deegan *et al.*, (2002) who reported that higher print media attention towards specific CSR issues is associated with higher levels of increase in the related CSR disclosure to these specific issues. In addition, these results provide support to the findings of Deegan *et al.*, (2000) who reported that none of the responsible companies have changed their CSR disclosure following the Kirki oil spill. The authors attributed this to the limited media attention given to this event in comparison with the other environmental disasters.

In contrast to my expectations regarding the moderating effect of employee associations' support to employees' strikes in amplifying the impact of employees strikes on the extent of employee disclosure; the results, however, show that employee associations' support to employees' strikes lessens the impact of employees' strikes on the extent of employee disclosure. This can be explained by the fact that companies usually have many formal communication channels with formal employees' associations. This makes it easier to resolve any conflict and end strikes without the need to communicate their counterclaims to all employees. In contrast, those formal communication channels are not always available in the case of wildcat strikes, which usually lack any formal or proper leadership. This in turn increases the need for companies to communicate their claims and efforts to resolve the strikes to a wider audience of their employees through employee disclosure. Moreover, this can be also attributed to the weak role of employees' associations in Jordan and the lack of any government support to these associations. This leaves

them with a very limited power to support the employees in their claims against companies and force them to change their employee disclosure practices.

Finally, the examination of the association between the extent of employee disclosure and corporate characteristics reveals some interesting results, which will be mentioned here. First, the results show a significant positive association between the management's positive attitude towards social issues and all of the volume, breadth, and depth of both total and voluntary employee disclosure. This indicates that the extent of employee disclosure increases by the management's positive attitude towards social issues. This is consistent with prior studies which suggested that the management's attitude towards social issues is a major determinant of CSR disclosure (see, for example, Adams and Harte, 1998; Campbell, 2000; Collison *et al.*, 2003; Cormier *et al.*, 2004; Martin and Hadley, 2008).

Second, the results also show a significant positive association between the number of employees and all of the volume, breadth, and depth of both total and voluntary employee disclosure. This indicates that companies with a higher number of employees significantly disclose a higher extent of employee disclosure. This can be attributed, according to Kent and Zunker, 2017, to the fact that companies with higher the number of employees are more likely to be dependent on employees' support and the more likely to face employee-related issues. Hence, management is more motivated to report employee disclosure. This is consistent with the findings of prior studies which have reported a positive association between the number of employees and the extent of CSR disclosure in general and employee disclosure in particular (see, for example, Gamerschlag *et al.*, 2011; Singh and Agarwal, 2013; Kent and Zunker, 2017).

Third, in terms of corporate size, the overall results indicate a significant positive association between the extent of employee disclosure and corporate size. This association can be attributed

to the fact that larger companies are more visible and, therefore, have higher political cost than smaller ones. Thus, they are more likely to show their commitments to employees' issues to avoid any political interference from stakeholder such as new regulatory actions (Watts and Zimmermann, 1978; Gamerschlag *et al.*, 2011). In addition, larger companies are more likely to have the resources needed to fulfil their commitments towards their employees' issues (Cowen *et al.*, 1987; Reverte, 2009). In contrast, smaller companies do not have those resources and, therefore, prefer to remain silent than to make commitments that they are unable or unwilling to fulfil. This result is in line with the findings of a large body of prior research that reported a positive association between corporate size and the extent of CSR disclosure (see, for example, Patten, 1991; Neu *et al.*, 1998; Gray *et al.*, 2001; Campbell *et al.*, 2006; Cho *et al.*, 2015a).

Forth, the audit firm size is found to be positively associated with the depth of employee disclosure. This can be attributed to the fact that big audit firms have many reputational concerns compared to smaller ones; hence, they have a greater influence on the nature of the information provided by their clients (Lim *et al.*, 2007). This is consistent with the findings of prior studies that reported a positive association between audit firm size and corporate voluntary disclosure (Barako *et al.*, 2006; Lim *et al.*, 2007). Fifth, the state share ownership is found to be positively associated with the breadth and depth of employee disclosure. This indicates that state share ownership in companies increases the breadth and depth of their employee disclosure. Given that all these companies are recently privatised ones and the increased criticism of the whole privatisation program by the Jordanian activists for selling the state assets for short terms profits (Ryan, 2011); these companies are expected to emphasise their efforts to pursue social goals rather than profits maximisation. This is consistent with the findings of Ogden and Clarke (2005) who found that the recently privatised UK water companies attempted to present themselves as successful customer-led companies, which is inconsistent with their image as monopolistic suppliers who provide water

for profit. Finally, corporate profitability (ROA) is found to be negatively associated with the breadth of employee disclosure. This is consistent with the impression management behaviour in which poorly performing companies attempt to dilute the attention from their bad economic performance to other issues; such as employee disclosure (Nue *et al.*, 1998).

6.5. Conclusion

This chapter is the first part of the empirical work of this study. It illustrates the extent and recent trends of employee disclosure in the annual reports of Jordanian public companies throughout the period from 2008 to 2015. The chapter also provides an examination of the association between social movement variables and the extent of employee disclosure. The overall results reinforce the general argument of this study and extend the conclusions made by prior social movement research and prior CSR and employee disclosure studies in general and within the context of emerging countries. As it is the case for the majority of emerging countries, the current study reveals the weak engagement of the Jordanian companies with the employee disclosure, as well as the large improvements that can be made in this regard. An examination of the nature of disclosure reveals that employee disclosure practices of the surveyed companies are – to a large degree – consistent with the minimum legal requirements in Jordan. Indeed, the current study reveals that employee disclosure in Jordan is dominated by disclosure on the mandatory areas related to Employment issues and Training and Education issues. Disclosure in both areas is required by the Jordanian regulations. Nevertheless, other voluntary areas of employee disclosure have received moderate, low, or no attention at all from the Jordanian companies. The main factors behind the little attention to such areas of employee disclosure are related to the voluntary nature of this information and the lack of any strong or constant pressure from employees and their associations. Moreover, some contextual factors such as those related to gender equality and the collective bargaining rights,

which are highly sensitive issues in the Middle East region, have also contributed to the lack of disclosure on the voluntary areas of employee disclosure.

Consistent with the theoretical foundations of the current study, an examination of the association between employee disclosure and social movement factors reveals insightful results. Indeed, it has been anticipated that the unfolding events following the Arab Spring presented great challenges for the Jordanian companies regarding their contribution to their employees. Many companies have been faced with a growing criticism regarding their labour practices including low wages, poor workplace conditions, forced labour, the arbitrary dismissal, and the demission of workers' rights (Labor-Watch, 2010). Moreover, companies that have failed to improve the welfare of their employees have been confronted with an unprecedented wave of employees' strikes (Labour-Watch, 2016). In response, the Jordanian companies have significantly increased the volume of their voluntary employee disclosure following the Arab Spring. This increase, however, usually involves providing more general promotional disclosure without providing any further qualitative or quantitative details. Moreover, the current study reveals that the surveyed companies have significantly increased the extent of their employee disclosure in response to employees' strikes and the media attention towards these strikes. These findings emphasise the power of employee activism and the use of extras-institutional tactics (i.e. employees' strikes) in altering corporate disclosure practices.

The current study also provides insights on the moderating effect of media attention towards employees' strikes in amplifying the impact of these strikes on the extent of employee disclosure. In particular, the results shows that the higher the media attention towards employees' strikes, the higher the increase in the volume of employee disclosure. More interestingly the current study also highlights the negative role of weak employees associations in supporting employees in their claims against their employers. Indeed, the study shows the negative moderating effect of

associations' support to employees' strikes in their impact on employee disclosure. In other words, wildcat strikes are proven to be more effective in altering corporate employee disclosure practices than the strikes that have been initiated or organised by weak employee associations.

The findings of the current study extend the findings of prior research on the nexus of social movement and organisational analysis by showing other types of corporate response to a social movement, other than direct concession or resistance (see, for example, Zald and Berger, 1978; Davis and Thompson, 1994; McAdam and Scott, 2005; Davis and Zald, 2005; Clemens, 2005; Den Hond and De Bakker, 2007; King and Soule, 2007; Soule, 2009; King and Pearce, 2010; King, 2008a, b, 2011). The current study also contribute and extend prior literature that investigated the relationship between stakeholders' activism (i.e. customers and environmental groups) and CSR disclosure (see, for example, McDonnell and King, 2013; Hiatt *et al.*, 2015; Yang and Rhee, 2019). Moreover, the current study extends the findings of prior research, which showed that companies attempt to gain or maintain their legitimacy by changing their CSR disclosure strategies following negative or controversial events; such as, environmental disasters (Patten, 1992; Deegan *et al.*, 2000; Cho, 2009); boycotts announcements (McDonnell and King, 2013; Yang and Rhee, 2019); structural change (Ogden and Clarke, 2005). Indeed, the current study investigates the corporate response through employee disclosure, a largely neglected area of CSR, to social movement and employees' activism, an important but previously neglected stakeholder group (Williams and Adams, 2013; Kent and Zunker, 2013, 2017).

Furthermore, this study also extends prior literature that investigated the relationship between negative media attention and CSR disclosure (see, for example, Aerts and Cormier, 2009; Islam and Deegan, 2010; Kent and Zunker, 2013; Yekini *et al.*, 2017; Blanc *et al.*, 2017). In particular, the study shows that employee disclosure responds to media attention towards employees' strikes. Finally, the results also extend the findings of a large body of prior research, which states that CSR

disclosure is largely driven by legitimacy factors; such as, firm size and industry membership (Patten, 1991; Neu *et al.*, 1998; Gray *et al.*, 2001; Campbell *et al.*, 2006; Cho *et al.*, 2015a).

As it is the case for all empirical studies, the results presented in this chapter are subject to many limitations. Firstly, the results are based on content analysis, which involves some degree of subjectivity in the coding process. Secondly, due to data availability, other factors that might explain the variation in the extent of employee disclosure could not be included in this study. Thirdly, this study investigates employee disclosure as it has been depicted in the annual reports only. This type of disclosure exists in other communication channels such as sustainability reports, press releases, and corporate websites; hence, the results do not include these channels. Finally, this study is based on one country; hence, cultural and regulatory settings of this country might affect the generalisation of the results to other countries. With all these limitations in mind, I believe that the results presented in this chapter provide useful insights into the extent and recent trends of employee disclosure in the annual reports of Jordanian public companies, the association between social movement variables and different corporate characteristics, and the extent of employee disclosure in general.

Chapter Seven

Community Disclosure Practices in Jordan and the Relationship between Community Disclosure and Social Movement

Chapter Seven: Community Disclosure Practices in Jordan and the Relationship between Community Disclosure and Social Movement

7.1. Introduction

This chapter provides the second part of the empirical work of the current study which aims at achieving two main objectives. The first objective is to provide an in-depth analysis of the recent trends and practices related to community disclosure as it has been portrayed by the Jordanian public companies and the changes it underwent throughout the period from 2008 to 2015. The second objective is to examine the impact of social movement variables (i.e. the Arab Spring and local communities' protests) on the extent of community disclosure in the annual reports of Jordanian public companies. Accordingly, this chapter commences with performing descriptive analysis of the extent and trends of community disclosure and will continue with performing a regression analysis to examine the association between the volume, breadth, and depth of community disclosure with social movement variables and corporate characteristics. The data on community disclosure was collected and computed for the eight years of the current study will be presented through this chapter. This will allow a deeper investigation of the level and current trends of community disclosure practices of the Jordanian public companies and the changes in these trends over time.

The findings of the content analysis of the current study are presented in this chapter in the following manner. The first section illustrates the extent and trends of community disclosure as portrayed by the Jordanian companies and the changes it underwent throughout the period from 2008 to 2015. The second section provides an illustration of the current practices of community disclosure as portrayed by the Jordanian companies and the changes it underwent throughout the period from 2008 to 2015. Descriptive statistics of community disclosure in total and for each item are presented in the chapter alongside several examples and comparisons to allow a deeper investigation of the extent and trends of this disclosure and its changes. The third section provides

descriptive statistics for the independent and control variables, correlation, and regression analyses to test the relationship between the extent of community disclosure and social movement variables (i.e. the Arab Spring and local community protests). The last section provides the discussion and the concluding remarks.

7.2. The Extent of Community Disclosure in Jordan

This section illustrates the extent of community disclosure of the Jordanian companies based on the disclosure index that has been employed in the current study. This index reflects – to a large extent – the most recent sustainability disclosure standards made by the GRI. Those widely adopted standards “represent the global best practice for reporting on a range of economic, environmental and social impacts” (GRI, 2019). Table 7.1 shows the average breadth, depth, and volume of community disclosure as it has been disclosed by reporting companies throughout the period between 2008 and 2015. The table shows that companies disclose information related to 7 items out of 8 items identified in the community disclosure index. The content of this disclosure will be analysed in greater details throughout the chapter, but some preliminary observations can be made at this stage. The most striking factor to emerge from the data is the weak engagement of Jordanian companies with community disclosure. Indeed, the result shows that the overall breadth of disclosure per reporting companies respectively varies between 2.4 and 2.9 items for the lowest year in 2008 and the highest year in 2010. The disclosure coverage varies between 0 and 7 items for the lowest and the highest reporting companies respectively, except in the last two years in which the highest reporting companies have reported information related to 6 items only. This indicates that the majority of companies under consideration do not have a structured approach to local community issues and do not systematically follow the (GRI) guidelines when reporting information related to their local community involvement activities.

Table 7.1 the Average Breadth, Depth, and Volume of Community Disclosure (2008 – 2015)

Disclosure Measure	2008		2009		2010		2011		2012		2013		2014		2015	
	mean (Std.)	min (max)	mean (Std.)	min (max)	mean (Std.)	min (max)	mean (Std.)	min (max)	mean (Std.)	min (max)	mean (Std.)	min (max)	mean (Std.)	min (max)	mean (Std.)	min (max)
Breadth of Disclosure	2.4 (1.82)	0 (7)	2.58 (1.71)	0 (7)	2.9 (1.91)	0 (7)	2.84 (1.88)	0 (7)	2.88 (1.80)	0 (7)	2.84 (1.83)	0 (7)	2.66 (1.73)	0 (6)	2.78 (1.84)	0 (6)
Depth of Disclosure	5.56 (4.54)	0 (18)	5.98 (4.36)	0 (18)	6.8 (5.04)	0 (21)	6.7 (5.30)	0 (21)	7.04 (5.15)	0 (21)	6.58 (5.04)	0 (21)	6.32 (4.71)	0 (17)	6.38 (4.77)	0 (17)
Volume of Disclosure	9.9 (9.78)	0 (55)	11 (10.4)	2 (59)	13.92 (15.9)	2 (98)	14.62 (13.4)	3 (69)	14.52 (13.4)	1 (66)	15.32 (14.2)	2 (68)	16.88 (18.8)	3 (95)	18.14 (22.2)	2 (110)

The average depth of community disclosure per reporting company varies between 5.56 and 7.04 for the lowest year in 2008 and the highest year in 2012 respectively out of the highest possible score of 36. The minimum disclosure depth scores for the lowest reporting companies is 0 and it has remained the same throughout the period. This indicates that at least one company did not report any information related to social activities towards the local community throughout the study period. The maximum depth score for the highest reporting companies varies between 18 scores during the first two years (2008 and 2009) and 21 scores during the next four years (2010-2013) only to decrease again to 17 scores in the last two years (2014 and 2015). These low depth scores indicate that community disclosure of the companies under consideration is dominated by some general and nonspecific disclosure without providing any further qualitative and quantitative details.

