

Disclosure of Sustainable Development Dimensions and Financial Reporting Quality on Industrial Corporation - Evidence from Jordan

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Abstract

This study revealed the influence of financial reporting quality disclosure on sustainable development dimensions in industrial corporations, due to limited literature in a developing country, such as Jordan. The study used a sample of 303 annual reports of the industrial corporations listed on the Amman Exchange from 2014-to 2020. Content analysis and regression analysis were used to analyze the data and hypothesis testing. The results indicate that the mean disclosure of sustainable development is 46 %, with a minimum value of 25 % and a maximum value of 80 %. Specifically, the results indicate that both the economic and environmental dimensions positively influence the quality of financial reporting. Otherwise, the social dimensions were found not to affect the quality of financial reporting. In order, to increase the generalizability of the study, we recommend future research be conducted by examining the influence of the dimensions of sustainable development in other sectors, such as banks and service sectors. furthermore, different variables such as financial performance can be tested.

Keywords: Sustainable Development; Financial Reporting Quality; Industrial Corporation

Introduction:

Our ecosystem is being harmed by a variety of natural resources that may soon be depleted owing to increased pollution. As a result, a development model that considers the existing nature and actions to preserve it for future generations while minimizing waste and harmful emissions is needed. The world community endorsed the notion of sustainable development as one of the main aims of the Earth Summit in Brazil in 1992. (Jaff, Al-Kake & Hamawandy, 2021; Abdul Rahim, 2015). As well, The United Nations Sustainable Development (2015) emphasized the necessity of supporting economic growth as well as social and environmental sustainability practices. This is because the successive developments of economic life have become imperative for business organizations to modify their economic model based on the philosophy of maximizing profitability and to consider other dimensions, such as social and environmental dimensions, along with economic dimensions. Thus, it requires that organizations disclose financial and non-financial information to provide stakeholders with performance information (economic, social, and environmental) to accurately assess their performance. Determining the fair value of an equity investment and its ability to manage risks would help the firm improve its reputation and image in the community while also ensuring profitability and competitive advantage (Al-Jurf, 2017; Simnett, Vanstraelen & Chua, 2009; Malo-Alain, Melegy & Ghoneim, 2019; Abeysekera, Li & Lu, 2021). The International Accounting Standards Board's (IASB) conceptual framework for financial reports states that data must have the basic characteristics of "appropriateness and honest representation," as well as enhanced characteristics of (verification, appropriate timing, misunderstanding, and comparability) that affect the usefulness of financial data (IASB, 2020). Financial reports and accompanying clarification are also the primary means of communicating economic events and corporate information to stakeholders, with high-quality financial reports providing stakeholders with information that allows them to accurately assess the company's performance and make rational decisions, and the usefulness of the financial

information disclosed is related to the quality of financial reports. (Kieso, Weygandt, & Warfield, 2020; Shakespeare, 2020; Albawwat, Al-hajaia & AL frijat, 2021).

The accuracy of financial reporting has become a crucial concern, because of the failure of certain U.S. firms to provide accurate financial reporting and the recent global financial crisis, many companies have failed. Disclosure is a method to improve the quality of financial reports by defining and revealing elements including characteristics of reliability, transparency, and comparability, to be measured and disclosed, allowing readers of financial statements to analyze the Organization's economic, social, and environmental impacts (Talawla and Gouda, 2016; Moneva, 2006; Souza, Flash, Borba, & Prouti, 2021). Consequently, the level of disclosure of sustainable development dimensions is an indicator of a company's level of success. If the level of disclosure of this information increases, stakeholders will have a positive impression of the company's efficiency and effectiveness, which will also improve the quality of financial reports and increase the company's market value. Additionally, the concept of corporate responsibility, evolution has become committed to contributing to sustainable development by working with employees, customers, shareholders, and society to achieve the goals of stakeholders and serve sustainable development simultaneously. Same as many companies' Industrial public shareholding companies are also facing considerable pressure from stakeholders to improve their reports to help them make their various decisions. The low quality of the financial reports delivers false and unclear information, affecting the integrity of stakeholder decisions, and thus an interest in disclosing the dimensions of sustainable development with other financial and non-financial disclosures is important to improve the quality of financial reports.

