Print ISSN: 2288-4637 / Online ISSN 2288-4645
doi:10.13106/jafeb.2021.vol8.no8.0453

The Effect of Corporate Social Responsibility Disclosure on Market Performance: Evidence from Jordan

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Received: April 20, 2021 Revised: July 04, 2021 Accepted: July 15, 2021

Abstract

The current study aims to investigate the relationship between CSRD and firm performance, as an indicator for corporate socially responsible behavior, and corporate market performance of listed companies on the Amman stock exchange (ASE). The study adopts a quantitative methodology and utilizes pooled data sets that was collected following content analysis approach of the annual reports for the period 2014 to 2019. The study sample consists of 42 listed companies. The study ran a multiple regression model in order to capture the relationship between the independent variable CSRD and the dependent variable that is Firm performance which was measured using Tobin's Q. The study also utilized five control variables in order to control the hypothesized relationship between CSRD and Firm Performance. The results indicate a negative but significant relationship between CSRD and corporate market performance measured by Tobin's Q. The results stand against the notion of the business case for CSR, and indicate the opposite position, so, the higher CSRD, the lower will be Tobin's Q. Such results support the notion of the institutional theory, and provide an initial evidence for legitimacy seeking behavior in Jordanian companies. However, the results indicate a lower level of awareness of CSR across investors and market players, which support arguments of the difference in market perceptions towards CSR.

Keywords: Corporate Social Responsibility Disclosure, Market Performance, Institutional Theory, Jordan

JEL Classification Code: G3, G34, M14, O16

1. Introduction

The role of companies around the world has expanded to maintain the capabilities for the next generation (Eldalabeeh et al., 2021; Tibiletti et al., 2021). Companies now have to bear the impact of their operations on the society and environment in which they operate, following the global responsible agenda that is driven by Great 20 countries and is influenced through establishing new rules for business environment. Consequently, the companies have started to balance between its traditional goals of creating value for the shareholders and establishing long-term relationships with the stakeholders through creating a sense of trust among all those involved in the company's operations. In this context, corporate social responsibility (CSR) has become an important and necessary approach for gaining legitimacy and being an active player in surrounding communities (Joo, 2020; Zraqat, 2019). In order to avoid feelings of alienation, community engagement has become an essential part of corporate strategies aiming at enhancing corporate business operations through legitimating both business operations and outputs (Liu & Zhang, 2017). Companies that fulfill their social responsibilities are able to contribute significantly to stabilize the business environment through establishing bridges with its communities and stakeholders including employees, suppliers, regulators and others (Majeed et al.,

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2015). Bani-Khaled et al. (2021) argue for the impact of social contributions, where companies can demonstrate the positive sides of their business, and reduce the fear of the society in which they operate about the negative impact of their activities. The great interest in CSR is not considered a burden on the company's resources, but rather a way to improve the reputation and credibility of the companies, which will lead to success and business sustainability (Mahmood & Orazalin, 2017).

With the increasing demand from various stakeholders for corporate transparency and accountability, the perceived value of CSR that includes social, environmental and economic responsibilities, increases (Miras-Rodríguez et al., 2019), which created a need for companies to take into account the impact of their business on the surrounding environment and act responsibly to deal with its consequences (Alipour et al., 2019). It has become critical for companies to actively engage their stakeholders through addressing their CSR strategies and activities in order to gain corporate legitimacy and ensure the flow of capital and labor (Nunhes et al., 2020), attracting clients necessary for the continuity of the company (Li et al., 2013), And limiting potential product boycott and other acts of sabotage (Worokinasih & Zaini, 2020). According to the stakeholder theory, Corporate Social Responsibility Disclosure (CSRD) has become a part of the dialogue and interaction between the companies and its stakeholders (Adams & McNicholas, 2007), in which companies can provide relevant and informative information on its social role, and thus achieve the intended outcomes of its CSR practices. These arguments established for the core idea of the business case for CSR that considers the direct and indirect relationships between corporate social behavior and the future returns in forms of financial performance (Carroll & Shabana, 2010).

