


THE EFFECT OF DISCLOSING THE SOCIAL, ENVIRONMENTAL AND ECONOMIC DIMENSIONS ON THE PROFITABILITY OF THE SERVICES SECTOR COMPANIES LISTED ON THE AMMAN STOCK EXCHANGE

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ARTICLE INFO	ABSTRACT
<p>Article history:</p> <p>Received 05 June 2023</p> <p>Accepted 29 August 2023</p>	<p>Purpose: Examine the influence of disclosing social, environmental, and economic activities on profitability in the services sector on the Amman Stock Exchange.</p> <p>Theoretical Framework: Explore theoretical underpinnings connecting disclosure of social, environmental, and economic activities to business profitability, drawing from corporate responsibility, sustainability, and financial theories.</p>
<p>Keywords:</p> <p>Amman Stock Exchange; Service Sector.</p> <div data-bbox="172 958 480 1205" style="text-align: center;">  </div>	<p>Methodology: Utilized a questionnaire distributed to Jordanian service sector firms' auditors and financial managers, employing simple random sampling. Focused on variables related to social, environmental, and economic disclosure.</p> <p>Findings: Positive link between social disclosure and profitability, attributed to fair service distribution and indirect employee support. Environmental disclosure positively affects profits through resource optimization and reduced pollution. Economic disclosure correlates positively with profitability by influencing pricing and product design.</p> <p>Conclusion: Disclosing social, environmental, and economic activities significantly impacts profitability in Amman Stock Exchange-listed service sector firms, emphasizing equitable services, resource efficiency, and strategic economic disclosure.</p> <p>Doi: https://doi.org/10.26668/businessreview/2023.v8i9.3693</p>

EFEITO DA DIVULGAÇÃO DAS DIMENSÕES SOCIAL, AMBIENTAL E ECONÔMICA NA RENTABILIDADE DAS EMPRESAS DO SETOR DOS SERVIÇOS COTADAS NA BOLSA DE AMÃ

RESUMO

Objetivo: Analisar a influência da divulgação das atividades sociais, ambientais e econômicas na rentabilidade do setor dos serviços na Bolsa de Amã.

Estrutura Teórica: Explore fundamentos teóricos conectando a divulgação de atividades sociais, ambientais e econômicas à rentabilidade empresarial, tirando partido da responsabilidade corporativa, sustentabilidade e teorias financeiras.

Metodologia: Utilizou um questionário distribuído aos auditores e gerentes financeiros das empresas do setor de serviços jordaniano, empregando amostragem aleatória simples. Focada em variáveis relacionadas à divulgação social, ambiental e econômica.

Constatações: Relação positiva entre divulgação social e rentabilidade, atribuída à distribuição equitativa do serviço e ao apoio indireto dos trabalhadores. A divulgação ambiental afeta positivamente os lucros através da

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otimização de recursos e da redução da poluição. A divulgação econômica correlaciona-se positivamente com a rentabilidade, influenciando a fixação de preços e a concepção do produto.

Conclusão: Divulgar atividades sociais, ambientais e econômicas impacta significativamente a rentabilidade em empresas do setor de serviços cotadas na Bolsa de Amã, enfatizando serviços equitativos, eficiência de recursos e divulgação econômica estratégica.

Palavras-chave: Amman Stock Exchange, Setor de Serviços.

EFECTO DE LA DIVULGACIÓN DE LAS DIMENSIONES SOCIAL, MEDIOAMBIENTAL Y ECONÓMICA EN LA RENTABILIDAD DE LAS EMPRESAS DEL SECTOR SERVICIOS QUE COTIZAN EN LA BOLSA DE AMMÁN

RESUMEN

Objetivo: Examinar la influencia de la divulgación de las actividades sociales, ambientales y económicas en la rentabilidad del sector de los servicios en la Bolsa de Valores de Ammán.

Marco teórico: Explore los fundamentos teóricos que conectan la divulgación de las actividades sociales, ambientales y económicas con la rentabilidad empresarial, a partir de la responsabilidad corporativa, la sostenibilidad y las teorías financieras.

Metodología: Se utilizó un cuestionario distribuido a los auditores y administradores financieros de las empresas del sector de servicios de Jordania, utilizando un muestreo aleatorio simple. Enfocado en variables relacionadas con la divulgación social, ambiental y económica.

Hallazgos: Relación positiva entre la divulgación social y la rentabilidad, atribuida a la distribución justa de los servicios y al apoyo indirecto de los empleados. La divulgación ambiental afecta positivamente las ganancias a través de la optimización de recursos y la reducción de la contaminación. La divulgación económica se correlaciona positivamente con la rentabilidad al influir en los precios y el diseño de los productos.

Conclusión: La divulgación de las actividades sociales, ambientales y económicas afecta significativamente la rentabilidad en las empresas del sector de servicios que cotizan en la Bolsa de Ammán, haciendo hincapié en los servicios equitativos, la eficiencia de los recursos y la divulgación económica estratégica.

Palabras clave: Bolsa de Valores de Ammán, Sector Servicios.