According to (Abeysekera et al., 2021; Al Matarneh, 2019) sustainability disclosure in the current period is linked to the quality of disclosure in financial reports for both the current period and the coming period. Companies with social reputations are also seen as trustworthy by stakeholders and shareholders. Additionally, Malo-Alain et al., (2019) also

indicated a positive and important relationship between accounting disclosure for sustainable development and the quality of financial reports. Moreover, Souza et al., (2021) indicated that there was no relationship between the disclosure of sustainable development information and the quality of financial reports. Therefore, it does not explain the low or higher levels of profit management. While Shelf (2017) indicated a moral relationship between the disclosure of elements of the social dimension and the economic dimension and the quality of financial reports, there is no moral relationship between the disclosure of elements of the environmental dimension and the quality of financial reports.

Because of this controversy, the main problem of this research is to examine the impact of disclosure of the dimensions of sustainable development on the quality of financial reports in Jordanian public joint-stock industrial companies. Thus, the purpose of the study can be achieved by answering the following questions: -

- 1- What impact does the disclosure of the economic dimension have on the quality of financial reports in Jordanian public joint stock industrial companies?
- 2- What impact does the disclosure of the environmental dimension have on the quality of financial reports in Jordanian public joint stock industrial companies?
- 3- What impact does the disclosure of the social dimension have on the quality of financial reports in Jordanian public joint stock industrial companies?

Literature review and hypothesis development

Financial reporting is the primary tool for providing full reporting for any institution regarding both the financial and non-financial information that is useful for the stakeholders in assessing the company's performance and making rational decisions, which includes financial reporting on traditional financial statements, supplemental clarifications and additional disclosures to the financial statements (Kiso Et Al., 2020; Abdul Qadir, 2017). For accounting information to genuinely and reasonably

reflect the current situation, therefore, there has increased interest in studying the quality of financial reports; the quality of accounting information disclosed, and the quality of financial reports are based on the ability of the disclosed information to make a difference in the decisions of users of financial reports. According to the International Federation of Financial Analysts, the quality of financial reports is appropriate when they are honest, representative, transparent, Clear and have a timeline of information (Hamada, 2014; Beest, 2009).

The concept of financial reporting quality has been discussed by many researchers. According to Shirazi, (1990), the quality of financial reports is defined as the set of characteristics that accounting information must have to help achieve the necessary needs of its users. While, Meligi (2014) reports that the quality of accounting information reflects the characteristics of this information, credibility, and ability to achieve the needs of its users, and the information must be free from misrepresentation and misleading information and prepared by a set of accounting standards to reflect the reality of the company's economic performance, reduce asymmetry among users and reduce agency problems. Abdelkader (2017) study reported that the quality of financial reports is the preparation of financial reports by the international reporting framework, delivery of the content of such reports to their users promptly, and avoidance of substantial distortions in financial reports, to truly reflect the economic situation of the facility. While Onuorah & Imene (2016) define the quality of financial reports as the extent to which a set of specific criteria, whether objective or judgmental, is met, and find it difficult to measure the quality directly they are evaluated judgmentally. According to Shatnawi (2018), the main common factor between these definitions is the ability of financial reports and the information they contain, whether they are financial or non-financial, to make a difference in the decision-making.

Sustainable development is a concept that has received a lot of attention and emerged in the second half of the twentieth century, initially appearing in the economic and then social literature, and then the concept of sustainable development in its traditional form is deepening and escalating

through conferences and plans adopted by the United Nations. The United Nations Declaration (Right to Development) adopted in 1986 defined the process of sustainable development as an integrated process with economic, social, cultural and political dimensions aimed at achieving the continued improvement of the well-being of individuals. Through which human rights and fundamental freedoms can be proclaimed, and to promote sustainable camouflage, the United Nations adopted Resolution A/RES/70/1 in September 2015 to strengthen its efforts to achieve more sustainable global development by 2030. During the meeting, they mentioned a set of 17 Sustainable Development Goals, which are divided into 169 secondary goals (Abdul Rahim, 2015; Hummel & Szekely, 2021; Calabrese, Costa, Gastaldi, Ghiron & Montalvan, 2021). In 2002, the Organization for Economic Cooperation and Development (OECD) defined sustainable development as "development that involves integrating the economic, social and environmental goals of society to maximize the well-being of human beings today without compromising the ability of future generations to meet their needs. While Aras & Crowther (2009) defined it as the impact of the firm activity on the internal and external environment and it's their impact on the future.