The other measure of community disclosure is the volume of disclosure, which is based on the number of disclosure sentences related to local community issues. Using this measure in addition to the previous ones allows the current study to uncover the changes in the volume of community disclosure vis-à-vis any changes in the topics they report and the nature of this disclosure. The average volume of total community disclosure per reporting company varies between 9.9 and 18.14 sentences for the lowest and the highest years in 2009 and 2015 respectively. Throughout the period, all companies have reported at least one sentence regarding their social activities towards the local community, except in 2008 in which at least one company did not report any disclosure in this regard. On the other hand, the maximum number of community disclosure sentences varies between 55 sentences for the lowest year and 110 sentences for the highest year in 2008 and 2015 respectively.

The trends reported above provide a clear indication of the weak engagement of the Jordanian companies with community disclosure and suggest that there is a large room for improvements to

be made in this regard. Yet, those results are consistent with the findings of a significant body of previous studies concerning CSR disclosure in general and community disclosure in particular within the contexts of emerging and more developed countries alike; such as Middle Eastern countries (Kamla, 2007; Rizk *et al.*, 2008; Menassa, 2010); Mauritius (Mahadeo *et al.*, 2011a); India (Nurhayati *et al.*, 2015); Bangladesh (Khan *et al.*, 2013); Vietnam (Anh Vu *et al.*, 2011); Malaysia (Haji, 2012); Lithuania (Dagiliene, 2015); and UK (Yekini and Jallow, 2012; Yekini *et al.*, 2015, 2017). Kamla (2007), for instance, has reported that only 31% of the companies within the study sample, which are chosen from the top companies in the Arab Middle East countries, have reported any information regarding community development programs. In Lebanon, Menassa (2010) have reported that only 7 banks out of 24 have reported any information regarding their community involvement activities. On average, those 7 banks have only reported about 8.75 sentences regarding these activities. This is very consistent with the results reported above, bearing in mind the average number of sentences related to community disclosure reported by the companies under consideration is only about 9.9 sentences in 2008. In more developed countries, Yekini *et al.*, (2017) have reported that the average community disclosure in the annual reports of FTSE 350 companies is around 476 words (≈ 30 sentences). This is, indeed, very close to the average number of sentences related to community disclosure that have been reported by the companies under consideration during the last year of the current study in 2015.

Surprisingly, prior research has offered very limited explanations of the low level of corporate engagement with community disclosure. Yet it has highlighted some factors that can provide plausible explanations for the low level of corporate engagement with community disclosure in general and within the context of the emerging economies in particular. The main factor behind the low level of community disclosure is the voluntary nature of this disclosure due to the lack of any effective regulations to mandate the disclosure on corporate local community involvement

activities (Malik and Awadallah, 2013; Al-Hamadeen and Badran, 2014; Ibrahim and Hanefah, 2016; Haddad *et al.*, 2017). This leaves companies with considerable freedom to decide whether to report such information or not. Since corporate community involvement activities are not regarded as a “significant or special case of CSR activities” (Yekini and Jallow, 2012: p.22); disclosure on these activities has not been given any significance by companies. In addition, the distinctive social, economic, and political realities of the emerging countries have played a major role in the general lack of corporate disclosure on CSR issues. These distinctive social, economic, and political realities include, for instance, the nature of cultural and religious traditions, and the weak of strong and persistent stakeholders and institutional pressure towards CSR activities (Visser, 2008; Jamali and Mirshak, 2007; Jamali and Sidani, 2012; Vinke and El-Khatib, 2012; Jamali, 2014; Ali *et al.*, 2017; Al-Abdin *et al.*, 2018). Given all these factors, it is no surprise the very low level of engagement with community disclosure by the Jordanian companies.

Moreover, the data highlights the impact of the Arab Spring on the extent of community disclosure. Figure 7.1 shows the pattern of the average breadth, depth, and volume of community disclosure per reporting company throughout the period from 2008 to 2015. The figure shows that the average breadth and depth of community disclosure show some increase between the years 2010 - 2013 compared to the first and the last two years of the current study. The average volume of community disclosure has also shown a significant upward trend throughout the study period with a noticeable increase in the year 2010 compared to the previous two years (2008 and 2009). To further test this observation, I carried out T-test to test whether the differences in the average breadth, depth, and volume of community disclosure pre and post the Arab Spring are statistically significant. The result of T-test is presented in Table C in the Appendices and it suggests that the differences in the average breadth, depth, and volume of community disclosure pre and post the Arab Spring are significantly different from zero.

Interestingly, the year 2010 is the year that marked the beginning of the Arab Spring in Tunisia and its diffusion to the other countries within the MENA region. Since the 2010 annual reports of the vast majority of the companies under consideration are published in the following year, this gives companies an ample time to recognise the threats of the Arab Spring and to react to these threats through their communication strategies in the annual reports. It seems clear from the data that, following the Arab Spring, the Jordanian companies were increasingly seeking to highlight their activities towards the local community by providing more community disclosure.

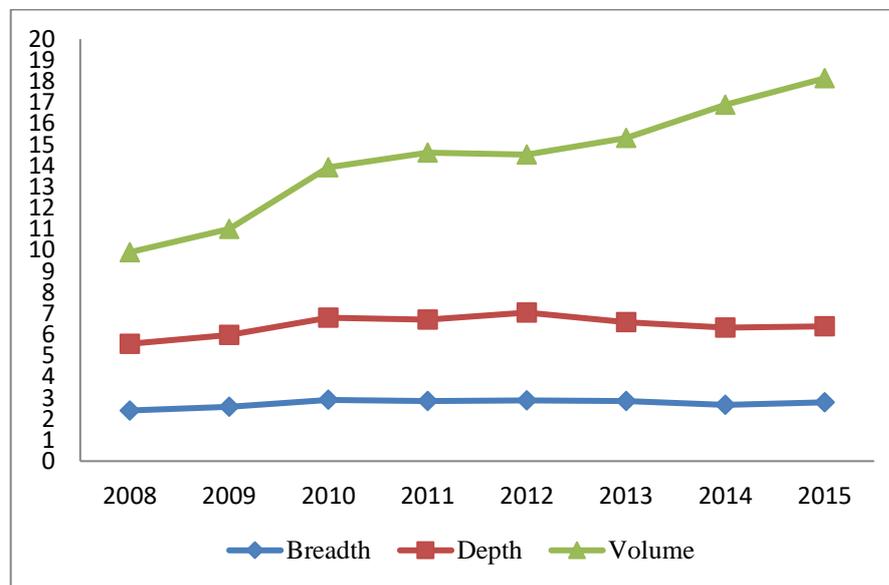


Figure 7.1 The Average Breadth, Depth, and Volume of Community Disclosure per Reporting Company (2008-2015).

This type of corporate response is consistent with the corporate legitimization behaviour in which companies – through their CSR disclosure strategies – attempt to maintain their legitimacy within a rapidly changing society and social expectations (Lindblom, 1994; Adams and Harte, 1998; Deegan, 2002; Darendeli and Hill, 2016). Accordingly, it can be said that a legitimacy gap was looming on the horizon, or at least perceived to be so by the Jordanian companies regarding their contributions to the local community since the beginning of the Arab-Spring in 2010. In their response, the Jordanian companies have increased the volume of their community disclosure in

2010 and over the following years.³⁰ Yet this increase is usually involved in providing more general statements with limited qualitative and quantitative information. This is evidenced by the low increase in the breadth and depth of community disclosure throughout the period. Those results are consistent with the finding of a significant body of prior research, which investigated the changes in corporate CSR disclosure at times of negative or controversial events. Indeed, a substantial body of prior research has reported that companies increased the volume of their CSR disclosure in response to legitimacy-threatening events and increasing social and political pressure (see, for example, Patten, 1991, 1992; Deegan *et al.*, 2000; Cho, 2009; Summerhays and De Villiers, 2012; Blanc *et al.*, 2017). The following section provides an in-detail overview of the content of community disclosure as depicted by the Jordanian companies and the changes of disclosure practices throughout the study period.

7.3. Community Disclosure Practices in Jordan

This section provides a detailed overview of the recent community disclosure practices of the Jordanian companies in the light of the disclosure index. In doing so, there will be an in-depth overview of the content of disclosure together with many examples that best illustrate how disclosure is being made by the Jordanian companies on each disclosure item identified in the disclosure index. Table 7.2 illustrates the frequencies and the percentage of disclosure on each item under community disclosure for the period 2008 – 2015. The most disclosed items are the ones related to charitable donations and donations for other causes; such as donations to education, research, sports, arts, health, and religious institutions. Indeed, nearly 70% of the companies have reported information related to charitable donations and donations for other causes. In this regard, disclosure related to corporate donations is the most specific and quantitative among other areas

³⁰ This statement is based on the average data reported in table 7.1 above. Further investigation to follow in section 7.4 of this chapter.

of disclosure under community disclosure. This type of disclosure is usually provided in the form of tables showing detailed qualitative and quantitative information about the amounts of their donations and the recipients of these donations.

Table 7.2 Frequencies of Items Disclosure under Local Community Category (2008-2015)

Disclosure items	Disclosure instances							
	2008	2009	2010	2011	2012	2013	2014	2015
Local community engagement programmes including broad-based local community consultation committees and processes that include vulnerable groups, and stakeholder engagement plans based on stakeholder mapping.	5 10%	5 10%	5 10%	5 10%	6 12%	6 12%	5 10%	6 12%
Local community impact assessments programmes including social impact assessments, environmental impact assessments and ongoing monitoring, and the results of environmental and social impact assessments.	19 38%	18 36%	22 44%	23 46%	21 42%	20 40%	19 38%	23 46%
Local community development programmes or plans based on local community needs (excluding donations).	23 46%	26 52%	32 64%	30 60%	27 54%	29 58%	30 60%	29 58%
Charitable donations.	31 62%	36 72%	35 70%	31 62%	36 72%	35 70%	33 66%	34 68%
Donations to education, research, sports, arts, health, and religious institutions and worship houses (e.g. mosques and churches)	31 62%	31 62%	36 72%	34 68%	35 70%	36 72%	34 68%	32 64%
Employees' involvement with social issues and if the company's support is apparent.	6 12%	8 16%	8 16%	9 18%	8 16%	8 16%	5 10%	6 12%
Formal local community grievances process	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%
Operations with significant actual and potential negative impact on local communities.	5 10%	5 10%	10 20%	10 20%	8 16%	8 16%	7 14%	9 18%

N=50

The main factor behind the substantial emphasis on disclosure related to corporate donations by Jordanian companies is that some aspects of this disclosure are mandated by the Jordanian Securities Law (2002). Indeed, all publicly listed companies in Jordan are required to provide information regarding any “*donations and grants given during the fiscal year*” (Haddad *et al.*, 2017: p.159, my emphasis). Yet, although the Jordanian Securities Law (2002) mandates the disclosure of donations, it does not require companies to make any donations in the first place.

Moreover, these requirements are very general and do not provide any specifications regarding the content and the form of such disclosure. Hence, companies are required to provide. Hence, companies are required to provide information on these issues if they voluntarily made any during the year, and, therefore, they have a high degree of control over the form and content of such disclosure.

The second factor behind the great emphasis by Jordanian companies on disclosure related to corporate donations can be linked to how CSR is understood and practised in the Middle Eastern countries. Indeed, a substantial body of prior literature has suggested that social, economic, and political factors have shaped CSR in a way that it has been understood and practised in the form of donations. According to Visser (2008), for instance, charitable donations have been given priority over other forms of CSR in the emerging countries due to the pressing economic needs of these countries; such as low-income, high poverty, unemployment, and a shortage of foreign direct investment. In fact, according to the World Bank report (2013), about 14.4% of the Jordanian population lived in poverty during 2010 (unofficial estimates show poverty level to be over 33%).³¹ The unemployment level was very high in Jordan as it was ranging between 12.9%-13.2% during the years 2009-2015 mainly among young people. The unofficial estimates show unemployment levels to be as high as 22%.³² These pressing economic needs require instant solutions which, in turn, transforms into the pressing need to corporate charitable donations (Visser, 2008).

Islamic traditions have also played an active role in shaping CSR in the Middle East. Indeed, the traditional Islamic philanthropy, according to Jamali (2014), has been transformed into more

³¹ The Jordan Times, "Third of Jordan's population lives below poverty line at some point over the period of the one year –study". Jul, 02, 2014. Available at <http://www.jordantimes.com/news/local/third-jordan%E2%80%99s-population-lives-below-poverty-line-some-point-one-year-%E2%80%94-study> (accessed March 14, 2018). [accessed 21 May 2019].

³² World Bank data. Available at <http://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=JO> [accessed 21 May 2019].

BBC News, "Jordan's King under Pressure as Reforms Stall". May 9, 2012. Available at <http://www.bbc.co.uk/news/world-middle-east-17993500> (accessed March 14, 2018) [accessed 21 May 2018].

institutionalized forms of corporate donations. Hence, CSR in the Middle Eastern countries is usually understood and practices in the form of corporate donations (Vinke and El-Khatib, 2012; Jamali, 2014). These aspects have been made clear in the following typical disclosure concerning corporate donations:

The HBTF continued with performing its social mission in a distinguished role through donations and the provision of financial and in-kind support to numerous societies, charity and voluntary commissions in the Kingdom (Housing Bank for Trade and Finance, Annual Report, 2012: p. 142).

This quote demonstrates that the Housing Bank for Trade and Finance has narrowed its social mission to the provision of corporate donations only. The Housing Bank for Trade and Finance, however, has failed to provide any further disclosure regarding any other areas of community disclosure. This demonstrates the current understanding and practices of CSR within the Middle East and confirms what has been suggested by previous literature in this regard (Jamali, 2014; Visser, 2008; Jamali and Sidani, 2012; Vinke and El-Khatib, 2012; Al-Abdin *et al.*, 2018). It is no surprise then – given all these factors – that community disclosure practices of the Jordanian companies are dominated by disclosure on corporate donations.