As one of the highly discussed theories for CSR, the business case focuses on the future returns companies may generate as a function for its social investments (Kurucz et al., 2008), where companies can build long-term investments through building relations with their communities through being socially responsible (Carroll & Shabana, 2010). The business case of CSR can also be considered as a reflection for CSR legitimacy, where socially responsible organizations can be seen as legitimate organizations (Matten & Moon, 2008), and thus gain additional social acceptance in their community, which would account for future retunes (Castelló & Lozano, 2011). In his argument, Carroll (2008) discussed the rationality of the business case in today's business environment that is characterized by growing aggressive competition. He addressed the value of CSR engagement through the impact of CSR in providing those companies the right to survive as current business organization will not be able to sustain their operations without social acceptance. In brief, the business case for CSR builds on the core idea of "doing good to do well", where responsible organizations would receive future values for their CSR practices, and thus achieve better financial and non-financial performance (Kurucz et al., 2008).

Although CSR practices have an important role in corporate performance and economic development, good CSR practices in Jordan are considered limited compared to many other countries (Zraqat, 2019). This is because CSR practices and their disclosure are not seen as a profitable investment in Jordanian companies (Qa'dan & Suwaidan, 2019), which can be explained by the lack of awareness and understanding of the implications of CSR especially as it relates to performance.

Many studies have been conducted on CSRD and performance in developed countries, but a limited number of studies have been conducted in developing countries (Elbaz & Laguir, 2014; Garas & ElMassah, 2018), including Jordan (Omar & Zallom, 2016). There have been a few attempts to identify the impact of CSRD on market corporate performance (Nekhili et al., 2017), which creates uncertainty about the relationship between CSRD and financial performance in developing countries and mainly in Jordan (Hardiningsih et al., 2020). Empirical evidence for the relationship between CSRD and financial performance found positive, negative or neutral relationships (Wahidahwati & Ardini, 2021; Tanggamani et al., 2018). Other studies also found a positive relationship between CSRD and performance (Zraqat, 2019; Platonova et al., 2018; Giannarakis et al., 2016). While some studies have found a neutral relationship (Soana, 2011). This leads to the conclusion that there is no unified result about the nature of the relationship between CSRD and performance (Al Fadli, 2020). Thus, identifying the effects of CSRD on in the context of Jordan may be important to provide additional evidence to the literature considers CSR and performance in developing countries.

The current study aims at achieving two main goals: First, the study aims to explore the extent to which the Jordanian manufacturing companies listed on the Amman Stock Exchange during the period 2010 to 2020 disclose the CSR in the annual reports. Second, it aims to examine the relationship between CSRD and market performance. This study contributes to the literature of CSR in developing countries through uncovering the current situation of CSRD in a developing country, namely Jordan, and by providing an empirical evidence on the relationship between CSRD and market performance, which in turn will help companies and regulators in taking their future decisions regarding CSR and its implementations.

2. Theoretical Framework

CSR has become an important issue for corporate strategies during the previous decade due to the growing awareness of social impact, environmental care, and sustainability (Carroll, 2015), which significantly expanded the literature of CSR in order to uncover the pros and cons for adopting CSR at corporate levels. The literature provides various typologies and frameworks for CSR in order to help companies, regulators, and other interested parties in prioritizing their decisions regarding socially responsible programs. Carroll (1991) explained CSR in forms of framework that companies can adopt in four different dimensions which are economic, ethical, legal and philanthropic, which provides a fixable framework for corporations to establish its own distinctive frameworks. However, the adoption of CSR is also considered as a development of a managerial tool that looks beyond the narrow corporate economic perspectives (Davis, 1960), and create a managerial tool that allows managers and businessmen to influence communities through the social power they gain as payback for their responsible programs and activities (Davis, 1967). In response, Wood (1991) explained the relationship between CSR dimensions and gaining social legitimacy, mainly when adopting CSR in a voluntary manner (McWilliams et al., 2006), that significantly contributes to the corporate social performance (Jamali et al., 2009), which allows for gaining direct and indirect benefits from CSR (Berger et al., 2007).

The relationship between CSR and corporate financial performance has been discussed and explained through different organizational theories. Political Economy Theory is one of those theories that considers the impact of CSR on corporate performance through the power of CSR in legitimating corporate operations. Considering Deegan (2014) argument who considers legitimacy theory as part of the political economy theory. Political economy theory is defined by Gray et al. (1996) as a framework that explains the social, political and economic behavior in which human interactions take place. From this perspective, CSRD can be viewed as a tool for communication between the company and the social, political and economic environment in which it operates. CSRD contributes to building, consolidating and legalizing the practices and activities of companies in order to achieving their goals (Zhang, 2017).