Sustainable development includes three dimensions, as defined by the World Summit on Sustainable Development in Johannesburg (2002), which include economic, social and environmental dimensions. The conference stressed that the effectiveness of sustainable development depends on concerted efforts in these three areas and that each of these dimensions includes a range of activities that interact with each other to achieve sustainable development (Sebhatu and Enquist, 2007). The three dimensions of sustainability (economic, social and environmental) are linked to an indivisible complementary relationship, which has led to the emergence of the concept of comprehensive performance, which is the gateway to balancing profitability with the wishes of all parties associated with interests and relationships with the company (Bodhi and Kahli, 2013). First, the economic dimension reflects the impact of the company's activities on economic systems at all levels, and on the economic conditions and

variables of the stakeholders (Ayyut, 2015), so the impact of the economic dimension is on the economy in general (national, local and global) first, and all parties associated with relations with the company economically secondly (GRI, 2006). Second: The social dimension: this dimension aims to achieve social justice in the distribution of economic and natural resources, the development of cultures in societies, the promotion of equality and human rights, and the building of healthy community relations (Ayyut, 2015). Its foundations for justice are distribution, popular and collective participation, cultural diversity and corporate sustainability (Abuzant, 2008; Jaff et al., 2021). Thirdly, the environmental dimension and the objectives of this dimension are focused on seeking renewable sources of resources, mitigating the use of resources that may be depleted, and protecting ecosystems from land, air and water. The most important elements of the environmental dimension include diversity and biodiversity, energy, ecosystems and resilience. The company's commitment to disclosing its environmental performance, therefore, indicates its awareness of environmental matters, and that the company's efforts to preserve the environment have positive implications for the company's existence and continuity (Jaff et al., 2021; Apsantzant, 2008). A study done by Abeysekera et al., (2021) found that sustainability disclosure in the current period is adequately linked to the quality of disclosure in financial reports for the current and future periods. In line with stakeholder theory, companies with social reputations are also seen as trustworthy by stakeholders and shareholders. Although Hummel & Szekely's (2021) study has significantly increased the quality of SDG reporting over time, there is a clear lack of disclosure of quantitative and future information. Moreover, a study by Jaff et al., (2021) has found that disclosure of the dimensions of sustainable development as a whole has a positive impact on the quality of financial reports in commercial banks in Iraq. While Souza et al., (2021) have reported that there is no relationship between the disclosure of sustainable development information and the quality of financial reports. The study also found that companies achieving sustainable development do not explain the low or higher levels of profit management. Furthermore,

Malo-Alain et al., (2019) found that there is a positive and important relationship between accounting disclosure for sustainable development and the quality of financial reports through the accounting reservation measure, which explains that increased sustainability disclosure increases the value of the accounting reservation. Additionally, a study by Al Matarneh, (2019) found that chartered accountants in Jordan consider environmental, social and economic dimensions important factors affecting the quality of financial disclosure. The "social dimension" was found to have the highest average score (4,267), followed by the "economic dimension" (4,195) and the "environmental dimension" (4,007). Moreover, Al-Dhaimesh & Al Zobi,(2019) found that there is a statistically significant impact of sustainability accounting disclosure on financial performance. Additionally, the study found that banks operating in Jordan give greater priority to disclosing the economic dimension, rather than social and environmental dimensions. While Rusady & Prasetyo (2018) found that corporate social responsibility disclosure has a significant and negative impact on the quality of financial reports. Additionally, Samir's (2018) study found that attention to measuring and disclosing the three elements of sustainable development accounting helps increase the reliability of financial reports and that sustainable development information is disclosed in the form of sustainability reports with its quantitative, financial and non-financial descriptive information while communicating it to stakeholders and stakeholders. Lastly, Shelf's (2017) study found that there is a moral relationship between the disclosure of elements of the social dimension, the economic dimension and the quality of financial reports, but the researcher did not find a moral relationship between the disclosure of elements of the environmental dimension and the quality of financial reports. Based on the above discussion, many studies have agreed that the disclosure of sustainability dimensions affects the quality of financial reports, as they are important in providing appropriate information to beneficiary parties to help them make good and timely decisions. Because of the controversy over the importance of excluding the dimensions of sustainable development, the importance of this research stems from the study of whether public joint

stock industrial companies are committed to disclosing the dimensions of sustainable development and examining whether the degree of disclosure of the dimensions of sustainable development will increase the quality of financial reports. The study expects a good commitment from companies to disclose the dimensions of sustainable development. There's a positive impact of the disclosure on the dimensions of sustainable development on the quality of financial reports, and the assumptions of the study can be derived from the following transformation.

