

Assessing the adoption of corporate social responsibility on developing countries: Case of Jordan

Omar ALHATO

University „December 1 1918” of Alba Iulia, Romania
Omar_alhato@yahoo.com

Abstract. *Socially responsible achievements growingly not only the activities of business entities, but also the formation of the well-being of society. It is observed scholarly literature records that different conceptions of social responsibility are based on the characteristics that regulate the commercial bodies' possibilities to participate in community obligation acts by emphasizing the strategic and financial objectives for the enterprises. The primary objective of this paper is to evaluate the impact of community interest on developing countries-Jordan as an example, and to provide an overview of the purpose the content of corporate social responsibility (CSR) with track a reviews of the scientific literature.*

The procedures used to investigate the scientific literature are part of the evaluation engagements. The conducted study validated a notable concern for the business sectors in Jordan and developing countries. This article outlined some of the apparent gaps in developing nations. This is noteworthy because; for the first time, scholars in developing nations are exploring closely into the idea of corporate social responsibility (CSR). By highlighting the advantages and results of speculating on (CSR) actions within their relevant sectors. The paper so lays the groundwork for corporations to engage in such activities.

Keywords: corporate social responsibilities (CSR), developing countries, Jordan, literature review, Corporate Governance.

JEL Classification: M41.

1. Introduction

Corporate social responsibility (CSR) attribute to general prospects that impact on obligated corporations that reflected on society and the environment as a whole. businesses appreciate their particular character in civil and thus started to address different social, environmental, and philanthropic issues. Corporate social responsibilities (CSR) are the modern way of managing businesses exhibiting acts by reflecting the value for the society and corporation environment for example internal and external stakeholders (Olanipekun, and Omotayo, 2021). Additionally, an effort is made to integrate and reinforce beneficial societal and environmental effects of corporate operations to their surrounds. Businesses that implement corporate social responsibility (CSR) are expected to report on their social, financial, and ecological activities. This is done to allow related interest groups to evaluate how the reporting entities contribute to sustainable development.

Practical Research within the modifying dynamical of corporate social responsibilities (CSR) in emerging nations have moderately dispersed across various fields of research. Most analytical research on (CSR) in developing states comprises of particular- country case research, whereas reasonably few satisfactory international assessments occur comparison of CSR actions in developing nations across the globe. There happens knowledge from academics on the subject of Corporate social responsibilities (CSR) in emerging countries.

Because the majority of earlier research on CSR problems concentrated on making judgements for the United States and Europe. Empirical data indicates that there are notable variations in the strategies that companies in Europe and the USA employ to handle their Corporate Social Responsibility (CSR) obligations, which can be attributed to specific institutional configurations. Globalization distinguished as a one of the most important impacts in the expanding global nature of (CSR) around the world, including in Africa and Latin America. considerable evidence on discrepancies among opinions to (CSR) across the different nations and territories through the globe (Revantha Gajadhur, 2022).

In the case of Jordan, this study aims to contribute to the CSR system in underdeveloped countries; would to be assisted to these requirements in stimulate to remain possible. There is an ethical engagement for enterprises to approve and to work each other with other stakeholders like the government enhancements.

2. Methodology

The aim of this study was to make an investigative assessment of corporate social responsibilities (CSR) adoption and perspectives. The range of the paper that emerging countries. Especially Jordanian context. It should be emphasized, as well, that the level of engagement of a business in the community liable acts is different for all in developing

nations; as a result, their effect on the state economy differs. the actions which have a communally responsible base vary, for ex, corporations devote at those activities that seem the most important, in respect of the features of that country. Associated to developing areas – Jordanian context.

As indicated previously. Knowingly utilized the systematic literature review method for gathering numerous preceding journals focusing on CSR reporting and analyze them to deduce the use of CSR. Examining CSR instruments in accordance with their categories, presented the chance to make new recommendations about the collective use of the tools. This paper utilized researcher accounts through literature review to attain this purpose.

Systematic literature review research way is phase has been the tracking of information on Corporate social responsibilities CSR, which also formed the (initial) unit of analysis. We are focusing exclusively on academic periodical journals when gathering information. Our goals may improve the credibility of the research by obtaining data from more stringent sources (Olanipekun et al., 2017).