Burlea and Popa (2013) argue that legitimacy theory is: "A general perception or assumption that the actions of any entity are desirable, sound or appropriate within the framework of a system of rules and values based on a social basis". Thus, companies need to pay attention to the relationship with the environment in which they operate. According to legitimacy theory, stakeholders view companies based on their perceptions regarding the congruence between their values and the organizational values of the companies, and that the survival of the companies will be threatened if society realizes that the organization has violated its social contract (Oliveira et al., 2013). Legitimacy theory has been used extensively in relation to CSRD, as it indicates that companies do not only work for the benefit of their investors, but rather they must ensure that their actions do not negatively affect communities and the environment in which they operate, and thus they should operate in a socially accepted manner as evaluated by the society (Moerman & Van der, 2005).

Therefore, CSRD is considered as a means by which management can influence society's perceptions in the society in which it operates, as it increases community acceptance, and thus improves the financial performance. accordingly, corporate legitimacy depends on the conformity of the value system of the entity with the value system in the larger society in which this organization operates (Vigneau et al., 2015). Company's violation of its social contract will threaten its survival, and thus it must avoid illegal activities and activities that could threaten its image in society, which is considered an incentive for it to expand its voluntary CSR practices as a means of influencing perceptions of society (Deegan, 2014). Accordingly, socially accepted companies can gain legitimacy and thus enhance their right to survive, which would establish for their business case for CSR, and enhance their performance (Schreck, 2011).

3. Literature Review and Hypotheses Development

The literature indicates that optional corporate disclosure including CSRD can enhance corporate financial performance (Zraqat, 2020). Concerning CSRD, some studies surveyed the literature dealing with the relationship between CSRD and financial performance (Margolis & Walsh, 2003), and report clear relationships between CSRD and financial performance. El Ghoul et al (2011) conclude that the cost of equity capital decreases with the expansion of the CSRD, which supports the arguments for the business case for CSR. Similarly, Cheng et al. (2014) report that companies facing capital restrictions are more oriented towards implementing CSR activities, which can be seen through the positive relationship between corporate value and CSRD (Liang & Renneboog, 2018). Pekovic and Vogt (2021) tested a broad sample of 17,500 observations over a period of 11 years, the study finds that CSRD impacts corporate market performance measured by Tobin's Q. Accordingly, Liu et al. (2021) conclude that CSRD positively affects financial performance in the Chinese banks based on their analysis for the banking sector from 2009 to 2018. Firmansyah et al., (2021) find that the environmental disclosure has a positive effect on a company's value, at the time of not having the same evidence for both economic and social disclosures. Aureli et al. (2020) find that investors interact with the data disclosed in sustainability reports, which leads to market reaction to those reports, which is in line with Miralles-Quirós et al. (2018) results who found that the stock market significantly appreciates the environmental disclosures. Bajic and Yurtoglu (2018) report a significant relationship between the overall CSRD and the company value in a sample representing companies in 35 countries during the period 2003-2016, which is also supported by Ramzan et al. (2021) who argued for the impact of CSR practices on corporate financial performance. Within the Jordanian context, Zraqat (2019) found that disclosure of sustainability practices positively affects the performance of Jordanian banks, which has also been supported by Bani-Khaled et al. (2021) who found a positive relationship between CSRD and the financial performance of Jordanian companies. However, the literature in developing countries still did not uncover the relationship between CSRD and market performance.

Accordingly, the current study investigates the following, hypothesis in order to answer the research question on the relationship between CSRD and Market performance for Jordanian industrial companies.

H0: *There is no statistically significant impact for CSRD on Tobin's Q of the Jordanian industrial companies.*

4. Methodology

4.1. Research Philosophy

Research philosophy is a method that aims to identify the data related to the study problem that the researcher seeks to access in order to analyze it (Easterby-Smith et al., 2018). There are many fields of scientific research, and each of these areas has a different type of philosophy that suits it. With regard to social studies, there are four applicable types, which are positivism, interpretation, pragmatism and realism. Positivism refers to those studies that work deductively to test a theory of a specific phenomenon and contributes to the literature through providing additional evidence on the validity of the theory. The current study follows the positivism approach in order to test the hypothesized relationship between CSRD and corporate market performance (Saunders et al., 2016). After identifying the research philosophy, it's important to agree on the methodological choice that can be either qualitative or quantitative. Considering that the current study will utilize data extracted from corporate report, and code these data in order to conduct statistical test, it was decided that the current study is adopting a quantitative approach that utilizes data already being prepared and treated in forms of numerical records (Saunders et al., 2016).