Even though community disclosure practices of the Jordanian companies are dominated by disclosure of corporate donations; there is some evidence to suggest that CSR in Jordan have moved beyond the simple altruistic philanthropy to embrace more developed and effective forms of CSR initiatives. Indeed, other areas of community disclosure have received some attention from the companies under consideration, although less than corporate donations. The second most practised area of community disclosure is one related to local community development programmes or plans based on local community needs (excluding donations). Interestingly, more than 50% of the companies under examination have reported some sort of information related to their local community development programmes throughout the study period (Table 7.2). The

information disclosed under this item is related to corporations' efforts to prepare the youths and graduates from the local community to join the labour market by providing them with free training courses. This shows clearly that corporates attempt to show their efforts to deal with youth unemployment, which is a highly pressing issue within the Jordanian society. Yet, the disclosure related to local community development programmes is dominantly qualitative and non-specific in nature. An example of this is presented by Zara Investment Holding Company where they claim that:

[i]n partnership with the public sector, we started to develop educational plans in partnership with the Ministry of Labour to develop a centre of excellence for vocational tourism training in the Jordan Valley (Ghor) aimed at providing training courses for students in the Ghor area. This initiative seeks to build up their hospitality skills in order to enhance the local employment potential within the thriving hospitality sector at the shores of the Dead Sea as well as other regions in Jordan (Zara Investment Holding Company, Annual Report, 2010: p.13).

Another example of such disclosure provided by the Jordanian Electric Power Company LTD:

In its pursuit to serve the local community, and in cooperation with the Jordanian Engineers Association has introduced many training programmes for newly graduated engineers to get experience in the company engineering work and as a result, to be able to enter the job market (Jordanian Electric Power Company LTD, Annual Report, 2014: p.25).

Both of these quotes clearly illustrate how corporations attempt to show their commitments to tackle youth's unemployment within the local community. This is consistent with the companies' attempts to show that their social activities are aligned – or appear to be aligned – with the needs and expectations of the local community. However, their disclosure on these issues is largely promotional and non-specific in terms of their actual performance where they only provide limited general disclosure regarding their efforts to train and prepare youths and fresh graduates to join the labour market. Those trends adhere to the legitimization behaviour put forward by Dowling and Pfeffer (1975) and Lindblom (1994). According to this behaviour, companies engage in various CSR communication strategies to demonstrate that their social activities are congruent with the needs and the expectations of the local community.

The third most practised disclosure under local community issues is one related to local community impact assessment programmes and ongoing monitoring. On average, more than 40% of the companies have reported some information related to this issue over the whole study period. Again, this is another indication that CSR initiatives in Jordan may have transcended the simple charitable façade to embrace more developed and sustainable forms of CSR initiatives. Typically, this type of disclosure is dominated by information about the measures taken and the procedures implemented to monitor the corporate environmental impact on the local community. However, their disclosure is mostly promotional and dominated by good news. Only 10% of the companies under consideration have reported disclosure regarding operations that have a negative impact on the local community in the first two years of the current study (i.e. 2008 and 2009), but this percentage has doubled in the following years. This increase can be attributed to the Arab Spring, nevertheless, the overall number of companies providing disclosure regarding operations with a negative impact on local communities is still very low.

The moderate emphasis by the companies under examination on this type of disclosure is not surprising given that the Jordanian government has embraced many efforts to protect the environment; including the establishment of the Temporary Environmental Protection Law and the creation of the Ministry of Environment in 2003 (Al-Sharari, 2014). This law provides no requirements to mandate disclosure on the corporate impact on the environment, nevertheless, this type of disclosure can be seen as a demonstration of their effort to protect the environment as an attempt to avoid any intervention from the government. This also explains why only a small number of companies report disclosure regarding the operations with significant actual and potential negative impact on the local community. This type of corporate behaviour is consistent with the third legitimation strategy put forward by Lindblom (1994). According to this strategy, companies tend to deflect the attention of their relevant publics from the actual corporate

performance to “other related issues” (Lindblom, 1994: p.3). Hence, companies use this kind of disclosure to deflect the attention from their actual negative environmental performance by emphasising their effort to protect the environment.

However, disclosure related to the corporate impact on the environment and the local community is dominantly qualitative and non-specific in nature. The following quote is a typical example of such disclosure by the reporting companies under examination:

The Company monitors environmental processes periodically and continuously to study the environmental impact in the factory and neighbouring areas on regular bases. This is done through periodic environmental tests conducted by accredited officials (National Chlorine Industries Company Ltd, Annual Report, 2011: p.22).

This quote clearly illustrates the National Chlorine Industries Company's attempt to show their efforts in monitoring their environmental impact on the local community. However, the company has failed to provide any details of the actual negative environmental impact of its operations or any actual measures taken to manage or reduce this impact. In addition, this type of disclosure was absent from the annual reports of the National Chlorine Industries Company Ltd prior to the date of this report in 2011. Interestingly, in this very same year, the company has been targeted by community protests as locals protested against the negative environmental impact of this Company. Protesters have caused material damage to the company's properties through violent confrontations and deliberate sabotage, and these incidents have attracted attention from many newspapers. Accordingly, this response can be an indication of the power of the local community, through collective actions, in altering the corporate social disclosure strategies. This behaviour complies with the finding of prior research, which investigated the changes in corporate CSR disclosure in response to social movement attacks (see, for example, McDonnell and King, 2013; Hiatt *et al.*, 2015).

While the above-mentioned areas of community disclosure have received attention from the companies under examination, the following three areas have received hardly any or no attention. Indeed, only about 10 - 12% of the companies have reported any disclosure regarding their engagement programs with the local community like broad-based local community consultation committees, processes that include vulnerable groups, and stakeholder engagement plans based on stakeholder mapping. Typically, this type of disclosure is dominated by information about appointing members from the local community on the board of directors to represent the local community. The following quote demonstrates such type of disclosure by the reporting companies under examination:

The company has appointed two representatives from the local community in the company's board in order to contribute to meet the needs of the local community (Alisra for Education and Investment Company PLC, Annual Report, 2012: p.18).

In this report, Alisra for Education and Investment Company PLC fails to provide any further details regarding how those representatives were chosen and what is the nature of their role within the board. It also fails to provide their names in the section where they report the names of the members of the board of directors. The company, therefore, offers a very general disclosure regarding their engagement programmes with the local community with no specific qualitative or quantitative information.

Similar to the previous areas of community disclosure, very few companies have reported any disclosure related to the employees' involvement with social issues or any corporate support to their employees in this regard. Only about 12 - 18% of the companies have reported any information regarding their support to the employees' involvement with social issues. Interestingly, disclosure related to the employees' involvement with social issues is dominated by information on the employees' efforts to collect donations to the local community. This is not surprising given the factors discussed above regarding corporate donations and the great emphasis

placed on them by the companies under examination. An example of this can be seen in the 2013 annual report presented by the Jordanian Telecom Group where the company states that:

A team of our employees have organised an internal donation campaign targeting several civil society organisations. They set up donation boxes across our buildings where fellow team members have been invited to donate clothes, toys and any other items to improve the lives of the less fortunate (Jordanian Telecom Group, Annual Report, 2013: p.30).

Again, the report only discloses generic qualitative information about the employees' involvement with social issues. Moreover, no disclosure has been reported by any of the companies under examination regarding any formal local community grievances process. This reinforces the fact that such disclosure is largely promotional and does not serve as an accountability medium towards the local community, but it is mainly about enhancing corporate legitimacy.

To this end, it can be stated that disclosure of corporate donations dominates community disclosure in Jordan, and that goes in accordance with what has been perceived by previous literature in the Middle East context (Jamali and Mirshak, 2007; Jamali and Sidani, 2012; Vinke and El-Khatib, 2012; Jamali, 2014; Jamali and Karam, 2018). Yet, unlike what these studies have suggested, there is some evidence to suggest that community disclosure has moved beyond the simple altruistic philanthropy to embrace more developed and effective forms of community disclosure initiatives. Promising as this development seems, however, their disclosure on these initiatives does not involve transparency or accountability towards the local community. This type of disclosure, indeed, is largely self-serving and aims at enhancing corporate legitimacy. This finding is consistent with a significant body of prior literature, which reported that corporate social disclosure is being used to maintain or enhance corporate legitimacy (Patten, 1992; Deegan *et al.*, 2000; Ogden and Clarke, 2005; Cho, 2009; Aerts and Cormier, 2009; Islam and Deegan, 2008; Islam and Deegan, 2010; Mahadeo *et al.*, 2011a; McDonnell and King, 2013). This conclusion will be

tested further in the next section, which provides an examination of the relationship between community disclosure with social movement factors and corporate characteristics.

7.4. The Relationship between Community Disclosure and Social Movement Factors

This section aims at examining the association between social movement variables – the Arab-Spring and local communities' protests – and the extent of community disclosure of the Jordanian shareholding companies, controlling for individual corporate characteristics. In so doing, this section commences with providing the descriptive statistics of the independent and the control variables. Correlation analysis is then performed to check and detect any autocorrelations between the variables. Many regression analyses are then carried to examine the validity of the research hypotheses by examining the relationships in questions in the current study. Three models are tested in which the volume, breadth, and depth of community disclosure are the dependent variables. The results of the regression analysis are then discussed in the light of the theoretical framework adopted in the current study.

7.4.1. Descriptive Statistics

This section provides descriptive statistics for all of the social movement variables and corporate characteristics that have been employed in examining the relationships between the extent of community disclosure and social movement factors. The results of these descriptive statistics are presented in the following tables.

Table 7.3 shows the descriptive statistics for the independent variables. Panel A shows the continuous independent variables and Panel B shows the dichotomous independent variables. An examination of the local community's protests shows that the number of news articles about these protests varies between 0 and 10 articles with the total of 203 news articles covering local community's protests throughout the period. Given the sample size, which constitutes of 50

companies and the fact that there are no local community's protests prior to the beginning of the Arab Spring; the number of news articles about local community protests indicates an increasing pressure on the Jordanian companies towards their social performance by the local communities in which they operate.

Table 7.3 Descriptive Statistics of the Independent Variables (2008-2015)

Panel A: Continues Variables				
Variable	Mean	Standard Deviation	Min.	Max.
Media attention towards local community protests	0.5075	1.68	0	10
Panel B: Binary Variables:				
Variable	Percentage			
Arab Spring	75%			

N=400

Table 7.4 shows the descriptive statistics for the control variables used in explaining the variation in the extent of community disclosure. Panel A shows the continuous control variables and Panel B shows the dichotomous control variables. The table shows that 28% of the companies within the sample operate in the poorest areas where the poverty level is above the general average level in Jordan. These areas with high poverty level are also characterised by the high unemployment level especially among the youth who live in there.

An examination of the amounts of donations shows that the amounts of corporate donations vary between JOD 0 and 10.1 Million with an average of JOD 269.1 Thousand. This indicates that companies within the sample vary significantly in terms of their donations. This means that this variable is not equally distributed and has high variability, and hence, the natural logarithms of the corporate donations will be used in the subsequent analysis. The average number of employees per company per year is 841 employees, with the highest being 4700 employees and the lowest being 3 employees only. Similarly, since this variable is not normally distributed, the natural logarithms of the number of employees will be used in the regression models.

Table 7.4 Descriptive Statistics of the Control Variables (2008-2015)

Panel A: Continues Variables				
Variable	Mean	Standard Deviation	Min.	Max.
Corporate donations	269,104.3	114,427.1	0	10,100,000
The number of employees	841.1425	1053.28	3	4,700
Total assets*	405	1,080	7.4	7,920
ROA	2.36%	7.91%	-54.20%	43.30%
Market rate of return	-1.73%	28.97%	-69.92%	140.95%
Financial leverage	67.9%	147%	0%	795%
Floating shares	38.65%	20.32%	1.30%	100%
Foreign ownership	7.9%	17.3%	0%	69.05%
Panel C: Binary Variables:				
Variable	Percentage			
Management's attitude towards social issues	32%			
Poverty level	28%			
Government ownership	6.5%			
Financial companies	28%			
Service companies	42%			
Industrial companies	30%			
Big 4	45.75%			

N=400 * JOD million

In terms of corporate size, Table 7.4 shows that the average amount of total assets for the surveyed companies is JOD 405 million, with the highest of JOD 7.920 million and the lowest of JOD 7.4 million. Again, since this variable is not normally distributed, the natural logarithm of the total assets will be used in the subsequent analysis. The average percentage of the return on assets is 2.36% indicating that the surveyed companies are not very profitable in general. The highest companies in terms of profitability have achieved 43.30% return on their assets and the lowest profitable companies their losses were as high as 54.20% of their assets. In terms of corporate market performance, the average market rate of return is -1.73% indicating that the majority of companies are not performing well in the stock market in general. Moreover, the market rate of return varies between 140.95% and -69.92% for the best and the worst-performing companies respectively. This indicates that the surveyed companies vary significantly in terms of their profitability and market performance. The highest companies in terms of financial leverage have

their debt almost as high as 8 times of their equities, while the lowest companies have all their assets (100%) being financed by their equities.

In terms of corporate ownership, Table 7.4 shows that the average percentage of floating shares is 38.65%, which indicates that a considerable amount of the outstanding shares of the surveyed companies is concentrated in the hands of large investors. It is also worth mentioning here that almost all of these shares are owned by institutional investors, which implies that individual ownership is not common in Jordan. The lowest percentage of floating is 1.3% indicating that almost all of the company's shares are being held by dominated stakeholders. Only small proportions (about 7.9%) of the outstanding shares, which are being held by large investors, are owned by foreign investors. This indicates that the Jordanian business environment is not very attractive for foreign investors, and this is evident by the low proportion of foreign investments in the capital of the companies under consideration.

Regarding the management's attitude towards social issues, Table 7.4 shows that only about 32% of the companies reported a statement that explicitly expresses their commitments to social issues in the chairman statement section of the annual reports. Those who explicitly expressed their commitments to social issues are usually the managers of the largest companies in terms of total assets. In terms of industrial classification, the surveyed companies vary in their industrial classification, with the service companies making about 42% of the sample followed by the industrial companies 30% and the financial companies 28%. Finally, the surveyed companies also vary in terms of audit firm size, about 45.75% of the annual reports analysed in this study were being audited by one of the biggest four audit firms. The high variation observed above in the corporate attributes is the result of examining a wide range of companies that vary in many aspects; such as their exposure to employees' strikes and media attention, firm sizes, performance, ownership structure, industry classification, and audit firm size.