INTRODUCTION

The accounting disclosure in the financial statements has a positive impact on the profitability of companies or business organizations in general, and disclosure processes require general disclosure and special disclosure on some topics, for example, companies must make a special disclosure on social responsibility with a special report and disclose environmental accounting operations with a special report Also, this indicates that the accounting disclosure process has become in need of specialists or expertise in the field of disclosure required to reach the highest degree of transparency in communicating information to dealers at the same level and speed, and this depends on the degree of efficiency of the financial market in achieving this. (Ndukwe, 2014)

The need arose for more disclosure and transparency of quantitative or qualitative financial information about corporate governance, risk management, social performance and environmental performance, with the aim of measuring the company's success in achieving its

economic, social and environmental goals, and thus evaluating its ability to achieve sustainability in economic and social aspects. (Garcia, 2017)

Corporate Social Responsibility refers to the social and ethical behavior that a company must observe not only for its shareholders but also for all its stakeholders. Traditional finance theories assume that the ultimate goal of managers is to maximize shareholder wealth.

The Study Problem

The disclosure of the social responsibility (economic, environmental and social dimension) of the institutions increases the quality of the products, whether of goods or services provided to the community in which the institution operates and achieves profits through it. The community also has the right to know the nature of the social assistance provided to it by disclosing special reports on the costs of social activities and their impact on society from a financial and economic point of view. Therefore, the problem of the study lies in answering the following question: What is the effect of disclosing the social, environmental and economic dimensions on the profitability of the services sector companies listed on the Amman Stock Exchange?

Elements of the Study Problem

Based on the study problem, the elements of the study problem are:

- 1- What is the effect of disclosing the social dimension on the profitability of the services sector companies listed on the Amman Stock Exchange?
- 2- What is the effect of disclosing the environmental dimension on the profitability of the services sector companies listed on the Amman Stock Exchange?
- 3- What is the effect of disclosing the economic dimension on the profitability of the services sector companies listed on the Amman Stock Exchange?

Study Hypotheses

Based on the study problem, the following null hypotheses can be formulated

- 1- There is no effect of disclosing the social dimension on the profitability of the services sector companies listed on the Amman Stock Exchange.
- 2- There is no effect of disclosing the environmental dimension on the profitability of the services sector companies listed on the Amman Stock Exchange.

3- There is no effect of disclosing the economic dimension on the profitability of the services sector companies listed on the Amman Stock Exchange.

Objectives of the Study

The objectives of the study are as follows

- 1- Identify the concepts related to accounting disclosure and determine the nature of the relationship between the level of disclosure in the financial statements and the profitability of service sector companies in Jordan.
- 2- Carrying out a field study on the industrial public shareholding companies to find out the effect of disclosure on the profitability of the companies listed on the Amman Stock Exchange.
- 3- Showing the impact of the social, environmental and economic activities carried out by the company on increasing the profits of service sector companies in Jordan.
- 4- Identify the concepts of environmental, economic and social disclosure and the role of that disclosure in promoting and developing the concept of profitability.

The Importance of Studying

The importance of the study lies in the following

- 1- Social responsibility is considered a charter of ethics for the company in dealing with the society in which it operates and achieves profits through it, which means that there is integration in formulating goals and strategies through partnership with members of society to reach participatory goals and strategies that are able to compete and continue in the market, which is reflected positively profitability of the related companies.
- 2- The issue of disclosure is considered the basic pillar on which the survival of the stock market in Jordan depends, as the ethical principles of the market presuppose the existence of an element of transparency and disclosure of information that interests investors and protects their interests, money and investments, which has a positive impact on the profitability of the companies listed in the market and has a role Significant in enhancing the confidence of dealers in the market.
- 3- The profitability index is one of the most important topics that occupy the minds of local financial and tax departments in Jordan, as profitability means the company's ability to continue in the market, and this means reducing unemployment and limiting

social risks in society, and the disclosure of social activities is reflected in the degree of loyalty to customers And increase their confidence in companies

4- The services sector in Jordan represents the largest segment in the number of companies listed on the Amman Stock Exchange, and it also provides services to all segments of society without exception, which means that the subject of the study can be applied to that sector.

Study Population and Sample

The study population consists of the Jordanian public shareholding companies listed on the Amman Stock Exchange (services sector), which are 139 companies. The sample of the study is the financial managers and internal auditors in the Jordanian public shareholding companies .service sector

Sources of Obtaining Information

The sources of obtaining information are from two main sources:

1- Primary sources: It is represented by designing a questionnaire that takes into account the variables of the study represented in environmental, social and economic disclosure and the variable of profitability. It is distributed to financial managers and internal auditors in the public shareholding services sector listed on the Amman Stock Exchange.

2- Secondary sources: These are books and references that cover the theoretical framework of the study variables, in addition to research, scientific studies, master's and doctoral theses related to the goals and variables of the study.

Previous Studies

1- Al-Taweel (2018) Study “The Relationship between Social Disclosure and Short-Term Profits”

The study aimed to show the nature of the correlation between the level of social disclosure and the achievement of short-term profits. The study relied on the analytical method of the Syrian companies listed on the Stock Exchange, and the study sample included 19 companies. One of the most important results of the study is the existence of a positive relationship between employee relations and disclosure of them on achieving short-term profits. Among its most important recommendations: the need for compulsory regulations and

instructions to disclose social activities to all segments of society to show the social role of the company.

2- Nouredine (2020) study "The Impact of Profitability on Promoting Environmental Disclosure in Nigeria"

The study aimed to demonstrate the effect of profitability on increasing the efficiency of environmental disclosure in 16 industrial companies in Nigeria. The study was based on the analytical study for the year 2016 of the financial reports published in the Stock Exchange. Among the most important results of the study: The quality of profits plays an important role in enhancing the mechanisms of environmental disclosure, and it also showed that the financial ratios improved with the increase in environmental disclosure. Among her most important recommendations: making instructions governing environmental disclosure through the existence of institutional governance for that.