3. Review of Corporate social responsibilities (CSR): historical, definition, and dimension

The idea of Corporate-social-responsibilities (CSR) have a long history, and there has been evidence on business communities' social concern for centuries. Though, proper literature and contemporary period of (CSR) began only in the twentieth century.

In 1920, the first efforts were primarily charitable, when enterprises endorsed community-based organizations. the topics of (CSR) research started 1946. Ever since its first phase, meaning and importance of CSR have expanded substantially. The movement of stakeholders' mindsets and the application of guidelines also has compelled a change in behaviors of firms and their CSR practices . According to Frederick (2018), there are five different phases are including:

- CSR-1 (1950s-1960s/Corporate Social Stewardship);
- CSR-2 (1960s-1970s/Corporate Social Responsiveness);
- CSR-3 (1980s-1990s/Corporate/Business Ethics);
- CSR-4 (1990s-2000s/Corporate Global Citizenship);
- CSR-5 (2000s-3000s/Toward a Millennial Future). (Frederick, 2018).

Meanings of (CSR) vary between scholars and theories, and there's no created settled upon definition. Theory structure, discussions, and explanations about the conception of CSR have been argued along with academics' communities extensively. The United Nations Industrial Development Organisation (UNIDO) offers the most thorough definition, defining corporate social responsibility (CSR) as an administrative concept that addresses stakeholders' expectations and integrates environmental and social issues into the business's

operational model. referred to as a means of balancing the economic, environmental, and social constraints—also referred to as the "Triple Bottom Line"—(UNIDO, 2016).

"Corporate social responsibility is to achieve commercial achievement in ways that honour ethical values and respect people, communities, and the natural environment," according to the Business for Social Responsibility. In accordance with the Carroll (2016), the environment is recognized as a community concern which must be addressed by business. A widely used and accepted definition is: The economic, legal, moral, and optional (henceforth referred to as charitable) opportunities that society has for enterprises at any given moment are all included in the concept of business's social responsibility.

The definitions provided above aid in defining CSR. Following these words, the figure (1) illustrates the economic, legal, fair, and optional duties as the four distinct components of corporate social responsibility (CSR) (Carroll, 2016).

According to his background, businesses must fulfil their legal and financial commitments; society expects enterprises to be morally upright and altruistic. As the name indicates, the economic element concentrates on the income respect of the industry; legitimate certifies that companies observe the regulation; the proper feature explicates the actions community anticipates from the enterprise; and the optional duties are intentional, built merely on manager decision.

Figure 1. *The Pyramid of Corporate Social Responsibility*



Source: (Carroll, 2016).

4. Corporate Social Responsibility in Developing Countries

Recently, the literature has emphasized the need for analyzing CSR from a perspective that creates full regard to circumstance which exists in developing economies where society, conventional ideals and national politics provide a unique backdrop for CSR activities. (Jamali & Karam, 2016). Therefore, it is maintained, there can be significant differences between developing countries and modern countries in terms of the meaning, orientations, applicability, and manner of CSR. Globally, CSR initiatives in underdeveloped countries were less visible and frequently did not meet CSR standards. In the second epoch of the twentieth first century, authorities, enterprises, and N.G. Os in several emerging nations have incorporated the Organization for Economic Cooperation and Development (O.E.C.D) driven initiatives into CSR programs. (Revantha Gajadhur, 2022).

For example, Kühn et al. (2018) centered on domestic level causes and at the corporate level elements of (CSR) reporting in developing countries. Sub Saharan Africa is the research's point of view. The findings are consistent with past studies showing that CSR initiatives in developing nations are somewhat more focused on social issues like as health, education, and civic development than on moral and environmental ones. Besides, C.S.R in emerging countries is much more unfamiliar than in modern countries. The organization's in those nations are generally less formal, which is having their influence on how formalized business practices are. Additionally, in modern nations exists greater force from stakeholders as clients and Non governmental organization NGOs to provide disclosure on CSR activities. Kühn et al., (2018) Furthermore take note of the fact that national origin of North American and European Union companies has a big impact on CSR disclosure.

in Vietnam, Loan and Phuong (2019) investigated the impact of influences on the application of corporate social responsibility (C.S.R) in firm's sector. Research employed quantitative method where a survey was carried out. The findings reveal that competitive environment, societal changes, the perception of administrators about C.S.R, and the internal environment of companies are the four drivers of CSR. In all four drivers, reasonable situation does have the deepest effect on the adoption C.S.R. The conclusion is that because of the high expectations from global stakeholders, small and medium-sized enterprises in this industry are impacted by the force of stakeholders.