7.4.2. Correlation Analysis

Correlation analysis is carried out to check the construct validity of the disclosure measures and to check for the presence of multicollinearity between any of the variables used in the regression models. Table 7.5 shows the results of the correlation matrix for the dependant, independent, and control variables. It can be noticed from the table that there is a significantly high correlation between the measures of the extent of community disclosure. The highest correlation coefficients can be observed between the depth of community disclosure and both the breadth and the volume of community disclosure with the coefficients of 0.890 and 0.620 respectively. There is also a significantly high correlation with the coefficient of 0.580 between the volume and the breadth of community disclosure. These coefficients confirm what has been suggested by previous studies that reported high correlation coefficients between different measures of CSR disclosure (see for example Hackston and Milne, 1996; Hasseldine *et al.*, 2005; Hooks and van Staden, 2011).

The result of the correlation analysis also shows that there is a significant correlation between the volume, breadth, and depth of community disclosure with most social movement variables and corporate characteristics. Indeed, Table 7.5 shows a significant correlation between the volume, breadth, and depth of community disclosure with the media attention toward local community protests and the poverty level of the local community in which the companies operate. In addition, the table also shows a significant correlation between the volume, breadth, and depth of community disclosure and the amounts of corporate donations, the management's attitude towards social issues, firm size, and the government ownership. The highest correlation between community disclosure and corporate characteristics can be observed between the amounts of corporate donations and the depth and breadth of community disclosure with the coefficients of 0.790 and 0.670 respectively.

Table 7.5 Pearson Correlations of Community Disclosure to Social Movement Variables and Corporate Characteristics

	V_COM	B_COM	D_COM	AR_S	C_PRO	POVR	M_A	L_DON	L_EM	L_TA	ROA	L_MR	OWN	FOR	GOV	FL	BIG4	IND
V_COM	1																	
B_COM	.58*	1																
D_COM	.62*	.89*	1															
AR_S	.14*	.07	.07	1														
C_PRO	.41*	.28*	.35*	.15*	1													
POVR	.44*	.40*	.50*	-.00	.19*	1												
M_A	.52*	.39*	.42*	0.11*	.19*	.34*	1											
L_DON	.49*	.67*	.79*	.00	.22*	.46*	.30*	1										
L_EM	.50*	.53*	.57*	.00	.28*	.48*	.36*	.50*	1									
L_TA	.51*	.38*	.54*	.02	.26*	.54*	.47*	.58*	.56*	1								
ROA	.19*	.13*	.14*	-.15*	.06	.24*	-.02	.13*	.19*	.13*	1							
L_MR	-.00	-.03	-.06	.11*	.00	.01	-.06	-.09	.04	-.03	.14*	1						
OWN	-.04	.03	-.00	-.08	-.02	-.23*	-.09	-.05	-.06	-.20*	-.10*	-.07	1					
FOR	.25*	.35*	.34*	.01	.10*	.45*	.44*	.33*	.32*	.60*	.11*	-.04	-.30*	1				
GOV	.44*	.30*	.33*	-.03	.22*	.24*	.27*	.32*	.37*	.35*	.24*	-.03	-.21*	.31*	1			
FL	.10	.01	.05	.04	.03	-.01	-.00	.06	.08	.08	-.10*	.20*	.04	-.02	-.00	1		
BIG4	.23*	.19*	.30*	.00	.14*	.37*	.29*	.38*	.36*	.53*	.02	-.04	-.20*	.39*	.24*	.09	1	
IND	.04	.22*	.13*	-.00	.11*	.10*	-.16*	.01	.21*	-.24*	.02	.02	-.15*	-.02	.20*	.07	-.07	1

V_COM volume of community disclosure, B_COM breadth of community disclosure, D_COM depth of community disclosure, AR_S Arab Spring, C_PRO media attention to community protests, POVR poverty level of the local community, MA management's attitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND industrial classification.

* Significance at a confidence level of * ($P \leq 5\%$).

The coefficients reported above are in line with the theoretical foundations of the current study regarding the association between the volume, breadth, and depth of community disclosure and the explanatory and the control variables. The second objective of the correlation analysis is to check for the presence of multicollinearity between any of the independent and control variables. Multicollinearity is an indication of the existence of a linear relationship between two or more explanatory variables, which may inflate the size of the error terms and weaken the analysis (Tabachnick *et al.*, 2007). In addition, the presence of multicollinearity may bias the regression estimators and make it difficult to differentiate the individual effects of the explanatory variables (Craney and Surles, 2002; O'Brien, 2007). Table 7.5 shows that there is no correlation coefficient higher than 0.60 between any of the independent and control variables, indicating that multicollinearity is unlikely to be a concern of the current study (Tabachnick *et al.*, 2007). The presence of the multicollinearity will be further examined using the VIF test in the following section.

7.4.3. Regression Analysis

This section provides an examination of the relationship between the volume, breadth, and depth of community disclosure with social movement variables over the period from 2008 to 2015. Data on all variables have been computed for the eight years (2008-2015), and several regression analyses were performed to test the relationships between the volume, breadth, and depth of community disclosure with the independent variables. The results of the main regression analysis are presented in Tables 7.6 - 7.8.

Table 7.6 shows the results of the pooled OLS regression of social movement variables on the extent of community disclosure, where the volume of community disclosure is the dependent variable. The adjusted R^2 for the final model (Model 4) is 60.5%, which indicates that the final

model can explain 60.5% of the variation in the volume of community disclosure. In terms of social movement variables, the regression results show a significant positive association between the volume of community disclosure and the year dummies for the Arab Spring (AR_S) at the level of ($p \leq 0.01$). This indicates that companies under focus have significantly increased the volume of their community disclosure following the Arab Spring. Moreover, the results also show that the coefficient for the media attention towards community protests (C_PRO) is positive and statistically significant at the level of ($p \leq 0.05$). This indicates that the volume of community disclosure increases significantly by the amount of media attention towards community protests.

Regarding corporate characteristics and across all models, the regression results show a significant positive association between the volume of community disclosure and all of the poverty levels in the local community (POVR), the management's attitude towards social issues (M_A), the amounts of corporate donations (L_DON), firm size (L_TA), and the state share ownership (GOV). The results also show a significant negative association between the volume of community disclosure and foreign ownership (FOR).

Table 7.7 shows the results of the pooled OLS regression of social movement variables on the extent of community disclosure, where the breadth of community disclosure is the dependent variable. The adjusted R^2 for the final model (Model 4) is 66.5%, which indicates that the final model can explain 66.5% of the variation in the breadth of community disclosure. In terms of social movement variables, the regression results show a significant positive association between the breadth of community disclosure and the year dummies for the Arab Spring (AR_S) at the level of ($p \leq 0.10$). This indicates that companies under focus have significantly increased the breadth of their community disclosure following the Arab Spring. Surprisingly, the regression results show that there is no significant association between the breadth of community disclosure and the media attention towards community protests (C_PRO).

Table 7.6 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Volume of Community Disclosure (2008-2015)

Variable	Model 1	Model 2	Model 3	Model 4
AR_S	-	6.356***	-	5.876***
C_PRO	-	-	1.452**	1.452**
POVR	4.878**	4.878**	4.638*	4.638*
M_A	11.47***	11.47***	10.97***	10.97***
L_DON	1.393***	1.393***	1.347***	1.347***
L_EM	-0.728	-0.728	-0.722	-0.722
L_TA	6.880***	6.880***	5.916***	5.916***
ROA	13.23	13.23	13.13	13.13
L_MR	1.259	1.259	1.224	1.224
OWN	5.720	5.720	4.981	4.981
FOR	-18.21**	-18.21**	-16.22**	-16.22**
GOV	13.66**	13.66**	12.58**	12.58**
FL	-0.1000	-0.1000	-0.0912	-0.0912
BIG4	-3.381	-3.381	-3.328	-3.328
IND_EF	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes
Constant	-56.26***	-56.26***	-47.37***	-47.37***
VIF	1.88	1.92	1.86	1.90
Adj. R ²	58.4%	58.4%	60.5%	60.5%

AR_S Arab Spring, C_PRO media attention to community protests, POVR poverty level of the local community, MA management's attitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

Table 7.7 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Breadth of Community Disclosure (2008-2015)

Variable	Model 1	Model 2	Model 3	Model 4
AR_S	-	0.0191*	-	0.0168*
C_PRO	-	-	0.00711	0.00711
POVR	0.0334	0.0334	0.0322	0.0322
M_A	0.105***	0.105***	0.102***	0.102***
L_DON	0.0627***	0.0627***	0.0624***	0.0624***
L_EM	0.0194	0.0194	0.0194	0.0194
L_TA	0.0336	0.0336	0.0384	0.0384
ROA	-0.0255	-0.0255	-0.0260	-0.0260
L_MR	0.0310	0.0310	0.0308	0.0308
OWN	0.161**	0.161**	0.157**	0.157**
FOR	0.239**	0.239**	0.248**	0.248**
GOV	0.0104	0.0104	0.00512	0.00512
FL	-0.00193	-0.00193	-0.00189	-0.00189
BIG4	-0.0575***	-0.0575***	-0.0573***	-0.0573***
IND_EF	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes
Constant	0.128	0.128	0.172	0.172
VIF	1.88	1.92	1.86	1.90
Adj. R ²	66.2%	66.2%	66.5%	66.5%

AR_S Arab Spring, C_PRO media attention to community protests, POVR poverty level of the local community, MA management's attitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

Regarding corporate characteristics and across all models, the regression results show a significant positive association between the breadth of community disclosure and all of the management's attitude towards social issues (M_A), the amounts of corporate donations (L_DON), the percentage of floating shares (OWN), poverty level in the local community (POVR), and the foreign ownership (FOR). The results also show a significant negative association between the breadth of community disclosure and the audit firm size (BIG4).

Table 7.08 shows the results of the pooled OLS regression models of social movement variables on the extent of community disclosure, where the depth of community disclosure is the dependent variable. The adjusted R^2 for the final model (Model 4) is 77.7%, which indicates that the final model can explain 77.7% of the variation in the depth of community disclosure. In terms of social movement variables, the regression results show a significant positive association between the depth of community disclosure and the media attention towards community protests (C_PRO) at the level of ($p \leq 0.05$). This indicates that the depth of community disclosure increases significantly by the amount of media attention towards community protests. Surprisingly, the regression results show no significant association between the depth of community disclosure and the year dummies for the Arab Spring (AR_S) at the. This indicates that companies under focus did not significantly increase the depth of their community disclosure following the Arab Spring, but only after being targeted by community protests.

Regarding corporate characteristics and across all models, the regression results show a significant positive association between the depth of community disclosure and all of the management's attitude towards social issues (M_A), the amounts of corporate donations (L_DON), firm size (L_TA), and the percentage of floating shares (OWN). The results also show a significant negative association between the depth of community disclosure and the audit firm size (BIG4).

Table 7.8 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Depth of Community Disclosure (2008-2015)

Variable	Model 1	Model 2	Model 3	Model 4
AR_S	-	0.00576	-	0.00340
C_PRO	-	-	0.00713**	0.00713**
POVR	0.0532	0.0532	0.0521	0.0521
M_A	0.0595***	0.0595***	0.0571***	0.0571***
L_DON	0.0448***	0.0448***	0.0446***	0.0446***
L_EM	-0.0115	-0.0115	-0.0115	-0.0115
L_TA	0.0307***	0.0307***	0.0259***	0.0259***
ROA	-0.0458	-0.0458	-0.0463	-0.0463
L_MR	0.00785	0.00785	0.00768	0.00768
OWN	0.0855**	0.0855**	0.0819**	0.0819**
FOR	-0.00514	-0.00514	0.00460	0.00460
GOV	0.0102	0.0102	0.00488	0.00488
FL	-0.000401	-0.000401	-0.000358	-0.000358
BIG4	-0.0247**	-0.0247**	-0.0245**	-0.0245**
IND_EF	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes
Constant	-0.294*	-0.294*	-0.250*	-0.250*
VIF	1.88	1.92	1.86	1.90
Adj. R ²	77.2%	77.2%	77.7%	77.7%

AR_S Arab Spring, C_PRO media attention to community protests, POVR poverty level of the local community, MA management's attitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

7.4.4. Additional Analysis

Additional tests were carried out in the study to further explore the relationship between the extent of community disclosure and both social movement variables and corporate characteristics. Firstly, assuming that all local community protests have the same impact on all companies is an arbitrary assumption. Indeed, it has been suggested that corporate response to social movement might be affected by many factors including, for instance, political opportunities (Soule and Olzak, 2004; King, 2008a). In this context, the political opportunities imply that social movement tactics – protests in this case – are more influential in some contexts than in others (Soule and Olzak, 2004; King, 2008b). In the context of the current study, it can be expected that the impact of the Arab Spring and the local communities' protests is higher for companies operating in areas with high poverty and unemployment levels. The reason behind that is that local communities' protests in these areas would be more persistent and more populated. To check if this is the case, I added two interaction variables (i.e. $AR_S \times POVR$ and $C_PRO \times POVR$) to the main models.

Table 7.9 shows the results of the pooled OLS regression analyses with the interaction terms of social movement variables on the extent of community disclosure. The overall results are very similar to those observed in the main three models. Interestingly, none of the interaction variables was significant at any level except for the interaction between the Arab Spring (AR_S) and the poverty level in the local community ($POVR$). Indeed, the coefficient for the interaction effect between the Arab Spring (AR_S) and poverty level in the local community ($POVR$) is positive and statistically significant at the level of ($p \leq 0.05$) in Model 1a, but not in the other two models. This indicates that the increase in the volume of community disclosure following the Arab Spring is significantly higher for companies operating in high poverty areas. This can be explained by the fact that those companies are under a higher threat of being targeted by community protests

Table 7.9 Pooled OLS Regression with Cluster Standard Errors and Interaction Terms of Social Movement Variables on the Extent of Community Disclosure (2008-2015)

Variable	V_COM		B_COM		D_COM	
	Model 1a	Model 2b	Model 1c	Model 2d	Model 1e	Model 2f
AR_S	4.592**	5.980**	0.0166	0.0159	0.00313	0.00293
C_PRO	1.368**	0.895**	0.00710	0.0115	0.00711**	0.0096***
AR_S × POVR	5.156**	-	0.000657	-	0.00107	-
C_PRO × POVR	-	0.931	-	-0.00737	-	-0.00420
POVR	0.826	4.003*	0.0318	0.0373	0.0513**	0.0549***
M_A	10.76***	10.81***	0.102***	0.104***	0.0570***	0.0578***
L_DON	1.329***	1.334***	0.0624***	0.0625***	0.0445***	0.0446***
L_EM	-0.671	-0.587	0.0194	0.0183	-0.0115	-0.0121
L_TA	5.916***	6.146***	0.0384	0.0402	0.0259***	0.0249**
ROA	14.36*	13.45*	-0.0258	-0.0285	-0.0461	-0.0478
L_MR	1.049	1.414	0.0308	0.0293	0.00765	0.00683
OWN	4.828*	5.770**	0.157***	0.151***	0.0818***	0.0783***
FOR	-16.05***	-16.22***	0.248***	0.248***	0.00464	0.00457
GOV	12.93***	12.30***	0.00517	0.00732	0.00496	0.00613
FL	-0.0812	-0.0916	-0.00189	-0.00188	-0.000356	-0.000356
BIG4	-3.401	-3.301	-0.057***	-0.057***	-0.0245	-0.0246
IND_EF	Yes	Yes	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-46.31***	-49.64***	0.172	0.190	-0.250***	-0.240***
VIF	2.05	2.17	2.05	2.17	2.05	2.17
Adj. R ²	60.9%	60.7%	66.5%	66.5%	77.7%	77.8%

V_COM volume of community disclosure, B_COM breadth of community disclosure, D_COM depth of community disclosure.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

compared to those operating in low poverty areas. Moreover, companies operating in higher poverty areas are also expected to face higher community explications regarding their contribution to the local community compared to those operating in low poverty areas. However, there are no significant differences in the corporate response to the media attention to community protest (C_PRO), which can be attributed to the poverty level within the local community. This can be attributed to the high influence and power of media in influencing the corporate decision making regardless of the poverty level within the local community.