3- Costa (2022) Study entitled "The Impact of Corporate Social Responsibility and Innovative Strategies on Financial Performance"

The study aimed to assess the role of corporate social responsibility (CSR) and innovation strategies as a lever for the company's financial performance. It aims to reinforce the importance of these strategic choices in both the administration and the public policy domain. The study relied on collecting data covering the largest 1,000 companies listed on the stock exchange around the world. Then, hierarchical linear regression was performed to produce econometrics of the results. Two time frames (2015-2019) were compared to address trends in time and space. One of the most important findings of the study: Registration entails corporate social responsibility activities additional costs that can undermine the company's financial performance if not properly supported by public policies. Among the most important recommendations of the study: the need to find an applied perspective of use for both managers and policy makers.

4- Hapsoro (2019) study entitled "The effect of profitability and liquidity on CSR disclosure and its implication to economic consequences"

The study aimed to demonstrate the effect of achieving profits and increasing them from one period to another, and the effect of the presence of liquidity in business organizations on the disclosure of social activities. The study relied on analyzing the financial statements of a number of companies in the European Union for the years 2015-2017. Among the most important results of the study: There is a strong relationship between profitability and the level of social disclosure, and it also showed that liquidity does not have a strong effect on social

disclosure, and social disclosure has a negative impact on supply and demand factors in the market. Among its most important recommendations: the formation of committees of several specializations to create a conceptual framework appropriate to social and economic activities.

5- Yahung (2020) study titled “Does CSR affect the cost of equity capital: Empirical evidence from the targeted poverty alleviation of listed companies in China

The study aimed to show the effect of social disclosure on the cost of capital in Chinese companies. The study relied on referring to financial indicators and ratios published in the financial statements for a number of years, compared with economic indicators. Among the most important results of the study: the existence of an effect of social disclosure on the cost of borrowing for service projects in China, and it also showed that social disclosure has a positive effect in reducing the factors of poverty in China. Among the most important recommendations of the study: enriching the literature related to corporate social responsibility and the cost of capital, and to have a reference value for the sustainable development of companies.

The relationship of the current study with previous studies

The relationship between the current study and previous studies can be determined by the following

- 1- Previous studies relied on a specific variable only against its impact on financial performance in general and profitability in particular. While the current study relied on studying several variables (environmental, social and economic dimensions) and their impact on profitability.
- 2- Some of the previous studies depend on the theoretical study, some depend on the analytical study, and some depend on the questionnaire analysis, and the current study relied on the questionnaire to obtain the primary data.

Additions from current studies to previous studies

- 1- It was based on a study of the impact of the existence of accounting disclosure processes (the social, environmental and economic dimension) on profitability by designing a questionnaire that takes into account the objectives and variables of the study.
- 2- It relied on the practical application of the services sector for the companies listed on the Amman Stock Exchange, since this sector is considered one of the most numerous sectors in terms of the number of companies.

3- It relied on the study sample of internal auditors and financial managers in service sector companies in Jordan

4- It relied on studying the impact of disclosure variables on profitability, which is considered one of the most important factors for the company's continuity in the market.

THE THEORETICAL FRAMEWORK OF THE STUDY

Preface

During the period of economic downturn, business organizations must strive to stay in the market and achieve profits, and how to assess the risks or potential profit of their projects with a certain degree of accuracy and confidence, and here comes the role of the profitability measure. They are used to evaluate profit outcomes and direct the business to different strategies or models. Profitability also refers to the profits or gains that a company makes in relation to its expenses. Therefore, profitability analysis refers to the process of calculating or analyzing the profits of a business. Which helps them to determine their revenue streams and where they can reduce their expenses to achieve maximum profits.

The level of disclosure in the financial statements has implications for investment decisions, as there is a positive relationship between the level of disclosure and the increase in investments, which may reflect positively on the profitability of business organizations. Disclosure of special reports on environmental, social and economic activities has expenses incurred by the company for the benefit of community members or stakeholders, and this has an impact on increasing expenses and thus decreasing profits. Therefore, the existence of an effective department in the management of social, environmental and economic expenses in a scientific way may help to achieve efficiency in the use of the company's resources and thus achieve the required profits. Therefore, this study came to search for finding and determining the impact of disclosure of the social, environmental and economic dimensions on the profitability of companies listed on the Amman Stock Exchange Finance (service sector)

Disclosure

The concept of disclosure has evolved according to the development of accounting thought, as each definition includes the mechanism that accounting departments can take to make accounting disclosure that is in line with the requirements of accounting standards and provides the needs of institutions supervising stock and bond markets and stakeholders in accounting information. Also, the form of the content of the financial statements and reports

may differ substantially according to the meaning of disclosure used, as the accounting information that is prepared according to the concept of adequate disclosure would not be similar to the statements and reports prepared according to the concept of fair disclosure, than the lists and reports prepared according to the meaning of comprehensive disclosure. (Al-Duwailah, 2017).

That there is an agreement in the accounting literature that the disclosure of accounting information must be complete, fair and appropriate, and an explanation of these concepts has been provided, which is that the appropriate disclosure must contain the minimum amount of data so that the financial statements are not misleading. Fair disclosure involves an ethical constraint that requires balanced treatment between readers and stakeholders in the financial statements, while comprehensive disclosure requires the expression of economic events accurately in order to ensure that no material information is hidden that may affect the benefits of the ordinary investor, and therefore justice can be viewed as a primary goal that must be focused It is in the face of sufficiency and comprehensiveness. (Koonce, 2021).