4.2. Population and Sampling Technique

The study aims at investigating the relationship between CSRD and the corporate financial performance in Jordan. Considering the fact that Jordan is a developing country where companies still are at its early stages with CSR implementation (Jamali & Karam, 2018), the current study considers Jordanian industrial companies that are more likely to adopt CSR practices due to the nature of their operations and the growing social demand for the adoption of environmental and social measures at these companies. There are 56 industrial companies operating in Jordan. Companies that meet the following conditions are selected: First: The financial data necessary to calculate the study variables are available during the study period (Zmijewski, 1984). Second: The company's share has not been suspended from trading for a period of more than six months (Lease et al., 1983). Third: The company's financial reports are available for all years during the study period (Zraqat, 2019). Finally: The company should not have merged with another company during the study period (Kumar, 2009). Data sources construct an important step in collecting valid and reliable data that can be utilized for analysis. Considering the variables that are tested in the study, data was collected following a content analysis for the annual reports of Jordanian industrial companies for the period from 2014 to 2019 in order to collect the needed data.

After applying the previous conditions, (14) companies were excluded, and thus the number of companies in the final sample of the study reached (42) companies.

4.3. Study Variables

4.3.1. Dependent Variable: Tobin's Q

The Tobin's Q ratio is an indicator of future profitability, and it has been defined as the ratio of the company's market value to the cost of replacement (Soufeljil et al., 2016). One of the most important advantages of Tobin's Q ratio is that it reduces any distortions due to tax laws and accounting policies used, in order to use it for the market value of capital. Which company includes risk factors and future profitability (et al., 2018). As it was calculated from through the following equation:

$$\text{Tobin's } Q_{i,t} = \frac{MC_{i,t} + TD_{i,t}}{TA_{i,t}} \qquad (1)$$

Where:

Tobin's $Q_{i,t}$: Tobin's Q ratio in company (i) at the end of period (t).

$MC_{i,t}$: Market capitalization in company (i) at the end of period (t).

$TD_{i,t}$: Total debt in company (i) at the end of period (t).

$TA_{i,t}$: Total asset in company (i) at the end of period (t).

4.3.2. Independent Variable: CSRD

CSRD is often investigated following the content analysis method (Haniffa & Cooke 2005; Ntim & Soobaroyen 2013) that implement surveying the annual reports to look at disclosures related to CSR according to a well-identified reference list. The reference list, which is used as a check list, includes categories related to the phenomenon that is being measured (Neuendorf, 2018), which in turn help researchers to address critical aspects and issues related to the investigated phenomenon (Ntim & Soobaroyen, 2013). The content analysis method is expected to be reliable when evaluated at different time points and under different conditions (Neuendorf, 2018), which is the case of the current study that utilizes longer time window for 56 companies. In order to determine the level of CSRD, the researchers followed a systematic process that included the following steps: First: Identifying the CSRD aspects presented in the literature (Torelli et al., 2020). Second: Preparing an index to measure the CSRD following (Aribi & Gao, 2010), so that the number (1) is given in case each item is disclosed and (0) otherwise. Finally, the CSRD values are collected for each company and for each year, and then the resulted value is divided by the total number of CSRD items expected to be disclosed. As follows (Malik & Kanwal, 2018):

$$\mathrm{CSRD}_{it} = \frac{\mathrm{NoID}_{it}}{\mathrm{TID}} \tag{2}$$

Where:
CSRD_{it}: Disclosure level of the company's social responsibility practices (i) for period (t).
NoID_{it}: The number of disclosed items in the company (i) for the period (t).
TID: The total number of disclosure items included in the disclosure index for this study.

CSRD was measured following related literature, where researchers adopt mainly found dimensions for measuring corporate social disclosure. These four dimensions are environment, human resources, interaction with the local community and services and products provided to customers (Orlitzky et al., 2003; Carroll & Shabana, 2010; Omar & Zallom, 2016; Ghabayen et al., 2016; Yusoff et al., 2016; Gul et al., 2017; Dias et al., 2017; Qa'dan & Suwaidan, 2019; Aureli et al., 2020). Each dimension was measured based on corporate disclosure of various items related to the dimension.

4.3.3. Control Variables

Research on accounting variables are important considering market performance is affected by a set of accounting variables that are related to market performance. In order to avoid falling into the Omitted Variable Problem, which may lead to disregarding the value content of other surrounding significant variables, a set of control variables are used in this study in order to control for companies' specific factors. These control variables have been selected following the literature in the area as shows in Table 1.