Secondly, it is also a fallacy to assume that the Arab Spring and local communities' protests have the same impact on all types of community disclosure. Indeed, the Jordanian regulation requires all publicly listed companies to disclose information regarding the number of their donations. Moreover, as suggested by a significant body of prior research, CSR in the Middle Eastern countries is usually understood and practised in the form of corporate donations (Jamali, 2014; Jamali and Karam, 2018). Accordingly, it can be reasonably expected that disclosure on corporate donations might be affected differently by social movement factors than by other types of voluntary community disclosure.

To check if this is the case here, all of the previous models were carried out again on the voluntary community disclosure only, excluding disclosure on corporate donations. The results of the pooled OLS regression analyses of social movement variables on the volume, breadth, and depth of voluntary community disclosure are presented in Tables 7.10 – 7.12 respectively. Again, the results are almost identical to those observed in the three main models regarding the relationship between the volume, breadth, and depth of community disclosure with social movement variables. Only the dummies for the Arab Spring have become not significantly associated with the Breadth of voluntary community disclosure. This indicates that the Arab Spring has a stronger impact on the breadth of disclosure on corporate donations than the disclosure on other community issues.

Table 7.10 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Volume of Voluntary Community Disclosure (2008-2015)

Variable	Model 1	Model 2	Model 3	Model 4
AR_S	-	5.677***	-	5.225***
C_PRO	-	-	1.367**	1.367**
POVR	3.496**	3.496**	3.271**	3.271**
M_A	11.46***	11.46***	10.99***	10.99***
L_DON	0.694***	0.694***	0.651***	0.651***
L_EM	0.0919	0.0919	0.0976	0.0976
L_TA	6.402***	6.402***	5.495***	5.495***
ROA	14.07	14.07	13.97	13.97
L_MR	1.232	1.232	1.199	1.199
OWN	2.938	2.938	2.242	2.242
FOR	-15.02***	-15.02***	-13.15***	-13.15***
GOV	12.55***	12.55***	11.54***	11.54***
FL	-0.0933	-0.0933	-0.0850	-0.0850
BIG4	-3.460	-3.460	-3.410	-3.410
IND_EF	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes
Constant	-52.04***	-52.04***	-43.67***	-43.67***
VIF	1.88	1.92	1.86	1.90
Adj. R ²	53.8%	53.8%	56%	56%

AR_S Arab Spring, C_PRO media attention to community protests, POVR poverty level of the local community, MA management's attitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

Table 7.11 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Breadth of Voluntary Community Disclosure (2008-2015)

Variable	Model 1	Model 2	Model 3	Model 4
AR_S	-	0.0123	-	0.00940
C_PRO	-	-	0.00880	0.00880
POVR	0.0209	0.0209	0.0195	0.0195
M_A	0.145***	0.145***	0.142***	0.142***
L_DON	0.0278***	0.0278***	0.0275***	0.0275***
L_EM	0.00596	0.00596	0.00600	0.00600
L_TA	0.0118	0.0118	0.0176	0.0176
ROA	-0.0291	-0.0291	-0.0297	-0.0297
L_MR	0.0490	0.0490	0.0488	0.0488
OWN	0.116***	0.116***	0.112***	0.112***
FOR	0.270***	0.270***	0.282***	0.282***
GOV	0.0505	0.0505	0.0440	0.0440
FL	0.0000852	0.0000852	0.000139	0.000139
BIG4	-0.0712***	-0.0712***	-0.0709***	-0.0709***
IND_EF	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes
Constant	-0.0230	-0.0230	0.0309	0.0309
VIF	1.88	1.92	1.86	1.90
Adj. R ²	47.7%	47.7%	48.1%	48.1%

AR_S Arab Spring, C_PRO media attention to community protests, POVR poverty level of the local community, MA management's attitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

Table 7.12 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Depth of Voluntary Community Disclosure (2008-2015)

Variable	Model 1	Model 2	Model 3	Model 4
AR_S	-	0.00501	-	0.00289
C_PRO	-	-	0.00642**	0.00642**
POVR	0.0558***	0.0558***	0.0547***	0.0547***
M_A	0.0752***	0.0752***	0.0730***	0.0730***
L_DON	0.0132***	0.0132***	0.0130***	0.0130***
L_EM	-0.00940	-0.00940	-0.00937	-0.00937
L_TA	0.0389***	0.0389***	0.0346***	0.0346***
ROA	0.0221	0.0221	0.0217	0.0217
L_MR	0.0119	0.0119	0.0117	0.0117
OWN	0.0673***	0.0673***	0.0640***	0.0640***
FOR	0.00763	0.00763	0.0164	0.0164
GOV	0.0208	0.0208	0.0161	0.0161
FL	0.000945	0.000945	0.000984	0.000984
BIG4	-0.0367***	-0.0367***	-0.0365***	-0.0365***
IND_EF	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes
Constant	-0.355***	-0.355***	-0.315***	-0.315***
VIF	1.88	1.92	1.86	1.90
Adj. R ²	56.8%	56.8%	57.5%	57.5%

AR_S Arab Spring, C_PRO media attention to community protests, POVR poverty level of the local community, MA management's attitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

Thirdly, given the great importance that has been put on corporate donations by the companies under focus, it is worth testing whether disclosure on corporate donations has been affected by social movement variables. In doing so, all of the previous tests were carried out again on the disclosure related to corporate donations only. The results of the pooled OLS regression analyses of social movement variables on the volume, breadth, and depth of disclosure on corporate donations are presented in Tables 7.13 – 7.15 respectively.

Interestingly, the results show a statistically significant positive association between the Arab Spring dummies and both the volume and the breadth of disclosure on corporate donations, but not with the depth of disclosure on corporate donations. This indicates that the surveyed companies have significantly increased their disclosure on corporate donations following the Arab Spring. This increase, however, usually involve providing more general disclosure without any specific quantitative details, which is evident by the lack of a significant relationship between the Arab Spring dummies and the depth of disclosure on corporate donations. Regarding the community protests, the results show that there is no significant association between the media attention to community protest (C_PRO) and the disclosure on corporate donations. This indicates that the surveyed companies did not respond to the community protests by increasing their disclosure on corporate donations.

Finally, as described earlier in the previous chapters, the effect of the Arab Spring – at least in Jordan – is anticipated to be higher during the first four years (i.e. 2010-2013). Consequently, employees' power and the press freedom are also anticipated to be higher during these four years than in the following two years since the Jordanian government has started to impose many restrictions on the press and public freedom since the last quarter of 2013. Accordingly, it can be anticipated that the surveyed companies the impact of the Arab Spring and community on the extent of community disclosure would be lower in the last two years of this study.

Table 7.13 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Volume of Disclosure on Corporate Donations (2008-2015)

Variable	Model 1	Model 2	Model 3	Model 4
AR_S	-	0.681***	-	0.655***
C_PRO	-	-	0.0781	0.0781
POVR	1.375	1.375	1.362	1.362
M_A	-1.003	-1.003	-1.030	-1.030
L_DON	0.699***	0.699***	0.696***	0.696***
L_EM	-0.818	-0.818	-0.817	-0.817
L_TA	0.468	0.468	0.416	0.416
ROA	-0.877	-0.877	-0.883	-0.883
L_MR	0.0281	0.0281	0.0263	0.0263
OWN	2.804*	2.804*	2.765*	2.765*
FOR	-3.165**	-3.165**	-3.058*	-3.058*
GOV	1.121	1.121	1.063	1.063
FL	-0.00668	-0.00668	-0.00621	-0.00621
BIG4	0.0913	0.0913	0.0942	0.0942
IND_EF	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes
Constant	-4.162	-4.162	-3.684	-3.684
VIF	1.88	1.92	1.86	1.90
Adj. R ²	34.7%	34.7%	34.8%	34.8%

AR_S Arab Spring, C_PRO media attention to community protests, POVR poverty level of the local community, MA management's attitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

Table 7.14 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Breadth of Disclosure on Corporate Donations (2008-2015)

Variable	Model 1	Model 2	Model 3	Model 4
AR_S		0.0395**		0.0388**
C_PRO			0.00204	0.00204
POVR	0.0709*	0.0709*	0.0706*	0.0706*
M_A	-0.0166	-0.0166	-0.0173	-0.0173
L_DON	0.167***	0.167***	0.167***	0.167***
L_EM	0.0596**	0.0596**	0.0596**	0.0596**
L_TA	-0.0991***	-0.0991***	-0.100***	-0.100***
ROA	-0.0146	-0.0146	-0.0148	-0.0148
L_MR	-0.0231	-0.0231	-0.0232	-0.0232
OWN	0.293***	0.293***	0.292***	0.292***
FOR	0.145	0.145	0.148	0.148
GOV	-0.110	-0.110	-0.111	-0.111
FL	-0.00797***	-0.00797***	-0.00796***	-0.00796***
BIG4	-0.0165	-0.0165	-0.0165	-0.0165
IND_EF	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes
Constant	0.583**	0.583**	0.595**	0.595**
VIF	1.88	1.92	1.86	1.90
Adj. R ²	78.5%	78.5%	78.5%	78.5%

AR_S Arab Spring, C_PRO media attention to community protests, POVR poverty level of the local community, MA management's attitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

Table 7.15 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Depth of Disclosure on Corporate Donations (2008-2015)

Variable	Model 1	Model 2	Model 3	Model 4
AR_S	-	0.00799	-	0.00493
C_PRO	-	-	0.00925	0.00925
POVR	0.0456	0.0456	0.0441	0.0441
M_A	0.0124	0.0124	0.00923	0.00923
L_DON	0.140***	0.140***	0.139***	0.139***
L_EM	-0.0179	-0.0179	-0.0178	-0.0178
L_TA	0.00599	0.00599	-0.000151	-0.000151
ROA	-0.250	-0.250	-0.250	-0.250
L_MR	-0.00414	-0.00414	-0.00437	-0.00437
OWN	0.140*	0.140*	0.135*	0.135*
FOR	-0.0434	-0.0434	-0.0308	-0.0308
GOV	-0.0219	-0.0219	-0.0287	-0.0287
FL	-0.00444**	-0.00444**	-0.00438*	-0.00438*
BIG4	0.0111	0.0111	0.0115	0.0115
IND_EF	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes
Constant	-0.112	-0.112	-0.0549	-0.0549
VIF	1.88	1.92	1.86	1.90
Adj. R ²	79.4%	79.4%	79.6%	79.6%

AR_S Arab Spring, C_PRO media attention to community protests, POVR poverty level of the local community, MA management's attitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

To test this proposition, I reduced the data to the six years following the Arab Spring only (2010 onwards) and excluded the first two years before the Arab Spring. Moreover, to test the differences between the two periods, I created a dummy variable POST_AR, which takes the value of one for the later period of the Arab Spring (2014 and 2015) and 0 otherwise. The results of the pooled OLS regression analysis of social movement variables on the volume, breadth, and depth of community disclosure for the years 2010 - 2015 are presented in Tables 6.16 - 6.18. The overall results are very similar to those obtained from the main three models regarding the relationship between social movement variables and the extent of community disclosure.

Interestingly, the coefficient for the new variable (POST_AR) is negative and statistically significant in relation to both the breadth and the depth of community disclosure (Table 7.17 and 7.18). This indicates that the surveyed companies have significantly reduced the breadth and the depth of their community disclosure in the later period of the Arab Spring. Yet, the results also show the coefficient for the new variable (POST_AR) is positive and statistically significant in relation to both the volume of community disclosure (Table 7.16).

This indicates that the surveyed companies have continued to increase the volume of their community disclosure in the later period of the Arab Spring. Taken together, the results indicate that, following the fall back in the public and press freedom in Jordan, the Jordanian companies have continued to provide more general promotional disclosure regarding their contribution to the local community, but have significantly reduced the informational content of this disclosure by reducing the breadth and depth of community disclosure.