The first hypothesis: There is an impact of disclosure of the economic dimension in the quality of financial reports in the Jordanian public joint stock industrial companies.

The second hypothesis: There is an impact of disclosure of the environmental dimension in the quality of financial reports in the Jordanian public joint stock industrial companies.

The third hypothesis: There is an impact of disclosure of the social dimension in the quality of financial reports in the Jordanian public joint stock industrial companies.

This study was based on the indicators that emerged from the Global Initiative for the preparation of the sustainability report (44).

These indicators include the following: Economic dimension indicators: are divided into several aspects, namely: The first side includes indicators of economic performance, the second side includes indicators of market presence, the third side includes indicators of indirect economic effects, and the fourth side includes indicators of purchasing practices. Social performance indicators: included in four categories: Category I: social performance indicators for employment and decent work. Category II: social performance indicators for human rights. Third category: social performance indicators of society. Category IV: social performance indicators for a product or service. Environmental dimension indicators: these indicators relate to the disclosure of indicators for materials, energy, water and biodiversity, emissions and liquid and solid wastes, products and services, transport and environmental assessment of suppliers.

Regarding methods of measuring the quality of financial reports, studies have been used (Cheung and Wright, 2010; Beest et al., 2009). Qualitative characteristics of information as a measure of profit quality. Studies were used (Barth, Landsman and Lang, 2008; Goel, 2012). Quality of profits as a measure of the quality of financial reports, through profit management practices as a counterproductive measure of the quality of financial reports. Studies (Hu, Li & Zhang, 2014; Hamdan, Abzakh, & Al-Ataibi, 2011; Malo-Alain et al., 2019) relied on the level of accounting reservation to measure the quality of financial reports, addressing the role of discretion in improving information, by reducing the asymmetry of information. Accordingly, the researcher concludes that there are multiple measures by which the quality of financial reports can be measured using accounting reservation measures, but will rely on this study using the profit management measure as a reverse measure of the quality of financial reports.

Research Methodology

To achieve the objective of this study, the descriptive analytical approach was used to collect, arrange and present data on the variables for the study model. E-Views software was used to analyze data and test hypotheses. The research methodology deals with the community and sample of research, the definition and description of research variables, and the study model.

Sample

The research community is represented in all the Jordanian industrial public shareholding companies listed on the Amman Stock Exchange. During the period 2014-2020, there are 57 industrial companies, according to the Jordanian Companies Directory. Availability of annual financial reports for companies during the study period, and all data necessary for calculating the study variables are available. In light of the previous determinants, the size of the research sample amounted to (43) companies, with a percentage of (75.4%) of the research community. The data was obtained through the websites of the research sample companies and the Securities Commission.

Definition and measurement of study variables:

First: Independent Variable: Disclosure of the Dimensions of Sustainable Development: The Overall Framework of the Global Sustainability Reporting Initiative (G4) has been relied upon to identify items to be disclosed in banks' annual reports to measure the extent to which sustainable development dimensions are disclosed by the general framework, which includes:

1. Items for disclosure of the economic aspect according to the Global Sustainability Report initiative.
2. Environmental disclosure clauses as reported by the Global Sustainability Reporting Initiative.
3. Provisions for social disclosure according to the Global Sustainability Reporting Initiative.

The researcher used content analysis, where no. 1 was placed if the company disclosed the item, while the number 0 was placed in the event of non-disclosure.

Second: Dependent Variable: Quality of Financial Reports: Measured by profit quality as a measure of the quality of financial reports, through profit management practices as a reverse measure of the quality of financial reports and based on studies (Barth et al., 2008; Goel, 2012), where he proposed (Dechow, Sloan & Sweeney, 1996). The Revised Jones Model (1991) is one of the most common and acceptable methods for estimating discretionary benefits to measure the quality of profits through profit management and to measure optional receivables take the following steps:

1. Measuring total receivables that can be measured in a cash flow manner in which total receivables are calculated by the difference between net operating profit and cash flow from operating operations through the following model

$$TACC_{i,t} = ONI_{i,t} - OCF_{i,t}$$

As:

TACC_ (i,t): Represents the company's total dues (i) for the period (t).