Early study on Corporate Social Responsibility (CSR) centred on multinational businesses from developed nations that spread CSR implementation globally in order to comply with domestic institutional norms. Findings in this study indicate a immediate constructive connection between C.S.R forces of multinational enterprises and the quality of their home-country institutional environments Valentina et al., (2017). Valentina et al. debate that such an dominate forces made by enterprises from developing and emerging countries. These firms gradually improved their C.S.R attempts and exposure to affected the legitimacy

challenges caused by their home institutional context. Since "globally established and legitimate" CSR reporting (Marano et al., 2017), adopting the practice helps companies to distance themselves from the weak institutional home contexts. Additionally, it gives acceptable data for stakeholders in the present situation, reduce the destructive insights of these companies based on stereotypes. They propose that the intensity of multinational businesses about (CSR) reporting in emerging countries is directly correlated with the global nature of home-country official terminations.

5. Corporate social responsibilities in Jordan: The Research Context

the practices of Corporate social responsibilities CSR in the middle east implemented in the context of charitable, humanitarian, volunteer activities, founded on the literary custom, and launched by people and businesses. The Mideast's (C.S.R.) features distinctive stems and remarkable phrases that don't always align with the West's contemporary understanding and usage.

Furthermore, C.S.R as commonly distributed in western countries; it's not odd idea in the middle-east. Rather, it is an inherent perspective of the area's religious beliefs and cultural legacy. For example; Many of the Middle Eastern countries follow the courteous C.S.R. manners., Tunisia, Jordan Egypt, Lebanon, the Gulf States, Morocco, Turkey, etc. (AL-DAAJA and SZABADOS, 2018). Though, here is a major distinction amongst states in enactment and utilizing C.S.R. For ex, enterprises manage in U.A.E and Oman exhibit a considerable dedication to determining CSR practices. The Middle Eastern region is a territory having distinct religious ceremonies, habits and values that is mostly in the western portion of Asia, however it also exists partially in northern Africa and southeast Europe. Even though some of their nations are reliant on natural resources.

Accordingly, there are substantial variations along with Middle-east states in implementing and applying CSR. Certain nations and enterprises in the area are further early between others. A World-Bank article realizes out, that C.S.R has various senses from one country to another in the Middle East and North Africa region. Even though a C.S.R Middle Eastern country is getting more attention than in the past and became more feasible.

Jordan makes the necessary adjustments for the study in light of several factors. Located primarily in the Middle East, Jordan differs from developed nations in terms of economic factors, literary and supervisory conditions, and location. Corporate social is one of the Jordanian government priorities (Ibrahim and Hanefah, 2016). This is due to the fact that good C.S.R reporting procedures are considered a path of inviting local and foreign investment in Jordan.

The idea of C.S.R was altered with time in Jordan and created since the beginning of the state in 1921, to explain the development of the CSR idea; the two-phase conversion

process Considering the state's commercial and governmental landscape (AL-DAAYA, 2017).

- Phase I, represent the establishment of Emirate of Transjordan in 1921 the former name of the Hashemite king dome of Jordan, and during decades of the crowding phenomena between the public and the private sector. CSR was understood as a philanthropic work, a non-institutionalized phenomenon based on traditions presented by the Arab norms, Due to macroeconomic imbalances, in 1989 Jordan has started new socio-economic - political agenda ,A new wave of pro -market policies started with the liberalization reforms upon international monetary funds (IMF) adjustment program and through a series of privatization initiatives downsized the communal parts in the constructive areas and practical more legalistic approaches with new legal and public regulation of business activities.
- Phase 2, the administration unveiled its strategy for social and economic revolution in February 1999, and it has focused on establishing contemporary market economies with a human touch. In July 2004 Jordan finished the last agreed upon IMF adjustment program, according to the I.M.F 2005 description the proposal which was tracked since 1999 until 2003 launch a beneficial venture climate for the private sector (domestic and foreign), Accelerate privatization, Public sector disengagement from direct economic activities to take on the more regulatory role.