Table 7.16 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Volume of Community Disclosure (2010-2015)

Variable	Model 1	Model 2	Model 3	Model 4
POST_AR	-	3.472***	-	3.839***
C_PRO	-	-	1.342*	1.342*
POVR	5.238**	5.238**	4.815*	4.815*
M_A	10.86***	10.86***	10.42***	10.42***
L_DON	1.654***	1.654***	1.594***	1.594***
L_EM	-0.0208	-0.0208	-0.0345	-0.0345
L_TA	7.644***	7.644***	6.624***	6.624***
ROA	20.56***	20.56***	19.97**	19.97**
L_MR	1.343	1.343	1.209	1.209
OWN	4.839	4.839	4.337	4.337
FOR	-20.49***	-20.49***	-18.40**	-18.40**
GOV	13.24	13.24	11.55	11.55
FL	-0.0965	-0.0965	-0.0881	-0.0881
BIG4	-3.607	-3.607	-3.409	-3.409
IND_EF	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes
Constant	-60.85***	-57.38***	-52.30***	-48.46***
VIF	1.84	1.89	1.83	1.88
Adj. R ²	58.3%	58.3%	60.2%	60.2%

POST_AR the dummies for the years 2014 and 2015, C_PRO media attention to community protests, POVR poverty level of the local community, MA management's attitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

Table 7.17 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Breadth of Community Disclosure (2010-2015)

Variable	Model 1	Model 2	Model 3	Model 4
POST_AR	-	-0.0143***	-	-0.0120**
C_PRO	-	-	0.00854**	0.00854**
POVR	0.0246	0.0246	0.0219	0.0219
M_A	0.0947***	0.0947***	0.0920***	0.0920***
L_DON	0.0634***	0.0634***	0.0630***	0.0630***
L_EM	0.0292	0.0292	0.0291	0.0291
L_TA	0.0300	0.0300	0.0365	0.0365
ROA	0.0862	0.0862	0.0824	0.0824
L_MR	0.0295**	0.0295**	0.0286**	0.0286**
OWN	0.165**	0.165**	0.162**	0.162**
FOR	0.231*	0.231*	0.244*	0.244*
GOV	-0.0388	-0.0388	-0.0496	-0.0496
FL	-0.00214*	-0.00214*	-0.00209	-0.00209
BIG4	-0.0446	-0.0446	-0.0433	-0.0433
IND_EF	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes
Constant	0.113	0.0982	0.167	0.155
VIF	1.84	1.89	1.83	1.88
Adj. R ²	67.4%	67.4%	67.8%	67.8%

POST_AR the dummies for the years 2014 and 2015, C_PRO media attention to community protests, POVR poverty level of the local community, MA management's attitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

Table 7.18 Pooled OLS Regression with Cluster Standard Errors of Social Movement Variables on the Depth of Community Disclosure (2010-2015)

Variable	Model 1	Model 2	Model 3	Model 4
POST_AR	-	-0.0136**	-	-0.0114**
C_PRO	-	-	0.00774**	0.00774**
POVR	0.0479	0.0479	0.0455	0.0455
M_A	0.0552**	0.0552**	0.0527**	0.0527**
L_DON	0.0456***	0.0456***	0.0453***	0.0453***
L_EM	-0.00900	-0.00900	-0.00908	-0.00908
L_TA	0.0354*	0.0354*	0.0295	0.0295
ROA	-0.00489	-0.00489	-0.00833	-0.00833
L_MR	0.0105	0.0105	0.00975	0.00975
OWN	0.0878**	0.0878**	0.0849**	0.0849**
FOR	-0.00961	-0.00961	0.00249	0.00249
GOV	-0.0195	-0.0195	-0.0293	-0.0293
FL	-0.000732	-0.000732	-0.000684	-0.000684
BIG4	-0.0150	-0.0150	-0.0139	-0.0139
IND_EF	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes
Constant	-0.322**	-0.335**	-0.272*	-0.284*
VIF	1.84	1.89	1.83	1.88
Adj. R ²	78.1%	78.1%	78.8%	78.8%

POST_AR the dummies for the years 2014 and 2015, C_PRO media attention to community protests, POVR poverty level of the local community, MA management's attitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

7.4.5. Sensitivity Analysis

Sensitivity tests were carried out to test the validity and sensitivity of the main findings of the current study. To check for the of the pooled OLS regression models; the three main models of this study were tested again using GLS regression models with RE and FE specifications and with clustered and robust standards errors. The results of the RE and FE regression are presented in Tables E in the appendices, which are very similar to those obtained from the main regression technique. Moreover, two different dichotomies have been used to account for the impact of the Arab Spring; include using dummies for every single year and dividing the period into three dichotomies (pre-period, post-period strong, and post-period weak). Again, using any of these measures gives the same results obtained from our main regression models. Moreover, a different measure of the media attention towards local community protests has been implemented by using dummies that take the value of 1 if the company has been targeted by local community protest and zero otherwise. Once more, the results were very similar to those obtained from our main regression models. Finally, the study presents two different measures for firm size (i.e. total assets and the number of employees) and, again, similar results were achieved.

To eliminate the possibility that the sample is not random, and following prior studies (see, for example, Baboukardos, 2018), the Heckman's (1979) full maximum likelihood method is employed to correct for potential sample selection bias by jointly estimating the valuation and selection models. The dependant variable in the selection model is a binary variable that takes the value of 1 if the company is selected in the sample and zero otherwise. In the selection model, the binary variable is regressed on a number of firm-specific characteristics (i.e. market capitalisation, financial leverage, the number of employees, market return, and ROA). This model is performed using a sample from all the listed companies in the ASE excluding all companies that have their data missing, which resulted in 1184 firm/year observations. The results of the Heckman test is

presented in Table E in the appendices for both the valuation and the estimation models and for each measure of community disclosure. The results of the sample selection model confirm the results obtained from the three main OLS models. All things considered, the outcomes of the sensitivity analysis show that the results are consistent across different model specifications and different variables measurement, which confirms the reliability and the validity of the main findings reported in this study.

7.4.6. Discussion of the Regression Results

The overall results of the regression analyses support the theoretical foundation underpinning the current study regarding the significant positive association between the extent of community disclosure and social movement variables. In particular, the results show a significant positive association between the volume and the breadth of community disclosure with the dummies for the Arab Spring. This indicates that the companies under focus have significantly increased the volume and the breadth of community disclosure following the Arab Spring. These results are in the line with the findings of prior literature on the impact of social movement on corporate disclosure strategies (McDonnell and King, 2013; Hiatt *et al.*, 2015; Yang and Rhee, 2019; Michelon *et al.*, 2020). McDonnell and King (2013), for instance, reported that companies have significantly increased their prosocial claims during the six months after boycotts announcement in the newspapers. Similarly, Hiatt *et al.*, (2015) have found that US petroleum companies have responded to climate change protests by issuing a public statement via press release that frames their actions in a good light in regard to climate change issues. The results are also consistent with the finding of a significant body of prior research, which reported that companies increased the volume of their CSR disclosure in response to legitimacy threatening events and growing social and political pressure (see, for example, Patten, 1991, 1992; Deegan *et al.*, 2000; Cho, 2009;

Summerhays and De Villiers, 2012; Vourvachis *et al.*, 2016; Dube and Maroun, 2017; Blanc *et al.*, 2017).

Further analysis shows that the surveyed companies have significantly reduced the breadth and the depth of their community disclosure in the later period of the Arab Spring, but not the volume of community disclosure. This indicates that although companies under focus have increased the breadth and depth of their community disclosure during the first four years following the Arab Spring (2010 – 2013), they did not continue to do so in the following years (i.e. 2014 and 2015). This is not surprising given that – as described in the previous chapters – the effect of the Arab Spring in Jordan is anticipated to be weaker during the last two years of the current study (i.e. 2014 and 2015). This is because of the civil war in Syria and the fall of The Muslim Brotherhood regime in Egypt in 2013 have played a major role in hindering the democratic movement in Jordan. Following these events, the Jordanian government has started to regain control and to impose many restrictions on the freedom of expression, opinion, and assembly starting the last quarter of 2013 and the first quarter of 2014.

These events have a clear impact on the extent and nature of community disclosure of the Jordanian companies. Indeed, following the fall back in the public and press freedom in Jordan, the Jordanian companies have continued to provide more general disclosure regarding their contribution to the local community, but have significantly reduced the informational content of this disclosure by reducing the breadth and depth of community disclosure. A similar pattern has been reported by Cho (2009) who found that Total Company has significantly increased the amount of its environmental disclosure in the first year following the Erika environmental crisis. However, the amount of environmental disclosure of Total Company has decreased slightly in the second year following the crisis. These results provide a clear indication that the majority of the reporting

companies under examination do not have a structured approach towards their community disclosure and only respond to a broad set of temporary external pressures.

Moreover, the additional analysis shows that the increase in the volume of community disclosure following the Arab Spring is significantly higher for companies operating in high poverty areas. This can be explained by the fact that those companies are under a higher threat of being targeted by community protests compared to those operating in low poverty areas. Moreover, companies operating in higher poverty areas are also expected to face higher community explications regarding their contribution to the local community compared to those operating in low poverty areas.

The second social movement variable of interest of the current study is the one related to local communities' protests. The results show a significant positive association between the volume and the depth of community disclosure with the amount of media attention towards local communities' protests. This indicates that the surveyed companies have significantly increased the volume, and depth of community disclosure as a result of being targeted by local communities' protests. Again, these results are in line with the findings of prior studies, which reported that companies have increased their social and environmental disclosure after being targeted by stakeholder activism such as consumers (McDonnell and King, 2013; Yang and Rhee, 2019); environmental activists (Hiatt *et al.*, 2015); and shareholders (Michelon *et al.*, 2020). The results are also consistent with the findings of studies that have reported a positive relationship between media attention to specific CSR issues and the amount of CSR disclosure on the same issues; such as environmental issues (Aerts and Cormier, 2009); community involvement issues (Islam and Deegan, 2010; Yekini *et al.*, 2017); employee issues (Kent and Zunker, 2013), and anti-corruption issues (Blanc *et al.*, 2017).

Beyond the overall results reported above, the additional analysis shows that the impact of the Arab Spring is stronger on the disclosure related to corporate donations, compared to the other voluntary community disclosure. In contrast, the impact of the community protests is stronger on the voluntary community disclosure (excluding corporate donations) compared to the disclosure on corporate donations. This can be attributed to the fact that the Arab Spring, according to many scholars and commenters, has started with the protests against the long-standing economic grievances. Accordingly, it is not surprising that companies have responded to the Arab Spring by increasing their disclosure on corporate donations to highlight their efforts in tackling economic grievances through corporate charitable donations. Unlike the Arab Spring, the community protests were mostly carried out in demand of job opportunities for the unemployed members of the local community. It is also not surprising, accordingly, that the surveyed companies have increased their community disclosure to show their engagement with the other community issues – other than donations – such as those related to the community development and impact assessment programs (please refer to section 7.3 of this chapter).

Finally, the examination of the association between the extent of community disclosure and corporate characteristics reveals some interesting results, which will be mentioned here. Interestingly, the amounts of corporate donations are found to be positively associated with the extent of community disclosure. This can be explained in the light of signalling behaviour through which companies that make more donations are expected to report more disclosure to signal their superior performance and to distinguish themselves from their poorly performing counterparts. The management's positive attitude towards social issues is also found to increase the extent of community disclosure. This is consistent with prior studies which suggested that the management's attitude towards social issues is a major determinant of CSR disclosure (see, for

example, Adams and Harte, 1998; Campbell, 2000; Collison *et al.*, 2003; Cormier *et al.*, 2004; Martin and Hadley, 2008).

Firm size is also found to be associated with the volume and the depth of community disclosure, but not with the breadth of this disclosure. This can be attributed to the fact that larger companies are more visible and, therefore, have higher political cost than smaller ones. Hence, they are keen to show their commitments to local community issues to avoid any political interference from stakeholders such as negative publicity and/or new regulatory actions (Watts and Zimmermann, 1978; Gamerschlag *et al.*, 2011). Moreover, the audit firm size is found to be negatively associated with the breadth of community disclosure. This can be attributed to the corporate attempt to not provide information about their alleged community initiatives, which cannot be verified by their auditors.

In terms of corporate ownership, dispersed ownership is found to be positively associated with the breadth and depth of community disclosure. This is can be attributed to the fact that dispersed ownership increases the need for more publicly disclosed information to satisfy the needs of the wide group of small investors (Huafang and Jianguo, 2007; Kent and Zunker, 2017). Moreover, government share ownership is found to be positively associated with the volume of community disclosure, but not with the breadth and depth of this disclosure. This means that these companies are keen to show their commitments to local community issues, only by providing more general promotional disclosure without any specific qualitative or quantitative details about these contributions. Finally, the foreign ownership is found to be positively associated with the breadth of community disclosure, but negatively with the volume and no association with depth of community disclosure. This indicates that these companies disclose general information on more aspects of community issues but without providing any specific qualitative or quantitative details about these aspects.

7.5. Conclusion

This chapter is the second part of the empirical work of the current study. It illustrates the extent and recent trends of community disclosure in the annual reports of Jordanian public companies throughout the period from 2008 to 2015. In addition, this chapter examines the association between social movement variables and the extent of community disclosure as has been portrayed in the annual reports of public Jordanian companies. The overall results reinforce the general argument of the current study and extend the conclusions made by prior social movement research and prior CSR and community disclosure studies in general and within the context of emerging countries. Indeed, the results reveal the weak engagement of the Jordanian companies with the community disclosure, as well as the improvements to be made in this regard. Moreover, the results – although partly – support the arguments made by prior CSR studies, which suggested that CSR in the developing countries has been understood and practised in the form of corporate donations. This argument has been supported by the fact that community disclosure of the surveyed companies is dominated by disclosure on corporate donations. Yet, there is some evidence to suggest that CSR in Jordan has moved beyond the simple altruistic philanthropy to embrace more developed and effective forms of CSR initiatives.

Another finding is that many patterns of community disclosure, revealed by the content analysis, provide support to the theoretical foundations of the current study. Indeed, it has been anticipated that Jordanian companies were faced with a legitimacy gap and an increasing public pressure towards their contribution to the local community as a result of the Arab Spring and local community protests. In response, companies have significantly increased the extent of their community disclosure following the Arab Spring and as a result of being targeted by local communities' protests. However, following the decline in the public and press freedom in Jordan in the later period of the Arab Spring, the Jordanian companies have continued to provide more

general promotional disclosure regarding their contribution to the local community without any specific qualitative or quantitative details. This corporate of corporate behaviour fits in the second legitimation strategy put forward by Lindblom (1994) through which companies attempt to change the perceptions of their social activities, but without changing their actual social activities. Finally, the results shed some light on the association between the extent of community disclosure with corporate-specific characteristics; such as firm size, ownership, and performance.

By highlighting the impact of social movement on community disclosure, the current study extends the findings of prior research on the nexus of social movement and organisational analysis, which studied the impact of social movement and stakeholders' collective actions on businesses and corporations (see, for example, Zald and Berger, 1978; Davis and Thompson, 1994; McAdam and Scott, 2005; Davis and Zald, 2005; Clemens, 2005; Den Hond and De Bakker, 2007; King and Soule, 2007; Soule, 2009; King and Pearce, 2010; King, 2008a, b, 2011; McDonnell and King, 2013; Hiatt *et al.*, 2015; Yang and Rhee, 2019). Indeed, the results highlight other types of corporate responses to stakeholder activism than direct concession or resistance. This extends and supports the findings of prior research, which found that companies attempt to gain or maintain their legitimacy by changing their CSR disclosure strategies following negative or controversial events; such as, environmental disasters (Patten, 1992; Deegan *et al.*, 2000; Cho, 2009); boycotts announcements (McDonnell and King, 2013; Yang and Rhee, 2019); structural change (Ogden and Clarke, 2005); and negative media attention (Aerts and Cormier, 2009; Islam and Deegan, 2010; Kent and Zunker, 2013; Yekini *et al.*, 2017; Blanc *et al.*, 2017). Moreover, the results also extend the findings of a large body of prior research, which states that CSR disclosure is driven largely by legitimacy factors; such as, firm size and industry membership (Patten, 1991; Neu *et al.*, 1998; Gray *et al.*, 2001; Campbell *et al.*, 2006; Cho *et al.*, 2015a). Finally, the current study contributes to prior CSR research by focusing on community disclosure, an important but

previously neglected area of CSR disclosure (Campbell *et al.*, 2006; Yekini and Jallow, 2012; Yekini *et al.*, 2015, 2017).