The importance of accounting disclosure in business organizations

The importance of accounting disclosure as an unchanging principle in the preparation of financial statements is due to its consideration as one of the very important rules on which generally accepted accounting rules are centered. These rules emphasize the comprehensive disclosure of all accounting and financial data and other key information related to the activity of the concerned party and contained in its financial information. This is for the benefit of stakeholders, and accounting disclosure takes its importance from the multiplicity of parties benefiting from this information, which includes financiers, investment owners, lenders, accountants, the state and others. This is in addition to the consequences of the decisions made by these parties based on this information. (Melegy, 2019)

Inappropriate disclosure leads stakeholders to take inappropriate decisions in business organizations, which increases the possibility of unfavorable results. Disclosure is also of rapid importance according to the development in the quality of information needed by the parties inside and outside the company. The level of disclosure helps to expand the information base that helps achieve the company's vision, which is mainly to achieve profits. Therefore, the disclosure of information related to these risks is vital. With the help of impartial financial analysts, which enhances corporate governance. (Al-Husban, 2018)

From the foregoing, it can be concluded that the accounting disclosure is considered a basic database upon which the parties inside and outside the company depend in making their decisions represented in obtaining a service or a commodity from the company.

The relationship between disclosure and profits

Profitability refers to the ability of the company's management to make the best use of the company's resources to the maximum possible degree. It is in the management's interest to disclose that exploitation in the financial statements of investors to demonstrate their capabilities in generating profits from the main activity of business organizations. The management's capabilities in exploiting the economic resources in the company are demonstrated through disclosure. Accountant. In the sense that there is a positive relationship with the accounting disclosure process, with profits verified from the company's management of its assets in a scientific way. (Abdul Majeed, 2022).

Also, the quality of the profits gives an indication of the credibility of the profits achieved by the company from one year to the next, and it is also considered a major source in persuading shareholders to increase their investments in the company, which helps to reduce the borrowing process, which is reflected in the reduction of total expenses and thus reflects positively on the profits that the company achieves from From time to time, the decline in the quality of profits reflects negatively on the levels of accounting disclosure and leads to a lack of new investments, which is reflected in the reduction of the annual profits of business organizations. (Obeng, 2020).

The relationship between earnings quality and accounting disclosure

The relationship can be summarized as follows (Trang, 2016):

1- The reciprocal relationship: the presence of a small degree of similarity between the internal parties of the business organizations and the external parties have a positive impact on increasing the level of accounting disclosure in the financial statements to bring the points of view closer, as the greater the degree of similarity between the stakeholders, the lower the level of disclosure, and vice versa.

2- Complementary relationship: The presence of good quality of the financial statements leads to a need for stakeholders to disclose to a greater extent in the financial statements. This means that there is a complementary relationship between the quality of disclosure

and the quality of profits. The higher the degree of quality of profits, the higher the level of accounting disclosure, and vice versa.

The concept of disclosure of social responsibility

Is the disclosure whose mission is to confirm the establishment's social role towards the society in which it operates and achieves its profits through it in the financial statements that are the end of the accounting period, in addition to highlighting the role of companies in achieving sustainability or economic development through independent or additional disclosure reports on the company's social performance. Also, the disclosure of social performance has a positive impact on the value of the establishment indirectly. (Abu Zaid, 2018)

Objectives of disclosure of social responsibility

Objectives are as follows: (Khalil, 2022)

- 1- Evaluating the outcome of the companies' social activities on the basis that social and financial responsibility represent the basic objectives of the economic and social activities of those companies.
- 2- Evaluating the result of the activities of a social nature for the accounting unit. This is done by identifying and measuring the social participation activities of the unit and disclosing that in full and periodically.
- 3- Rationalizing all decisions related to directing social businesses and determining the best field for these businesses, whether from the company's or society's point of view.

The different dimensions of the social disclosure process

There are the following dimensions of social responsibility disclosure: (Rasche, 2017)

- 1- The scope of the beneficiaries of the company to know how to achieve the social role of the members of the society through which the company operates.
- 2- The economic field to know how to create revenues and gains, increase the market value of the company, and provide support to achieve sound economic development.
- 3 - The field of community service and how to achieve economic well-being for members of society and improve their quality of life.
- 4- A field for voluntary and environmental activities to know the duration of the company's implementation of social activities outside the legal framework and serving the largest segment of society.

Requirements for Disclosure of Social Activities

They are as follows (Astara, 2017).

- 1- It is a non-compulsory disclosure process and is considered a form of optional disclosure
- 2- According to the administration's desire, reports on social activities are prepared in terms of costs, goals, target groups, and their relationship to achieving the company's profitability.
- 3- Disclosure of the costs and benefits of social activities and the period of their conformity with the general objectives of the company
- 4- Disclosure of the mechanism for disbursing social expenses according to the decisions of the Board of Directors.

The effect of social disclosure on profitability

It is summarized as follows: (Al-Taweel, 2018)

- 1- It helps to increase the market value of the shares by increasing the loyalty of the community members to the company and thus is reflected in the profits of the company that carries out social activities.
- 2- The accounting disclosure helps the administration in controlling the costs of spending on social activities, which are considered among the general objectives of each establishment.
- 3- The social disclosure helps to show the vital role that the establishment plays for the members of society in terms of employment processes and alleviating the factors of poverty and unemployment, which may be reflected in the achievement of long-term gains.
- 4- Disclosure of social activities correctly and according to management decisions helps to achieve short-term profits.