Consequently, the government bodies have been issued by legislature and guidelines to enhance the C.S.R reporting in annual statements (Ibrahim and Hanefah, 2016). This intent can be seen in the Environmental Protection Law (enacted in 1995 and amended in 2006), Insurances Committee Law Number.1 (1998), and guidelines and Instructions published by the Jordan Securities Commission (JSC 2004).

These regulations required companies who do not report social and environmental information to clearly declare that they don't deliver that data in its annual report, though, there have been no requirement to explain the reason for omission (Haddad et al., 2017). According to the 2009 publication of the Jordanian Corporate Governance Code, The business will make available its environmental and community policies. Firms are required to meet the obligations of the present code, and not comply must explain the reason in their annual report. Present comply or justify method was created as a tool to regularly acquire entire compliance with the code. Furthermore, code is not stipulate procedures in relation to which C.S.R actions necessitate release. Consequently, C.S.R reporting is not a fully adjusted and is even a charitable act in Jordan.

Several studies were performed on Corporate-social-responsibilities (C.S.R) in modern countries, but a limited number of studies have been conducted in developing countries, including Jordan. The supposed worth of corporate social responsibility (CSR), which encompasses social, environmental, and economic duties, has increased due to the growing

mandate from many stakeholders for business clarity and accountability; This established a mandate for Jordanian businesses to consider the impact of their operations on the environment and take appropriate action to address those effects. For example, research for Sakhr et al. (2021) The present study examined the correlation between the allocation of funds for corporate social responsibility (CSR) and the financial and non-financial outcomes of commercial banks in Jordan from 2008 to 2018. Thirteen commercial banks in total, representing all Jordanian commercial banks registered on ASE, comprised the sample selected by the scholars. According to the study, there is a statistically significant and positive correlation between financial performance and CSR expenditures. Also; the study showed that there is a statistically significant positive correlation between CSR expenditure and return on equity (ROE), a statistically significant negative correlation between CSR expenditure and return on assets (ROA) and Tobin's Q model, and a positive but not statistically significant correlation between CSR expenditure and market-stock-price . The study additionally revealed that CSR expenditures and non-financial performance had a favourable, statistically significant link.

A recent study conducted in Jordan by Walaa and Mansour (2022) looks at the factors that influence how much information Jordanian businesses disclose about their corporate social responsibility (CSR). The sample consists of thirty-two service enterprises and thirty-six industrial businesses that are planned to trade on the Amman Stock Exchange (A.S.E.) between 2014 and 2018. Information for the study is gathered from the companies' publicly available annual reports.

The findings, when looking at the entire sample, indicated that the firm's profile had a large negative impact on its level of corporate social responsibility (CSR) disclosure, while its size and foreign ownership had a significant positive impact. The return on invested capital had no comporment on the results.

6. Conclusion

The need for socially mindful firms that take into account human rights, environmental protection, legislation, social issues, and other widely accepted ethical practices has made corporate social responsibility (CSR) a crucial component of modern business. The literature review suggests another approach to examine the influence of C.S.R on companies, corporate strategies, and corporate behavior. The paper has reviewed the corporate social responsibilities; including meaning and development stages . Additionally we discussed in the article on CSR in emerging nations is the Jordanian setting, which includes legislation implementing social work by Jordanian firms as well as the significant evolution of CSR.

This article's conclusion provides a special supplement to the discussion of CSR in developing countries, using Jordan as an example. This work contributes to the body of research on the effects of CSR in developing countries, as there haven't been many studies in this field. The study's importance stems from its evaluation of the impacts of CSR adoption and its social contribution by reviewing earlier research.

Additionally, A number of theories, such as the stakeholders theory, have been adopted by researchers to assist in explaining CSR as a significant social event for corporations. Humanity must (cooperate) with businesses, combining various resources and skills to create a cohesive whole. Businesses and communities can work together to co-create economic and social value that benefits all parties.

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