As it is the case for all empirical studies, the results presented in this chapter are subject to many limitations. Firstly, the results presented in this chapter are based on content analysis, which involves some degree of subjectivity in the coding process. Secondly, other factors could explain the variation in the extent of community disclosure which could not be included in the current study due to data availability. Thirdly, the current study investigates community disclosure as it has been depicted in the annual reports only. This type of disclosure exists in other communication channels such as sustainability reports, press releases, and corporate websites; but the results couldn't be extended to include these channels. Finally, the current study is based on one country; hence, cultural and regulatory settings of this country might affect the generalisation of the results to other contexts. With all these limitations in mind, I believe that the results presented in this chapter provide interesting insights into the extent and recent trends of community disclosure in the annual reports of Jordanian public companies; and the association between social movement variables and different corporate characteristics and the extent of community disclosure.

Chapter Eight

Conclusion

Chapter Eight: Conclusion

8.1. Introduction

CSR can be defined as corporate responsibilities that go beyond the traditional corporate responsibility of profit-maximisation to integrate social and environmental issues in their core business activities (Belal *et al.*, 2013; Yan and Zhang, 2020). Such responsibilities include, but goes beyond, the duty to eliminate or minimise the negative impact of business on the environment and the society, and to engage in activities that improve the environment as well as individuals' wellbeing within society (Bigg and Ward, 2004; Yan and Zhang, 2020). CSR has been linked to the notion of a social contract, corporate stakeholders, and corporate accountability. In essence, reporting on CSR activities is a key tool for communicating with multiple stakeholder groups, and has the potential to hold companies accountable for their interaction and impact on the society as well as the natural environment (Gray *et al.*, 1988; Gray, 2002; Murray *et al.*, 2006; Belal *et al.*, 2013).

Nevertheless, the recent corporate scandals and irresponsible behaviours have resulted in serious social and environmental disasters and serious human rights abuses, especially in the emerging countries (Sikka, 2011; Belal *et al.*, 2013; Yusuf *et al.*, 2014). These scandals and irresponsible behaviours have refuelled the concerns over the impact of economic globalisation on corporate social and environmental accounting. Many have argued that without having strong regulations and pressure from stakeholders to promote business responsible behaviour, CSR will continue to be inadequate to deliver a substantive change (Newell, 2005; Belal *et al.*, 2013; Yan and Zhang, 2020). In a modern globalised world, however, corporations have become economic, political, and cultural forces beyond the control of the state and its regulatory power (Roach, 2007; Sikka, 2011; Hilson, 2012; Belal *et al.*, 2013; Gondolf *et al.*, 2019; Clancy, 2020).

It has been argued that social movement and stakeholders' activism have the potential to promote CSR and hold businesses accountable for their social and environmental impact (Newell, 2005; King and Pearce, 2010; Georgallis, 2017; Michelon *et al.*, 2020). This proposition, however, has rarely been tested in the empirical literature, especially in the context of emerging countries. The current study is motivated by the dearth of prior research that studied the impact of a social movement and stakeholder activism on CSR disclosure, especially with regard to emerging countries. The current study is also motivated by the lack of prior research that focused on employee and community disclosure as distinctive areas of CSR.

The current study is set out to address the numerous calls from many scholars to benefit from the integration between a social movement and organisational analysis to test the impact of a social movement and stakeholders' activism on CSR (Den Hond and De Bakker, 2007; King, 2008a; Soule, 2009; King and Pearce, 2010; Baron *et al.*, 2011; Mahadeo *et al.*, 2011; Georgallis, 2017). To be more exact, utilising a sample from the Jordanian public companies for the period from 2008 – 2015, the current study investigates the impact of the democratic movement of the Arab Spring, employees' strikes, and local community protests on the extent of employee and community disclosure. Doing so would enhance our knowledge about the extent to which social movement can indeed improve corporate social and environmental accountability and promote CSR.

In other words, by bridging the gap between prior literature at the nexus of social movement and organisation analysis and prior CSR literature, this current study is set out to examine the impact of social movements (the Arab Spring, employees' strikes, and local communities' protests) on the extent of employee and community disclosure. The main conjectures of this thesis are based on the integration between the social and political theories of organisational analysis (legitimacy, stakeholder, and institutional theory) and social movement perspective. Based on these conjectures, it has been anticipated that companies would respond to the changes in social expectations which

resulted from the democratic movement of the Arab Spring by increasing their employee and community disclosure. It has been also anticipated that companies would try to manage the damage to their image and reputation which caused by employees' strikes and local communities' protests by increasing their employee and community disclosure.

To examine the validity of these two anticipations, the current study is set out to answer the following four research questions:

RQ1: What are the extent and trends of employee disclosure of the Jordanian Public Companies?

RQ2: What is the impact of the social movement on the extent of employee disclosure of the Jordanian Public Companies?

Related to this major question are the following two sub-questions:

RQ2 a: What is the impact of the Arab spring on the extent of employee disclosure of the Jordanian Public Companies?

RQ2 b: What is the impact of employees' strikes on the extent of employee disclosure of the Jordanian Public Companies?

RQ3: What are the extent and trends of community disclosure of the Jordanian Public Companies?

RQ4: What is the impact of the social movement on the extent of community disclosure of the Jordanian Public Companies?

Related to this major question are the following three sub-questions:

RQ4 a: What is the impact of the Arab spring on the extent of community disclosure of the Jordanian Public Companies?

RQ4b: What is the impact of community protests on the extent of community disclosure of the Jordanian Public Companies?

The methodology employed in the current study is based on the positivist research paradigm, deductive reasoning approach, longitudinal and cross-sectional research design, and quantitative methods to collect and analyse the data. Indeed, two different – but related – content analysis methods have been employed to measure the extent of employee and community disclosure over the study period. In doing so, two disclosure indexes were developed based on the Global Reporting Initiative (GRI, 2013) guidelines and the relevant prior literature. The data on employee and community disclosure were computed and hypotheses were tested using the pooled OLS regression models, controlling for various corporate-specific characteristics and both the year and industry effect. The following section provides a summary of the main findings of the current study.

8.2. Summary of the Main Findings

The empirical findings of this research reveal many insightful findings, which can be presented in many folds. First, and perhaps the most important, the current study provides evidence on the potential role of social movement and stakeholders' activism in improving corporate social accountability and promoting CSR, at least at the level of employee and community disclosure. Indeed, it has been anticipated that the unfolding events following the Arab Spring presented great challenges for the Jordanian companies regarding their contribution to their employees. Many companies have been faced with a growing criticism regarding their labour practices including low wages, poor workplace conditions, forced labour, the arbitrary dismissal, and the demission of workers' rights (Labor-Watch, 2010). Moreover, companies have been confronted with an unprecedented wave of employees' strikes (Labour-Watch, 2016).

Consistent with the theoretical foundations of the current study, an examination of the association between employee and community disclosure with social movement factors reveals that the Jordanian companies have significantly increased the volume of their voluntary employee disclosure following the Arab Spring. This increase, however, usually involves providing more general promotional disclosure without providing any further qualitative or quantitative details. Moreover, the current study reveals that the surveyed companies have significantly increased the extent of their employee disclosure in response to employees' strikes and the media attention towards these strikes. These findings emphasise the power of employee activism and the use of extras-institutional tactics (i.e. employees' strikes) in altering corporate disclosure practices, and ultimately, improving corporate accountability toward their employees.

Similarly, it has been also anticipated that Jordanian companies were faced with a legitimacy gap and an increasing public pressure towards their contribution to the local community as a result of the Arab Spring and local community protests. In response, companies have significantly increased the extent of their community disclosure following the Arab Spring and as a result of being targeted by local communities' protests. However, following the decline in the public and press freedom in Jordan in the later period of the Arab Spring, the Jordanian companies have continued to provide more general promotional disclosure regarding their contribution to the local community without any specific qualitative or quantitative details. This is clear evidence on the role of a country's democracy level, and both public and press freedom in promoting CSR and improving corporate accountability towards the society.

The current study also provides evidence on the moderating effect of media attention towards employees' strikes in amplifying the impact of these strikes on the extent of employee disclosure. In particular, the results shows that high media attention towards employees' strikes would elect a higher increase in the volume of employee disclosure. More interestingly the current study also

highlights the negative role of weak employees associations in supporting employees in their claims against their employers. Indeed, the study shows the negative moderating effect of associations' support to employees' strikes in their impact on employee disclosure. In other words, wildcat strikes are proven to be more effective in altering corporate employee disclosure practices than the strikes that have been initiated or organised by weak employee associations.

Beyond the above findings and as it is the case for the majority of emerging countries, the current study also reveals the weak engagement of the Jordanian companies with the employee and community disclosure, as well as the large improvements that can be made in this regard. Moreover, the examination of the nature of disclosure reveals that employee disclosure practices of the surveyed companies are – to a large degree – consistent with the minimum legal requirements in Jordan, which is dominated by disclosure on the mandatory areas of employee disclosure. Community disclosure, in its turn, is largely dominated by disclosure on corporate donations. Yet, there is some evidence to suggest that community in Jordan has moved beyond the simple altruistic philanthropy to embrace more developed and effective forms of CSR initiatives.

By highlighting the impact of a social movement and stakeholders' activism on both employee and community disclosure, the results improve our knowledge about the other types of corporate responses to stakeholder activism than direct concession or resistance. It also improves our knowledge about the role that social movement and stakeholders' activism can play in improving corporate social accountability and promoting CSR, at least at the level of employee and community disclosure. In doing so, the current study extends the findings of prior research on the nexus of social movement and organisational analysis, which studied the impact of social movement and stakeholders' collective actions on businesses and corporations (see, for example, Zald and Berger, 1978; Davis and Thompson, 1994; McAdam and Scott, 2005; Davis and Zald, 2005; Clemens, 2005; Den Hond and De Bakker, 2007; King and Soule, 2007; Soule, 2009; King

and Pearce, 2010; King, 2008a, b, 2011; McDonnell and King, 2013; Hiatt *et al.*, 2015; Yang and Rhee, 2019).

Moreover, the current study also improves our knowledge about the corporate legitimation strategies in response to a social movement and stakeholder activism, particularly the democratic movement of the Arab Spring, employees' strikes, and community protests. Indeed, the results support the findings of prior research, which found that companies attempt to gain or maintain their legitimacy by changing their CSR disclosure strategies following negative or controversial events; such as, environmental disasters (Patten, 1992; Deegan *et al.*, 2000; Cho, 2009); boycotts announcements (McDonnell and King, 2013; Yang and Rhee, 2019); structural change (Ogden and Clarke, 2005); and negative media attention (Aerts and Cormier, 2009; Islam and Deegan, 2010; Kent and Zunker, 2013; Yekini *et al.*, 2017; Blanc *et al.*, 2017). Beyond that, the results extend these studies by focusing on other types of social movement such as the democratic movement of the Arab Spring and other types of stakeholder groups and activism such as employees' strikes and community protests. Moreover, the results also extend the findings of a large body of prior research, which states that CSR disclosure is driven largely by legitimacy factors; such as, firm size and industry membership (Patten, 1991; Neu *et al.*, 1998; Gray *et al.*, 2001; Campbell *et al.*, 2006; Cho *et al.*, 2015a). Finally, the current study contributes to prior CSR research by focusing on employee and community disclosure, important but previously neglected areas of CSR disclosure (Campbell *et al.*, 2006; Yekini and Jallow, 2012; Yekini *et al.*, 2015, 2017).

8.3. Implications of the Findings

The current study has many important implications for academics, researchers, policymakers, employees, local communities, and managers. Precisely, the current study bridges the gap between

prior literature that had its focus on employee and community disclosure and prior literature at the nexus of social movement and organisational analysis. By integrating the social movement perspective into social and political theories of organisational analysis; the current study has provided a theoretical framework to provide robust explanations of the relationship between a social movement and corporate employee and community disclosure. Moreover, the study has highlighted the importance of the integration between a social movement and organisational analysis to understand the dynamic interaction between corporations and their stakeholder environment. In this regard, the current study has demonstrated the dynamic nature of the social contract between corporations and the society in which they operate. It has shown that changes in social expectations can generate an actual, or perceived, legitimacy gap between corporations and the society in which they operate. It also has highlighted the legitimating role of corporate employee and community disclosure in responding to actual, or perceived, legitimacy gaps between corporations and the society in which they operate.

The current study also shows that increased democracy, political participation, and press freedom can alter the relationship between firms and their stakeholders. In essence, it highlights the role of stakeholders' activism (employees' strike and local communities' protests) in increasing the actual, or the perceived, salience of those stakeholder groups in the eyes of corporate managers. It also has emphasised the role that media attention plays in increasing the strength and the effectiveness of employees' strikes and local communities' protests in eliciting positive corporate response, at least, through employee and community disclosure. Yet, the current study has stressed the moderating role of democracy and the level of press freedom in enhancing the watchdog role of media as a public tool to enable and enhance democracy. The current study has also highlighted the role of corporate employee and community disclosure in managing corporate relationships with their stakeholders.

Moreover, the current study has emphasised the opportunistic behaviour of companies by attempting to reduce the risk of actual or potential legitimacy gaps and contracting increased stakeholders' pressure by providing promotional disclosure without any specific details or performance measures. This is in contrast to the argument that social movement can be a major driving force behind substantive CSR disclosure and enhanced social and environmental accountability (Soule, 2009; King and Pearce, 2010; Georgallis, 2017). Finally, the study has shown that weak SMOs such as labour institutions would not be effective in supporting employees and attaining their demands.