4.4. Study Model

In order to measure the impact of CSRD on corporate performance as measured by Tobin's Q; the study estimates the following linear regression models:

$$\text{Tobin's } Q_{i,t} = \beta_0 + \beta_1 \mathrm{CSRD}_{it} + \beta_2 \mathrm{LEV}_{it} + \beta_3 \mathrm{SIZE}_{it} + \beta_4 \mathrm{ROE}_{it} + \beta_5 \mathrm{IDIR}_{it} + \beta_6 \mathrm{BIG4}_{it} + \varepsilon \tag{3}$$

5. Data Analysis and Results

The cross-sectional data over time (PANEL DATA) is used to find the relationship of cause and effect between the various variables at different time periods. The data covers the period extends from 2014 to 2019, where data was collected from the annual reports of the sample companies. As the main variable, Table 2 indicates the mean of CSRD levels in the Jordanian companies for each of the dimensions.

Table 1: Control Variables

Variables	Sym.	Proxies	Source
Leverage	LEV	Total debts over total assets.	(Hunjra, 2020)
Firm Size	SIZE	The natural logarithm of the total assets	(Buallay et al., 2019)
Return on Equity	ROE	Earnings before interest and tax to total equity of the company.	(Khan et al., 2020)
Independent Director	IDIR	Proportion of independent directors on board.	(Buallay et al., 2017)
Big 4 auditors	BIG4	A dummy variable that equals 1 if a company hires one of the Biggest 4 international auditing company, 0 otherwise.	(Zureigat, 2015)

Table 2 shows that Jordanian companies consider services and products provided to the customers as the most important dimensions, where the disclosure level for this dimension is almost 80%, which provides a signal for the positive view of these companies towards acting in a socially responsible manner at the time of providing relevant information about these actions. The second important dimension is human resources, where the disclosure level as 75%. However, both environment and interaction with local communities' dimensions account for lower levels of 65% and 60% respectively. These statistics show that Jordanian companies may follow the concept of the business case for CSR, as they disclose CSR information related its core business operations which are services and products, and human resources. This provides an initial indicator for the linkage between CSRD and financial performance.

5.1. Descriptive Statistics

Descriptive statistics for the model variable are provided in the following section that presents the mean, standard deviation, minimum and maximum values for each of the variable (Table 3).

Table 3 indicates that there is a large variation in the values of the Tobin's Q, which ranged (from 0.069 to 7.219). This indicates the existence of different indicators of future profitability of the companies. The results also indicate that companies also differ in the percentage of CSRD. In general, the CSRD average is (68.998%), which indicates that companies do not adopt and thus disclose CSR practices at a high level, which signals for the low level of CSR maturity in Jordanian companies. On the other hand, industrial companies differed in their financing policies, in terms of diversification between internal and external sources, and the use of debt and equity instruments to finance their assets and operations. This can be evident through the high value of the standard deviation for the leverage variable. The same note is also relevant for ROE values that indicate a high variance across Jordanian companies. With regard to the independence of the Board of Directors, the companies differed in terms of the number of independent members of the Board of Directors, with IDIR ranging from (0.00% to 91.66%). As for Big 4 auditors, it is presented in Table 4.

Table 2: Descriptive Statistics for CSRD

Dimension	Mean
Environment	64.90%
Human resources	75.20%
Interaction with the local community	59.70%
Services and products provided to customers	79.80%

Table 3: Descriptive Statistics

	Mean	Stdev.	Min	Max
Tobin's Q	0.809	0.883	0.069	7.219
CSRD	68.998	21.629	14.286	100.000
LEV	35.233	20.200	3.199	91.308
SIZE	17.143	1.358	12.677	20.915
ROE	1.434	14.856	−56.373	43.116
IDIR	20.799	25.646	0.000	91.667

Table 4 indicates that the majority of industrial companies assign audit tasks to companies that are not among Big 4, which can be explained in light of the results provided in the previous table that show the inhomogeneous financial performance across the sampled companies, and when considering the higher fees charged by Big 4 comparing to local ones.

5.2. Empirical Results

5.2.1. Preliminary Results

This study employs the econometric analysis using panel data, before estimating study model, multicollinearity should be tested, in addition to Breusch-pagan LM and Hausman tests, the results are shown in Table 5.

The statistics presented in Table 5 show that there is no multicollinearity problem among independent variables, where the values of variance inflation factor (VIF) are less than 5. This indicates the appropriateness of employing the proposed regression model as no correlation problem exists between independent variables. This is also supported by the values of the correlation coefficients that are of relevant ranges. Moreover, Berush-Pagan LM & Hausman tests show fixed effect model is the best for estimating study models.