ONI_ (i,t): Represents the company's net operating profit (i) for the period (t).

OCF_ (i,t): Represents cash flow from the Company's operating operations (i) for the period (t).

2. The regression model that estimates the model coefficient through which non-optional receivables (NDACC I,t) will be calculated through the following regression equation, which is performed by the sample group of companies each year.

$$\frac{TA_{i,t}}{A_{(i,t-1)}} = \alpha_1 \left(\frac{1}{A_{(i,t-1)}} \right) + \alpha_2 \left[\frac{\Delta REV_{i,t} - \Delta REC_{i,t}}{A_{(i,t-1)}} \right] + \alpha_3 \left(\frac{PPE_{i,t}}{A_{(i,t-1)}} \right) + e_{i,t}$$

Where:

TA_ (i,t): Total dues of the company i) for the period (t).

A_ (i,t-1): Total assets of the company (i) for the period (t).

ΔREV_ i,t): Change in company revenues (i) for the period (t).

ΔREC_ (i,t): Change in the company's receivables (i) for the period (t).

PPE_ (i,t): (Property, Plant and Equipment) value of the real estate, property and machinery of the company (i) for the period (t).

E_ (i,t): Random error (trumpet), representing the portion of total receivables that have not been explained by regression model variables, and is used as an indicator of optional receivables.

Estimate the parameters of the form $(\alpha_1, \alpha_2, \alpha_3 \leq)$ through which non-optional receivable values are calculated.

3. Identify normal non-optional receivables (NDACC_ (i,t)) through the following regression equation that is done to the sample group of companies each year.

$$NDACC I,t = \alpha_1 \left(\frac{1}{A_{(i,t-1)}} \right) + \alpha_2 \left[\frac{\Delta REV_{i,t} - \Delta REC_{i,t}}{A_{(i,t-1)}} \right] + \alpha_3 \left(\frac{PPE_{i,t}}{A_{(i,t-1)}} \right) + e_{i,t-1}$$

- Optional receivables (DACC_ (i,t)) for each company are calculated by the difference between total and non-optional dues.

$$DACC_{i,t} = TACC_{i,t} - NDACC_{i,t} \dots \dots (4)$$

- Calculating the average optional dues of each sample company during the years of study to classify them into practice and non-profit management companies.

Companies are then classified as the practice and non-practice of profit management, where the company is a profit management practitioner. If the value of its optional dues per year is equal to or greater than the average of its optional dues, the company is considered it's non-exercise to manage profits if the value of its optional dues per year is lower than the value of its average optional dues, and if the absolute value of the company's optional dues during the study period is greater than its average optional dues, the company exercises profit management, and if it is less than the average His optional dues are not exercised by the company.

Study model:

Based on what has been presented through the study problem, objectives and assumptions, the study model has been developed to measure the impact of disclosure of the dimensions of sustainable development as an independent variable on the quality of financial reports as a dependent variable, as shown in Figure 1:

Independent Variables

Dependent Variable

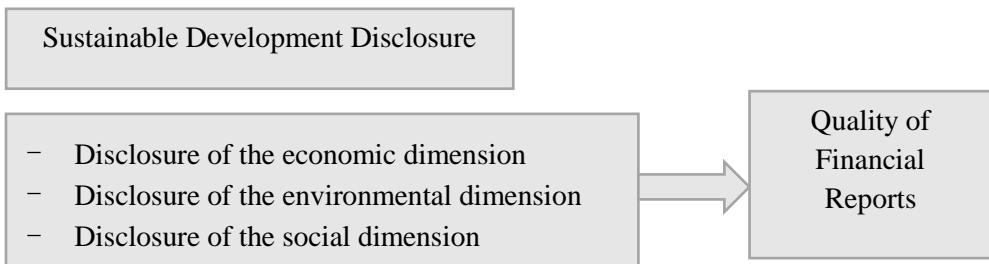


Figure 1 Study Model

Accordingly, the study model was formulated as follows:

$$FRQ = \beta_0 + \beta_1(EcoDis) + \beta_2(Env.Dis) + \beta_3(Soc.Dis) + \varepsilon$$

4. Analysis of the results of the study:

The analysis of the results of the applied study was based on three stages, starting with the validity of the data for statistical analysis, then describing the study data and ending with the testing of its hypotheses, and the following is an analysis of these stages.