8.4. Limitations and Recommendations for Future Research

As it is the case for all empirical studies, the current study is not without its limitations. First, the results presented in this chapter are based on content analysis which has involved some degree of subjectivity in the coding process. Second, the current study has only investigated community disclosure as it has been depicted in the annual reports. This type of disclosure exists in other communication channels such as sustainability reports, press releases, and corporate websites; hence, the results could not be extended to include these channels. It would be interesting to test the other communication channels such as press releases and corporate websites which may offer a timely response to strikes and protests events. Third, the current study is based on one country; cultural and regulatory settings of this country might affect the generalisation of the results to other contexts. Hence, the generalisability of the results to other countries cannot be assessed. Future research is encouraged to study the impact of social movement on CSR disclosure in different contexts. Fourth, the current study has only focused on the presence of negative media coverage to employees' strikes and local communities' protests. Whether the positive tone of this coverage affects employee and community disclosure differently would be an interesting extension for the current study. Fifth, I acknowledge that other factors that could explain the variation in the extent

of employee and community disclosure are not included in this study due to data availability. Finally, the analysis presented in the current study is only based on the managerial perspective of the role of employee and community disclosure as a legitimising and stakeholder management tool. It would be interesting to investigate the perspective of the employees and members of the local communities regarding the value relevance of such information. With all these limitations in mind, I believe that the results presented in this chapter have provided interesting insights into the extent and recent trends of employees and community disclosure in the annual reports of Jordanian companies; and the impact of social movement on the extent of employees and community disclosure.

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Appendices

Appendix A. Sub-Sectors Representation of Sample Companies

Sub-Sectors	Number of Companies	Percentage %
Banks	4	8%
Insurance	4	8%
Diversified Financial Services	3	6%
Real Estate	3	6%
Health Care Services	2	4%
Educational Services	3	6%
Hotels and Tourism	7	14%
Transportation	4	8%
Technology and Communication	1	2%
Utilities and Energy	3	6%
Commercial Services	1	2%
Pharmaceutical and Medical Industries	2	4%
Chemical Industries	2	4%
Food and Beverages	3	6%
Mining and Extraction Industries	4	8%
Engineering and Construction	1	2%
Electrical Industries	2	4%
Textiles, Leathers and Clothing	1	2%
Total	50	100%

Table B
T-test of the Extent of Employee Disclosure Before and Following the Arab Spring

The Breadth of Employee Disclosure						
Variable	Obs	Mean	Std. Err.	Std. Dev.	95% Conf.	Interval
Post 2010	50	3.59	.2093728	1.480489	3.16925	4.01075
Pre 2010	50	3.44	.1925341	1.361422	3.053088	3.826912
diff	50	.15	.1010433	.7144841	-.0530541	.3530541
mean(diff) = mean(post - pre)		t = 1.4845				
Ho: mean(diff) = 0		degrees of freedom = 49				
Ha: mean(diff) < 0		Ha: mean(diff) != 0		Ha: mean(diff) > 0		
Pr(T < t) = 0.9280		Pr(T > t) = 0.1441		Pr(T > t) = 0.0720		
The Depth of Employee Disclosure						
Variable	Obs	Mean	Std. Err.	Std. Dev.	95% Conf.	Interval
Post 2010	50	8.933333	.6570393	4.64597	7.612963	10.2537
Pre 2010	50	8.38	.5681262	4.017259	7.238308	9.521692
diff	50	.5533333	.2561462	1.811227	.0385882	1.068078
mean(diff) = mean(post - pre)		t = 2.1602				
Ho: mean(diff) = 0		degrees of freedom = 49				
Ha: mean(diff) < 0		Ha: mean(diff) != 0		Ha: mean(diff) > 0		
Pr(T < t) = 0.9822		Pr(T > t) = 0.0357		Pr(T > t) = 0.0178		
The Volume of Employee Disclosure						
Variable	Obs	Mean	Std. Err.	Std. Dev.	95% Conf.	Interval
Post 2010	50	16.91667	1.900711	13.44006	13.09704	20.7362
Pre 2010	50	13.25	1.455268	10.2903	10.32553	16.17447
diff	50	3.666667	1.118825	7.911285	1.418304	5.915029
mean(diff) = mean(post - pre)		t = 3.2772				
Ho: mean(diff) = 0		degrees of freedom = 49				
Ha: mean(diff) < 0		Ha: mean(diff) != 0		Ha: mean(diff) > 0		
Pr(T < t) = 0.9990		Pr(T > t) = 0.0019		Pr(T > t) = 0.0010		

Table C
T-test of the Extent of Community Disclosure Before and Following the Arab Spring

The Breadth of Community Disclosure						
Variable	Obs	Mean	Std. Err.	Std. Dev.	95% Conf.	Interval
Post 2010	50	2.816667	.2472181	1.748096	2.319863	3.31347
Pre 2010	50	2.49	.2459841	1.73937	1.995677	2.984323
diff	50	.3266667	.1226096	.8669806	.0802735	.5730598
mean(diff) = mean(post - pre)		t = 2.6643				
Ho: mean(diff) = 0		degrees of freedom = 49				
Ha: mean(diff) < 0		Ha: mean(diff) != 0		Ha: mean(diff) > 0		
Pr(T < t) = 0.9948		Pr(T > t) = 0.0104		Pr(T > t) = 0.0052		
The Depth of Community Disclosure						
Variable	Obs	Mean	Std. Err.	Std. Dev.	95% Conf.	Interval
Post 2010	50	6.636667	.6794471	4.804416	5.271267	8.002067
Pre 2010	50	5.77	.6182942	4.372	4.527491	7.012509
diff	50	.8666667	.3097069	2.189959	.2442873	1.489046
mean(diff) = mean(post - pre)		t = 2.7983				
Ho: mean(diff) = 0		degrees of freedom = 49				
Ha: mean(diff) < 0		Ha: mean(diff) != 0		Ha: mean(diff) > 0		
Pr(T < t) = 0.9963		Pr(T > t) = 0.0073		Pr(T > t) = 0.0037		
The Volume of Community Disclosure						
Variable	Obs	Mean	Std. Err.	Std. Dev.	95% Conf.	Interval
Post 2010	50	15.56667	2.055445	14.53419	11.4361	19.69724
Pre 2010	50	10.45	1.413077	9.991961	7.610316	13.28968
diff	50	5.116667	1.343948	9.503147	2.415902	7.817431
mean(diff) = mean(post - pre)		t = 3.8072				
Ho: mean(diff) = 0		degrees of freedom = 49				
Ha: mean(diff) < 0		Ha: mean(diff) != 0		Ha: mean(diff) > 0		
Pr(T < t) = 0.9998		Pr(T > t) = 0.0004		Pr(T > t) = 0.0002		

Table D
Panel Regression with Robust Standard Error of Social Movement Variables and Corporate Characteristics on the Volume, Breadth, and Depth of Employee Disclosure (2008-2015)

Variable	RE Models			FE Models		
	V_EMP	B_EMP	D_EMP	V_EMP	B_EMP	D_EMP
AR_S	3.352***	0.00407	0.00961	3.663***	0.00225	0.00908
EMP_S	0.834	0.00660	0.00698	0.600	0.00590	0.00586
EMP_M	0.0746*	0.000240	0.000181	0.0711	0.000160	0.0000095
EMP_A	-1.746	-0.00452	-0.000620	-1.613	-0.00505	-0.000449
POVR	2.815	0.00108	0.0217		-	-
M_A	4.137***	0.000680	0.00339	3.128**	0.00262	0.00208
L_DON	0.103	0.00335	0.00360*	3.867	0.00347	0.00373
L_EM	3.814**	0.0238**	0.0239*	3.867**	0.0126*	0.0172**
L_TA	6.455***	0.0201**	0.0390**	5.133**	0.0576***	0.0526**
ROA	-10.69*	-0.0396*	-0.0589**	-10.10*	-0.0541**	-0.0659**
L_MR	-0.519	-0.00174	-0.000898	-0.735	-0.00127	-0.00113
OWN	-4.099	-0.00613	-0.00205	-6.154*	0.00621	0.00807
FOR	-3.294	0.00535	-0.0216	-10.46	0.00410	-0.0468
GOV	3.285	0.00185	0.0108	1.253	-0.00190	-0.00769
FL	0.00483	-0.000078	-0.000159	0.00500	-9.78e-05	-0.000162
BIG4	0.220**	-0.00424*	-0.0202*	-1.538	-0.00531	0.00671
IND_EF	Yes	Yes	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-48.17***	-0.101	-0.252**	-33.03	-0.337**	-0.279*
R ²	53.97%	30.85%	43.12%	45.63%	22.18%	23.55%

V_EMP volume of employee disclosure, B_EMP breadth of employee disclosure, D_EMP depth of employee disclosure AR_S Arab Spring, EMP_S employees' strikes, EMP_M media attention towards employees' strikes, EMP_A association support to employees' strikes, POVR poverty level of the local community, MA management's altitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

Table E
 Longitudinal Panel Regression with Robust Standard Error of Social Movement Variables and Corporate Characteristics on the Volume, Breadth, and Depth of Community Disclosure (2008-2015)

Variable	RE Models			FE Models		
	V_COM	B_COM	D_COM	V_COM	B_COM	D_COM
AR_S	6.027***	0.0355**	0.00952	6.372***	0.0356**	0.00775
C_PRO	1.420***	0.0109*	0.00447**	1.379***	0.0114	0.00434** *
POVR	5.758*	0.0428	0.0496**	-	-	-
M_A	9.226***	0.0498***	0.0483***	8.313***	0.0403**	0.0457***
L_DON	0.995**	0.0400***	0.0337***	0.697	0.0357***	0.0311***
L_EM	0.175	0.0371	-0.00456	2.740	0.0343	-0.0135
L_TA	6.230**	-0.00324	0.0486***	2.171	0.0275	0.0762**
ROA	8.481	0.0924	0.0141	8.686	0.0942	0.00712
L_MR	0.990	-0.00631	-0.00399	0.849	-0.00751	-0.00376
OWN	3.829	0.0740	0.0512**	1.333	0.0407	0.0385
FOR	-18.19***	0.195**	0.0127	-27.21**	0.180*	0.0410
GOV	10.76***	0.0544	0.0112	2.425	0.0828	0.0169
FL	-0.0605	-0.00231	-0.00135	-0.0469	-0.00234	-0.00144
BIG4	-2.788	-0.0422	-0.0263*	-1.811	-0.0288	-0.0267
IND_EF	Yes	Yes	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-49.94***	-0.0411	-0.403***	-15.98	-0.147	-0.502**
R ²	60%	62.29%	75.73%	43.41%	51.09%	61.38%

V_COM volume of community disclosure, B_COM breadth of community disclosure, D_COM depth of community disclosure, AR_S Arab Spring, C_PRO media attention to community protests, POVR poverty level of the local community, MA management's attitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

*** Significance at a confidence level of 1%.

** Significance at a confidence level of 5%.

* Significance at a confidence level of 10%.

Table E Heckman Selection Model (Employee Disclosure)

Variable	V_EMP		B_EMP		D_EMP	
	Valuation Model	Selection Model	Valuation Model	Selection Model	Valuation Model	Selection Model
AR_S	2.619	-	-0.00301	-	0.00791	-
EMP_S	2.113	-	0.0153*	-	0.0262*	-
EMP_M	0.150**	-	0.000993**	-	0.00159**	-
EMP_A	-1.354	-	-0.00864	-	0.00814	-
POVR	-0.121	-	0.00881	-	0.00939	-
M_A	9.810***	-	0.0256***	-	0.0228**	-
L_DON	0.236	-	0.00117	-	-0.000657	-
L_EM	20.02**	0.762***	0.00427***	0.762***	0.102***	0.762***
L_TA	0.887**	-	0.0160**	-	-0.0213	-
L_CAP	-	-0.222***	-	-0.222***	-	-0.222***
ROA	-3.297	0.483*	-0.0818**	0.483*	-0.00540	0.483*
L_MR	-2.215	-0.207	0.00739	-0.207	-0.00281	-0.207
OWN	2.562	-	-0.0310**	-	-0.0265	-
FOR	3.069	-	0.0259	-	0.0534*	-
GOV	-0.469	-	0.0199	-	0.0405*	-
FL	-0.0760	-0.00628	0.00109	-0.00628	0.000169	-0.00628
BIG4	2.347**	-	0.0319***	-	0.0583***	-
IND_EF	Yes	Yes	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-49.94***	-0.0411	-0.403***	-15.98	-0.147	-0.502**
Likelihood Ratio X ²		6.63***		12.52***		4.21***
observations	1,184		1,184		1,184	
Selected	400		400		400	

V_EMP volume of employee disclosure, B_EMP breadth of employee disclosure, D_EMP depth of employee disclosure AR_S Arab Spring, EMP_S employees' strikes, EMP_M media attention towards employees' strikes, EMP_A association support to employees' strikes, POVR poverty level of the local community, MA management's altitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, L_CAP market capitalisation, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.

Table F Heckman Selection Model (Community Disclosure)

Variable	V_COM		B_COM		D_COM	
	Valuation Model	Selection Model	Valuation Model	Selection Model	Valuation Model	Selection Model
AR_S	6.024***	-	0.0134	-	0.00301	-
C_PRO	1.376***	-	0.00886	-	0.00733** *	-
POVR	4.455***	-	0.0364	-	0.0525***	-
M_A	11.02***	-	0.101***	-	0.0569***	-
L_DON	1.381***	-	0.0616***	-	0.0445***	-
L_EM	7.217	0.762***	-0.163	0.762***	-0.0324	0.762***
L_TA	4.177**	-	0.00151	-	0.0305**	-
L_CAP	-	-0.222***	-	-0.222***	-	-0.222***
ROA	14.84*	0.483*	-0.0653	0.483*	-0.0508	0.483*
L_MR	-0.107	-0.207	0.0613	-0.207	0.0112	-0.207
OWN	5.206*	-	0.152***	-	0.0813***	-
FOR	-16.44***	-	0.253***	-	0.00516	-
GOV	11.20***	-	0.0369	-	0.00854	-
FL	-0.138	-0.00628	-0.000817	-0.00628	-0.000235	-0.00628
BIG4	-3.238***	-	-0.0594**	-	-0.024***	-
IND_EF	Yes	Yes	Yes	Yes	Yes	Yes
YEAR_EF	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-67.40***	-0.424	0.631*	-0.424	-0.197	-0.424
Likelihood Ratio X ²		3.21***		2.37***		7.12***
observations	1,184		1,184		1,184	
Selected	400		400		400	

V_COM volume of community disclosure, B_COM breadth of community disclosure, D_COM depth of community disclosure, AR_S Arab Spring, C_PRO media attention to community protests, POVR poverty level of the local community, MA management's attitude towards social issues, L_DON log amount of corporate donations, L_EM log number of employees, L_TA log total assets, L_CAP market capitalisation, ROA Return on Assets, L_MR log market rate of return, OWN percentage of floating shares, FOR percentage of foreign ownership, GOV governmental ownership, FL financial leverage, BIG4 big 4 audit firms, IND_EF industry effect, YEAR_EF year effect.