Environmental Disclosure

The concept of environmental disclosure

It is the preparation of reports on financial and non-financial information and descriptive information in the financial statements on all activities of an environmental nature, such as: costs of equipment for pollution work, costs of rehabilitating pollution sites, sources of funding for pollution control machines, and legal requirements for pollution. (Hapsoro, 2019)

From the foregoing, it can be said that the company's management must disclose the costs of environmental items in the interim financial statements or annual statements, and the disclosure process includes how to disseminate information to members of the community and achieve the extent to which environmental activities comply with the decisions of the Board of Directors and identify deviations, if any.

The importance of environmental disclosure

Environmental disclosure achieves the following (Mousa, 2015)

- 1- Providing complete and integrated information on the expenditures of environmental activities, determining the extent to which community member's benefit from these activities, and determining the role of community members in disbursing environmental expenditures.
- 2- Demonstrating the company's role in applying legal requirements with regard to limiting environmental damage, whether to society or the state in general
- 3- Demonstrating the integration between the members of society, the state and the management of the company in determining the nature of the expenditures of environmental activities, determining their benefits, and identifying the parties benefiting from them.

Environmental disclosure requirements

It lies in the following (Khan, 2013)

- 1- Disclosure of the costs of social activities in the financial statements, as desired by the administration
- 2- Disclosure of the nature of items of an environmental nature, determining the costs of those items, and determining moral or material benefits from environmental expenses.
- 3- Disclosure of the effects of social expenditures on the company and society in general
- 4- Disclosure of legal requirements in environmental disclosure according to the requirements of each country
- 5- Making reports on environmental performance within the accounting disclosure processes at the end of the year
- 6- Disclosure of the relationship of total environmental expenditures to the company's profits

7- Disclosure of environmental obligations, environmental assets and accounting policies used in the measurement of items related to environmental assets, expenses and losses.

The impact of environmental disclosure on profitability

Environmental disclosure has many effects on profitability, as follows: (Uwuigbe, 2012)

- 1- Improving the quality of reporting for the better, which is the reduction of the cost of capital, especially the decrease in risks related to the risks of the investment process.
- 2- Increasing the optimal utilization of resources by dealing with more liquid markets in providing information to investors to convince them of expenditures.
- 3- Reducing the cost resulting from the unwillingness to keep two sets of accounting records, and this leads to stability in the nature of information used by both management and the external user when making their decisions.
- 4- The administration's focus on allocating environmental expenditures in a way that serves to increase the quality of products that help increase the number of customers and increase their loyalty, and this helps increase profits.

Economic Disclosure

The concept of economic disclosure

It takes the types of disclosure that is concerned with making accounting reports concerned with the role of the establishment in reducing unemployment and poverty rates.(Lueze , 2015)and (Fraihat, B. A. M.et al , 2023).

Economic disclosure mechanism

It is preferable that the economic disclosure contain the following.(Lueze , 2015) :

- 1- Preparing the employees and determining their places of work
- 2- Determining the salaries of the employees and their suitability to achieve the economic well-being of the employees
- 3- Determining the value of expenses related to economic activities and preparing a report on the benefits and costs of economic activities
- 4- The economic activities should be related to the general objectives of the company

STATISTICAL ANALYSIS

Introduction

This chapter deals with the methodology adopted in the study, the elements of the study population, the study sample, its selection method, and the analysis unit. It also includes an explanation of the field data collection tool, the practical and scientific procedures used to ensure its validity and reliability, the procedures for its application, and a statement of the statistical methods used to process and analyze field data, as follows:

Study Methodology

The study relied on the survey and descriptive approaches, the descriptive through which the phenomenon was described quantitatively as it is in reality through tables showing values for the performance of the study sample by studying the impact of social, environmental and economic disclosure on the profitability of service sector companies in Jordan. As for the survey, a random sample was taken from the community to study the study variables.

The Study Community and Its Sample

The study population and its sample consisted of workers in the accounting and auditing department in the services sector companies listed on the Amman Stock Exchange, and they numbered about (150) male and female employees. 150) a questionnaire on community members, from which (142) questionnaires were retrieved, and after reviewing the data, it was found that (6) questionnaires were not valid for statistical analysis, and accordingly, the statistical analysis was conducted on (136) auditors and accountants at the University of Tikrit, and table (1) shows the number and percentage The resolution distributed and retrieved.

Table (1). The number and percentage of the distributed and retrieved questionnaire

Title	Number	Percentage
Distributed questionnaires	150	%100.0
Retrieved questionnaires	142	%94.6
Questionnaires valid for statistical analysis	136	%90.6

Source: Prepared by Authors (2023)

Characteristics of the Study Sample

To identify the demographic and functional characteristics of the study sample, the frequencies and percentages of the study sample were found in Table (2).

Table (2). Frequencies and percentages for sample characteristics

Variable	Title	Frequencies	Percentages
Academic qualification Diploma	College	17	12.5
	Bachelor's	92	67.6
	Higher Diploma	9	6.6
	Master's	15	11.0
	Ph.D	3	2.2
	Total	136	100.0
Academic major is accounting	Accounting	52	38.2
	business management	33	24.3
	Banking and Financial Sciences	10	7.4
	Economy	31	22.8
	Insurance	1	6.6
	Other	9	0.7
	Total	136	100.0
The number of years of experience	less than 5 years	18	13.2
	From 5 to less than 10 years	53	39.0
	From 10 to less than 15 years	44	32.4
	From 15 to less than 20 years	15	11.0
	20 years and over	6	4.4
	Total	136	100.0
Job Title	Head of Audit Department	15	11.0
	audit officer	29	21.3
	Head of Accounting Department	24	17.6
	accountant	68	50.0
	Total	136	100.0