4.1 Data suitability test for statistical analysis

1. Natural distribution test :(normal-distribution test)

Kolmogorov-Smirnov test was used to ensure that the distribution pattern of the study data is normal.

Table 1 Natural distribution of study variables with test values
(Kolmogorov-Smirnov)

Kolmogorov – Smirnov Statistic		Study variables
Sig	قيمة Z	
0.000	1.514	Quality financial reports
0.000	2.028	Disclosure of the economic dimension
0.000	2.148	Disclosure of the environmental dimension
0.000	1.915	Disclosure of the social dimension

Data in table 1 show that the probability values of variables are below the indication level (0.05), indicating that they follow the natural distribution (Hair et al., 2010).

2. Multicollinearity Test (Linear Interference Test)

Linear interference was examined by calculating tolerance factors for each independent variable and then finding variance Inflation Factor-VIF, which is a measure of the impact of the correlation between independent variables. This can be explained in table 2

Table 2 Multicollinearity Test for Linear Interference

Contrast inflation factor VIF	Tolerance	Variables
2.254	0.751	Disclosure of the economic dimension
2.162	0.463	Disclosure of the environmental dimension
1.918	0.681	Disclosure of the social dimension

Table 2 shows that the value of VIF for all study variables did not exceed (10) Gujarati, 2009; Field, 2005 (therefore the study model does not suffer from the problem of linear interference, and the association between variables has no statistical significance and is very low, and this indicates the strength of the study models in interpreting and determining the impact on the dependent variable.

4.2 Descriptive analysis of study variables:

After the validity of the data for statistical analysis has been verified, the second phase comes, in which an analytical description of the study variables is described as follows:

First: Description of the dependent variable: the quality of financial reports

The quality of financial reports on the way profits are managed has been measured, and the values of the dependent variable have been displayed through the absolute values of optional receivables, and through the number of profit management views in industrial companies, the results have been as follows:

Profit management (optional receivables)

Table 3 describes the annual optional dues of industrial companies researched during the study period (2012-2020), with an annual average of 11.61 million dinars, a standard deviation of JD 54.7 million, with the largest value (681.8) million dinars, while the lowest value (3,217) dinars. This indicates a significant variation in the values of optional receivables, indicating the different reasons and motives for the practice of profit management among Jordanian industrial companies.

Table (3): Descriptive statistic of the absolute value of optional dues for the period (2012-2020)

The absolute value of optional dues	Scale
11,614,120	Arithmetic Average
54,725,275	Standard Deviation
681,845,641	Maximum Value
3,217	Minimum Value

Based on optional receivable values, it was determined whether industrial companies were considered to be a profit management practice during the period, and the following table describes the profit management view

Table (4) Profit management views in Jordanian industrial companies during the period (2014-2017)s during the period

Percentage%	Iteration	Category	variable
63.8	192	Non-profit management practitioner	Profit management
36.2	109	Profit Management Practitioner	
100	301	Total	

Table 4 shows that the number of views on non-profit management has reached (192) views, accounting for 63.8% of total views, while the number of views on profit management practice (109) and (36.2%) is an indication that profit management practice is not a common phenomenon among Jordanian industrial companies.

Second: Description of independent variables

Independent variables have been represented by the dimensions of sustainable development, and the values of independent variables in industrial companies have been presented as follows:

Table 5: Descriptive Statistics on Variables of Sustainable Development Dimensions

Standard Deviation	Highest value	Average	Lowest value	Views	variable
10.718	100	71.124	60.614	301	Disclosure of the economic dimension
21.781	91.416	56.418	40.517	301	Disclosure of the environmental dimension
8.364	30.870	11.821	6.817	301	Disclosure of the social dimension
14.125	80.041	46.540	25.801	301	All dimensions

Table 5 presents the descriptive statistics of the study variables for (43) industrial companies listed on the Amman Financial Market for the period (2014-2020), as it is clear:

1. The average disclosure of the economic dimension in Jordanian public joint stock industrial companies during the period (2020-2014) was 71,124%), with a standard deviation of (10,718%). The largest value recorded during the period was (100.00%), with the lowest value being (60,614%). This indicates the interest of public joint stock industrial companies in disclosing information on economic and financial performance.
2. The average disclosure of the environmental dimension in Jordanian public joint stock industrial companies during the period (2020-2014) was 56,418%), with a standard deviation of (21,781%). The largest value recorded during the period was (91.416%), and the lowest value was (40,517%). Disclosure of the environmental dimension in public joint stock industrial companies is high, and conflicts with the operational processes of industrial companies with the environment.
3. The average disclosure of the social dimension in Jordanian public joint stock industrial companies during the period (2020-2014) was 11,821%, with a standard deviation of (8,364%). The largest value recorded during the period was (30,870%), with the lowest value being (6,817%). Disclosure of the social dimension has been low in many industrial companies, with product disclosures, contributions to community affairs and human rights disclosures declining.

The total disclosure of sustainability dimensions in Jordanian public joint stock industrial companies during the period (2020-2014) was 46,540%, with a standard deviation of (14,125%). The largest value recorded during the period was (80,041%), with the lowest value being (25,801%). We note that industrial public shareholding companies have not reached a significant level of disclosure of sustainability dimensions and that the level of disclosure of the economic dimension was highest, followed by disclosure of the environmental dimension, and then disclosure of the social dimension. This may explain the interest of companies in disclosing the economic aspects that increase the level of confidence in their performance by stakeholders, and on the other hand, may explain the increased level of disclosure of the environmental dimension at the level of

disclosure of the social dimension, the need for companies to pay attention to environmental affairs where there are many strict laws on the protection of epidemics and require companies to commit them.

3-4 Testing the hypotheses of the study

The joint regression model was used in formulating the regression model to measure the impact of the independent variable, the disclosure of the dimensions of sustainable development, on the dependent variable, the quality of financial reports in Jordanian public shareholding industrial companies, and table No. (3) presents the results of the regression analysis.

Table (6) Regression Analysis Results

Sig.	t- statistic	Coef.		variable
0.000	2.618	4.181	β_0	Cons.
0.000	7.418	5.891	B1	Disclosure of the economic dimension
0.000	6.827	3.814	B2	Disclosure of the environmental dimension
0.091	-1.128	-1.018	B3	Disclosure of the social dimension
F = 22.082		Adj. R-sq = 0.541		Extra Statistics
Prof>F = 0.000		No. of Observations = 301		

The results show that the value (F) (22.082) and the value (F. Sig = (0.000), which indicates that the model is highly moral and statistically significant, and adjusted (R2) are valued at (0.541), reflecting that the interpretive power of the model is high, as most changes can be interpreted through the model. Statistically significant impact on the quality of financial reports in Jordanian public joint stock companies. This indicates that industrial public joint stock companies, which promote disclosure of the dimensions of sustainable development, can contribute to and enhance the quality of financial reports in public joint stock industrial companies.

About the impact of independent variables on the quality of financial reports in public joint stock companies, the following are: First, concerning the economic dimension disclosure variable, the results of the regression analysis through the table showed that the regression factor signal (β) was positive (5,891) and that the value (Sig=0.000) was below the level of Moral (0.05), indicating a moral impact of the change in disclosure of the economic dimension on the quality of financial reports in Jordanian public joint stock industrial companies, which proves the validity of the first sub-

hypothesis, and therefore there is a statistically significant effect of disclosing the economic dimension on the quality of Financial reports in Jordanian public joint stock industrial companies. Secondly, about the environmental dimension disclosure variable, the results of the regression analysis through the table showed that the regression coefficient signal (β) was positive (5.891) and that the value (Sig=0.000) was below the level Moral (0.05), indicating a changing moral impact of the disclosure of the environmental dimension on the quality of financial reports in Jordanian public joint stock industrial companies, which proves the validity of the second sub-hypothesis, and therefore there is a statistically significant effect of disclosure of the environmental dimension on the quality of Financial reports in Jordanian public joint stock industrial companies. Thirdly, concerning the social dimension disclosure variable, the results of the regression analysis showed that the gradient signal (β) was negative (-1.018) and that the value (Sig=-0.091) was greater than the moral level (0.05), indicating that there is no moral impact of the social dimension disclosure variable on the quality of financial reports in Jordanian public joint stock industrial companies, which proves that the third sub-hypothesis is incorrect, and therefore there is no statistically significant impact of disclosure of the social dimension on the quality of Financial reports in Jordanian public joint stock industrial companies.