5.2.2. Hypothesis Testing

In order to test the research hypothesis, a multiple fixed effect regression model was adopted in order to capture the effect of CSRD, as the main independent variable, on corporate financial performance measured by Tobin's Q, as a dependent variable. The regression statistics are presented in Table 6.

Table 4: Audit Office Size Descriptive

Audit Size	Frequency	Percent
Big 4	60	23.8
Otherwise	192	76.2
Total	252	100

Table 5: Multicollinearity, Breusch-Pagan LM and Hausman Tests

Variables	VIF	CSRD	LEV	SIZE	ROE	IDIR	Big 4
CSRD	2.133	1.000					
LEV	1.209	0.145*	1.000				
SIZE	2.036	0.706**	0.092	1.000			
ROE	1.299	0.285**	−0.311**	0.259**	1.000		
IDIR	1.028	−0.109	0.072	−0.128*	−0.043	1.000	
Big 4	1.050	−0.122	−0.078	−0.027	−0.133	−0.044	1.000
Hypothesis	Berush−Pagan LM Test		Hausman Test				
H0	χ^2 = 127.114 *p*-value = 0.000		χ^2 = 26.817 *p*-value = 0.000				

Table 6: Hypotheses Testing Results (Dependent Variable: Tobin's Q)

Variable	Coefficient	Std. Error	*t*-statistic	Prob.
CSRD	−0.005	0.001	−3.765	0.000
LEV	−0.001	0.004	−0.278	0.781
SIZE	−0.035	0.048	−0.735	0.463
ROE	0.015	0.004	4.191	0.000
IDIR	0.517	0.261	1.983	0.049
BIG4	0.331	0.096	3.454	0.001
C	1.600	0.757	2.114	0.036
R^2	0.121			
Adj R^2	0.080			
F-value	2.992			
Sig.	0.001			

The regression results show a significant negative relationship between CSRD and corporate financial performance measured by Tobin's Q. The initial screening of this result indicates that CSRD doesn't impact corporate financial performance, which is mainly against the classical view of the business case for CSR. However, it can be explained according to the logics of institutional theory that argue for role of management practices in maintaining social norms and cognitive approach (Sudabby, 2010). Institutional theory builds the initials for legitimacy construction process, where organizations tend to behave in a socially accepted manner in order to gain legitimacy for its survival. Thus, our analysis supports this notion, where companies with lower financial performance tend to disclose additional information related to their CSR activities in order to gain legitimacy by adopting the standard practices and CSR is a part of it. These results stand against our main hypothesis and lead to reject the null hypothesis that indicates no relationship between CSRD and financial performance, however, the relationship is significantly negative. Moreover, our results show that there is a lack of awareness of socially responsible corporate behavior in the Jordanian environment, where investors and market players don't regard CSR and its disclosures as critical measures for valuing their corporations. Such results support (Jamali & Karam, 2018) notion related to the CSR in developing countries that are still at its infancy stages.

6. Conclusion

CSR plays an important role in the current business environment due to the global demand for socially responsible corporations that consider law, human rights, environment, communities' relations and other widely spread responsible practices. Scholars have adopted various theories to explain CSR as an important social phenomenon for businesses, including, stakeholders' theory, institutional theory, and others. The literature proposes various approach to investigate the impact of CSR on corporations, corporate strategies, and corporate behavior. The current study builds on the business case for CSR in order to explain the relationship between CSR measured by its disclosures and corporate market performance. The study adopts a positivists approach that builds on a longitudinal analysis for Jordanian industrial companies. Data was collected following a content analysis approach for the annual reports of the sampled companies in order to identify the level of CSRD throughout these reports and to calculate the study variables.

The results indicate a negative but significant relationship between CSRD and corporate market performance measured by Tobin's Q as a widely accepted measure in such studies. The results stand against the notion of the business case for CSR, and indicate the opposite position, where the higher CSRD, the lower is Tobin's Q.

Such results support the notion of the institutional theory, and provide an initial evidence for legitimacy seeking behavior in Jordanian companies. However, the results indicate a lower level of awareness across investors and market players, which support prior arguments of the difference in market perceptions towards CSR in developing countries compared to the developed ones.

The results of the current study open the door for additional work and other scholars to examine why and how Jordanian companies adopt CSR and disclose related information. Its critical to investigate the impact of corporate performance on CSR and its disclosures as well, in order to capture a clear picture. This will help other researchers in understanding the logic of CSR in Jordan and in developing countries as well, which will help both practitioners, policy makers and other interested parties in their decision-making processes.

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