Source: Prepared by Authors (2023)

The following is noted from the previous table

1. According to the educational qualification variable, it is noted that the study sample members have a bachelor's degree qualification with the highest rate of 67%. It is also noted that postgraduate studies have a good percentage. It may give a good indication of the accuracy of the results and recommendations of the study.
2. As noted according to the scientific specialization variable, the highest percentage is for the accounting major, and this percentage may be normal given that the study sample consisted of auditors and accountants, and this is a positive indicator of understanding the questionnaire paragraphs and a positive indicator of the credibility of the study results.
3. As it is noted from the job position variable, the study sample is distributed in close proportions among practitioners of the accounting and auditing profession, and it may be appropriate for the subject of the study, which gives a positive indication of the credibility of the questionnaire and understanding of the paragraphs in it

Resolution Analysis Tool

Options were set for the answers to the paragraphs of the questionnaire according to the five-point Likert scale (1-to a very low degree, 2-to a low degree, 3-to a moderate degree, 4-to a high degree, 5-to a very high degree).

With regard to the importance of the paragraphs of the questionnaire adopted by this study when commenting on the arithmetic averages of the variables included in the study form, they are (high, medium, low) based on the following equation: (Sekaran, 2014)and (Wang, C , et al).

The length of the period = (the upper limit of the alternative - the lower limit of the alternative) / the number of levels $(5-1)/3 = 4/3 = 1.33$

Table No. (3) Shows the scale for determining the level of importance of the arithmetic mean, in order to benefit from it when commenting on the arithmetic averages.

Table (3). The significance scale for the arithmetic mean

Weighted Average	evaluation score
1 to less 2.33	Low
2.33 to les 3.67	Medium
3.67 and more	High

Source: Prepared by Authors (2023)

Reliability

The stability of the study tool was verified using the method of internal consistency between the paragraphs of the tool, as the study relied on calculating the stability from the results obtained from the application of the study tool on the survey sample, and the reliability coefficient was calculated using the Cronbach Alpha coefficient, Table (4) shows this.

Table (4). Stability coefficient (Cronbach alpha) for fields of study

Variable	Alpha value
The effect of social disclosure on profitability	0.747
The impact of environmental disclosure on profitability	0.748
The impact of economic disclosure on profitability	0.752
Total	0.771

Source: Prepared by Authors (2023)

It is clear from the data of Table (4) that Cronbach's alpha stability coefficient for the fields of the study tool ranged between (0.747-0.752) and all of them are high and acceptable values for application purposes. Most studies indicated that the acceptance rate of the stability coefficient is (70%) (Sekaran, 2014).

Statistical Processing Methods

The study relied on the SPSS statistical program for social sciences, to analyze field data, and to use descriptive and inferential statistical methods, which included:

1. Descriptive Statistic Measures to describe the characteristics of the study sample, based on frequencies and percentages, and the use of arithmetic averages and standard deviations to determine the impact of disclosure on corporate profitability
2. One-way regression equation to test the hypotheses of the study.
3. Cronbach alpha to measure the degree of internal consistency of the answers of the sample

The results related to the arithmetic averages of the respondents' answers about the areas of the impact of disclosure on profitability

The effect of social disclosure on profitability

Arithmetic averages were extracted for the respondents' answers about the dimensions of the field of the impact of social disclosure on the profitability of companies. Table No. (5) Illustrates this.

Table (5). Impact of Social Disclosure

Rank	No	Paragraph	Mean	Standard deviation	Evaluation score
Social disclosure affects profitability indicators through					
1	1	Disclosure of activities that help achieve benefits for society in general	3.74	0.99	High
2	2	Disclosure of the impact of achieving health care for community members on achieving well-being	3.62	0.96	Medium
3	7	Disclosure of the company's voluntary role towards the community by studying the financial impact of that role on the company	3.61	0.84	Medium
4	3	Disclosure of communication tools with the members of the community during the manufacturing processes of the products to reach the appropriate price for the members of the community and the company	3.53	0.96	Medium
5	5	Disclosure of processes for improving relations with members of the community through meetings and meetings with them, which helps to improve the fair distribution of profits between the company and the community	3.52	0.83	Medium
6	4	Disclosure of a quantum leap in the lives of the employees working in the company	3.51	0.86	Medium
7	6	Disclosure of the allocation of funds for the expenses of voluntary activities for the community in which the company operates	3.46	0.97	Medium
7	8	Disclosure of support for political and economic programs towards members of society	3.46	0.95	Medium

8	9	Disclosure of drawing the attention of the company's management to focus on supporting trade unions	3.34	0.64	Medium
Total			3.56		

Source: Prepared by Authors (2023)

It appears from Table No. (5) that the arithmetic averages of the respondents' responses to the paragraphs of the impact of social disclosure on profitability ranged between (3.34 -3.74). Paragraph No. (1) came in first place, "Disclosure of social activities that benefit all elements of society without exception." With an arithmetic average of (3.74) and a high evaluation score, this indicates that service sector companies are interested in providing services that benefit all segments of society, and this increases their loyalty to the company, which helps to increase the number of customers, which positively affects the profits of companies. While Paragraph No. (9) Came in last place "Disclosing the role of the management of service sector companies in supporting trade unions that support certain social groups and certain characteristics." This indicates the existence of integration in supporting social activities, either directly for the groups of society as a whole, or indirectly by supporting trade unions and disclosing this in Special reports are attached to the financial statements with an arithmetic average of (3.46) and a medium evaluation score, and the arithmetic mean for the dimension as a whole was (3.56) with a medium evaluation score, and this indicates that the study sample confirms the existence of an impact of social disclosure on the profits of service sector companies in Jordan.