The researcher can formulate the regression model as follows:

$$\text{FRQ} = 4.181 + 5.891 (\text{EcoDis}) + 3.814 (\text{Env.Dis}) - 1.018 (\text{SocDis})$$

5- Results and recommendations of the research

5.1 Search results: The most important search results are:

- 1- The results of the study showed that Jordanian public joint stock industrial companies are interested in disclosing information on economic and financial performance as companies seek to achieve economic growth, economic well-being and presence in the market. This finding was consistent with a 2019 study (Al-Dhaimesh & Al Zobi) which found that facilities in Jordan give greater priority to disclosing the economic dimension.

- 2- The results of the study showed that the level of disclosure of the environmental dimension in Jordanian public joint stock industrial companies came to an average degree, due to the nature of the work of industrial companies public joint stock, which is based on the environmental dimension. This finding was not consistent with a 2019 study by Al Matarneh, which indicated that the environmental dimension has less impact on the quality of financial reports.
- 3- The results of the study showed a low level of disclosure of the social dimension in Jordanian public joint stock industrial companies, and the disclosures focused on activities related to employees and customers, whereas product disclosures and contributions to community affairs, and disclosures related to human rights decreased. This finding was consistent with a study (Al-Dhaimesh and Al Zobi, 2019) on the lack of interest of institutions in the social dimension and focusing solely on the economic dimension.
- 4- The results of the study showed that the proportion of companies that do not practice profit management was 63.8%), while companies that practice profit management reached (36.2%), so the practice of profit management is not a common phenomenon among Jordanian industrial companies.
- 5- The results of the study showed that the disclosure of the dimensions of sustainable development combined positively affects the quality of financial reports in industrial public joint stock companies, explaining 54.1% of the differences in the quality of financial reports, indicating that public joint stock industrial companies that disclose the dimensions of sustainable development can contribute and enhance the quality of financial reports in companies. This finding is consistent with studies (Jaff et al., 2021; Al Matarneh, 2019; Malo-Alain et al., 2019 Al-Dhaimesh and Al Zobi, 2019; Samir, 2018). Which indicated that there is a positive and important relationship between accounting disclosure for sustainable development and the quality of financial reports, where studies have indicated that disclosure of the dimensions of sustainable development combined positively affects the credibility

of accounting information in companies, and that sustainability disclosure in the current period is sufficiently linked to the quality of disclosure in financial reports for the current period and the coming period. The outcome of this study was not consistent with a study (Souza et al., 2021) which indicated that there was no relationship between disclosure of sustainable development information and the quality of financial reports, and since companies achieving sustainable development did not explain the low or higher levels of profit management.

- 6- The results of the study showed a positive moral impact of the change in disclosure of the economic dimension and the disclosure of the environmental dimension on the quality of financial reports in Jordanian public joint stock industrial companies. This finding was consistent with a study (Shelf, 2017) which found that there was a moral relationship between the disclosure of elements of the economic dimension and the quality of financial reports. It did not correspond to the study, which did not find a moral relationship between the disclosure of elements of the environmental dimension and the quality of financial reports.
- 7- The results of the study showed that there is no moral impact of disclosure of the social dimension on the quality of financial reports in Jordanian public joint stock industrial companies. The study's findings were consistent with a study (Samir, 2018) which found that disclosure of the environmental dimension affects the credibility and therefore quality of financial reports. But it did not correspond to the study (; Rusady & Prasetyo, 2018 Shelf, 2017) which found that there is a moral relationship between the disclosure of elements of the social dimension and the quality of financial reports. Disclosure of CSR has a significant and negative impact on the quality of financial reports.

5.2 Research recommendations: In the light of the findings, the researcher recommends:

1. Motivate companies to increase the level of disclosure of the dimensions of sustainable development and motivate them to report on their commitment to the dimensions of sustainable development to contribute to building a positive image of the company and improving its reputation.
2. Directing companies to focus and increase disclosure of the social dimension, and issuing reports showing corporate social responsibility towards society, because attention to social activities does not conflict with the company's activities, but helps it to grow and continue.
3. Encourage companies not to exercise profit management in their financial reports, as they have a role to play in maintaining and continuously improving the quality of financial reports.
4. Further research and studies on the dimensions of future sustainable development for other sectors such as financial and service sectors, linking them to other variables such as financial performance, or introducing intermediate or modified variables such as governance and its mechanisms.

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