The effect of environmental disclosure on profitability

Table (6). Effect of Environmental disclosure on profitability

Rank	No	Paragraph	Mean	Standard deviation	Evaluation score
Disclosure of the environmental dimension of companies affects their profitability through:					
1	3	Disclosure of the company's role in exploiting the country's natural resources to achieve the general benefit of society members	3.77	0.93	High
2	1	Disclosure of the company's role in processing production waste that negatively affects the environment and society in general	3.76	0.87	High
3	6	Disclosure of the company's social role in mitigating environmental pollution in society in order to achieve an increase in its profitability	3.70	1.00	High
4	2	Disclosure of the costs incurred by the company to mitigate the effects of environmental pollution by balancing the interest of the company and society in general	3.62	0.94	Medium
5	5	Disclosure of the costs and benefits of environmental activities carried out by the company	3.60	0.93	Medium

6	4	Disclosure of the company's application of the state's legal requirements to reduce environmental pollution	3.53	0.82	Medium
7	7	Reports on the environmental performance of the company are prepared in the financial statements	3.51	1.00	Medium
Total			3.65		Medium

Source: Prepared by Authors (2023)

Arithmetic means and standard deviations of the respondents' responses to the paragraphs of the impact of environmental disclosure on corporate profitability" arranged in descending order.

It appears from Table No. (6) that the arithmetic averages of the respondents' responses to the paragraphs of the impact of environmental disclosure on profitability ranged between (3.51 -3.77), and Paragraph No. (3) came in first place, "disclosing the role of the company for natural resources to achieve the general benefit of members of society." With an arithmetic average of (3.77) and a high evaluation score, this indicates a positive role for service sector companies through the exploitation of natural resources that mitigate environmental effects such as the exploitation of solar energy to mitigate the process of consumption of materials affecting the environment, while Paragraph No. (7) "Reports related to environmental performance are prepared at the end of the accounting period." This indicates that there is an interest in the management of service sector companies in Jordan to prepare a disclosure of environmental performance, and this may reflect positively on the profitability of the study sample companies with an arithmetic mean (3.09) and a medium evaluation score. The arithmetic mean for the variable as a whole was (3.65), with a medium evaluation score, which indicates the presence of an impact of environmental disclosure on the profitability of service sector companies in Jordan.

The effect of economic disclosure on profitability

Table (7). Effect of economic disclosure on profitability

Rank	No	Paragraph	Mean	Standard deviation	Evaluation score
Disclosure of the economic dimension of companies affects their profitability through:					
1	7	Disclosure of a set of activities related to customer relations in terms of achieving their satisfaction with the service	3.81	0.84	High
2	1	Disclosure of the company's role in achieving sustainable development for community members and achieving the company's goals	3.79	0.75	High
3	2	Disclosure of the company's role in applying the monetary and financial policy tools of the state	3.75	0.92	High

4	5	Disclosure of the company's role in reducing poverty and unemployment rates by publishing the names of employees on its website	3.69	0.72	High
5	3	Disclosure helped enhance the achievement of returns for shareholders in a way that helps cover social costs	3.63	1.00	Medium
6	4	Disclosure of achieving sustainable development in a way that guarantees the company's continuity in the market to meet the demands of community members	3.58	0.82	Medium
7	6	Disclosure of economic policies that help retain existing customers and attract new customers to the company	3.54	0.61	Medium
Total			3.67		Medium

Source: Prepared by Authors (2023)

Arithmetic means and standard deviations of the respondents' answers on the paragraphs of the impact of economic disclosure on the profitability of companies, arranged in descending order.

It appears from Table No. (8) that the arithmetic averages of the respondents' responses to the paragraphs of the impact of environmental disclosure on profitability ranged between (3.54 -3.81), and Paragraph No. (7) came in first place, "Disclosure of activities related to customers to fulfill their desires in the service provided to them With an arithmetic average of (3.77) and a high evaluation score, this indicates the existence of a special disclosure about the rates of satisfying the desires of customers for services and the quality of services provided to them, which reflects positively on increasing customer loyalty and increasing their numbers, which helps to increase profitability for service sector companies, while it came in the rank The last paragraph No. (6) "The economic policies that affect the requests and needs of customers in the quality of services are disclosed to them, and this naturally affects positively the increase in the profitability of service sector companies" with an arithmetic mean of (3.54) and a medium evaluation score, and the arithmetic mean of the variable as a whole was (3.67).) with a medium rating, which indicates that there is an effect of economic disclosure on the profitability of service sector companies in Jordan

Test the Study Hypotheses

The first hypothesis

There is an effect of social disclosure on the profitability of service sector companies listed on the Amman Stock Exchange

To validate this hypothesis, the one-way regression equation was applied to study the impact of social disclosure on corporate profitability. Table (9) illustrates this.

Table (9): Results of applying the one-way regression equation to study the impact of social disclosure on corporate profitability

Variable	B value	explanatory power R2	T value	Significant
The impact of social disclosure on corporate profitability	0.62	0.39	9.21	0.00

Source: Prepared by Authors (2023)

It appears from Table No. (9) that there is an effect of social disclosure on the profitability of companies, where the value of (β) was (0.62), which is a positive value and statistically significant indicating that the nature of the relationship between social disclosure and corporate profitability, meaning that the presence of social disclosure methods has an impact on profitability companies, and through the value of the coefficient of determination (R square), it is clear that social disclosure methods explain (39%) of the variation in the profitability of companies, and since the value of (T) is equal to (9.21), and the level of significance is (0.000), which means that there is an effect Significant ($\alpha \leq 0.05$) for social disclosure on the profitability of companies. Therefore, the hypothesis is accepted with the proven formula that says, "There is a significant effect ($\alpha \leq 0.05$) for social disclosure on the profitability of service sector companies listed on the Amman Stock Exchange."

The second hypothesis

Is that there is a significant effect ($\alpha \leq 0.05$) of environmental disclosure on the profitability of service sector companies in the Amman Stock Exchange.

To validate this hypothesis, a single regression equation was applied to study the impact of environmental disclosure on corporate profitability. Table (10) shows this.

Table (10): Results of applying the one-way regression equation to study the impact of environmental disclosure on corporate profitability

Variable	B value	explanatory power R2	T value	Significant
The impact of environmental disclosure on corporate profitability	0.74	0.55	12.80	0.00

Source: Prepared by Authors (2023)

It appears from Table No. (10) that there is an impact of environmental disclosure on corporate profitability, as the value of (β) was (0.74), which is a positive value and statistically significant indicating that the nature of the relationship between environmental disclosure and corporate profitability, meaning that the presence of environmental disclosure helps in increasing corporate profits. Through the value of the determination coefficient (R square), it is found that the environmental disclosure explains (55%) of the variation in the profitability of companies, and given that the value of (T) is equal to (12.80), and the significance level is

(0.000), which means that there is a significant effect ($\alpha \leq 0.05$) for environmental disclosure on the profitability of companies, and therefore the hypothesis is accepted with the proven formula that says “there is a significant effect ($\alpha \leq 0.05$) of environmental disclosure on the profitability of service sector companies in the Amman Stock Exchange

The third hypothesis

There is a significant effect ($\alpha \leq 0.05$) of economic disclosure on the profitability of service sector companies listed on the Amman Stock Exchange.

To validate this hypothesis, the single regression equation was applied to study economic disclosure on corporate profitability. Table (12) shows this.

Table (11): Results of applying the single regression equation to study the impact of economic disclosure on corporate profitability

Variable	B value	explanatory power R2	T value	Significant
the impact of economic disclosure on corporate profitability	0.71	0.50	11.60	0.00

Source: Prepared by Authors (2023)

Table No. (11) shows that there is an effect of economic disclosure on the profitability of companies, as the value of (β) is equal to (0.71), which is a positive value and statistically significant indicating that the nature of the relationship between economic disclosure and corporate profitability, meaning that the presence of economic disclosure enhances the profitability of companies. And through the value of the determination coefficient (R square), it is clear that the economic disclosure explains 50% of the variation in the profitability of companies, and since the value of (T) is equal to (11.60), and the level of significance is (0.000), which means that there is a significant effect ($\alpha \leq 0.05$) for economic disclosure on the profitability of companies, and therefore the hypothesis is accepted with the proven formula that says “there is a significant effect ($\alpha \leq 0.05$) of economic disclosure on the profitability of service sector companies in the Amman Stock Exchange.”

FINDINGS AND RECOMMENDATIONS

First, Findings

The study found the following results

- 1- The service sector companies in Jordan disclose the activities carried out by the company and have a positive impact on all categories of members of society in line with the company's strategy, and that disclosure has an impact on increasing the loyalty of

members of society and helps to increase the number of customers, which leads to an increase profitability of these companies.

2- The disclosure by service sector companies of activities related to health care in terms of costs and benefits to members of society helps the company's credibility in providing social services, which helps to achieve extraordinary profits for those companies.

3- The service sector companies disclose their role in the exploitation of natural and scarce resources, and show their role in achieving justice for members of society in the distribution of natural resources, which may help increase sales, which may reflect positively on the profits of companies from time to time.

4- Disclosure by companies of their role in recycling production waste resulting from assets that are used to reduce environmental pollution, and disclosure of the company's role in alleviating poverty and unemployment rates as a result of employing workers in those businesses, which has a positive impact on obtaining grants or aid from the state or an increase Categories of dealers with the company, which reflects positively on the profitability of those companies

5- For companies to disclose the nature of services that meet their desires and needs in that service, this helps to retain customers and try to attract new customers, which helps to integrate opinions in reaching the maximum possible degree of acceptable costs and prices from the customer and the company, and this helps to reduce costs Thus increasing profitability.

6- Companies should disclose their role in achieving economic justice in distributing income among members of society, and this increases the company's credibility in reaching acceptable prices according to supply and demand factors, and thus may positively affect the company's profits from time to time.

Second: Recommendations

Based on the results of the study, the recommendations can be summarized as follows

1- The need to create a conceptual framework for applying disclosure in all its formal and informal forms through the existence of systems and instructions that determine how and when to disclose social, environmental and economic activities.

2- The need for international and local accounting institutions to pay attention to the issue of environmental, social and economic disclosure in terms of disclosure methods

and means of disclosure in stock exchanges and how to communicate information related to those activities through the use of information technology tools.

3- The need to apply the subject of the study to other sectors in Jordan in order to obtain complementary information between the various sectors listed on the Amman Stock Exchange.

4- The need to show the company's positive role in providing social services to members of society in terms of fair distribution of income, reduction of environmental issues, reduction of poverty and unemployment rates through the presence of fair disclosure explaining the role of each company in that.

5- The need for financial analysts and state departments to grant companies in-kind benefits and discounts for companies that carry out social, environmental and economic activities that are beneficial to members of society - and the need to highlight the role of those activities on the profitability of companies.

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