

## THE EXTENT OF RESPONSE TO THE SOCIAL RESPONSIBILITY ACCOUNTING IN TOURISM SECTOR: A CASE OF JORDAN

**Ziad M. Al-Saidat**

Department of Accounting, Faculty of Business, Amman Arab University, Amman, Jordan

---

**ABSTRACT:** *This study aims at identifying the extent to which the tourism sector in Jordan responds to the accounting for the social responsibility. In order to achieve the goals of the study, a questionnaire has been used to collect the necessary data from 50 participants who have been randomly selected from the field of accounting in the southern region hotels. The statistical results show that there is a clear response from the tourist hotels toward their social responsibility in human resource development on the one hand and toward the preservation of the environment on the other. The study concludes with a number of recommendations including: the need for continuous efforts to meet the social responsibilities, working to keep up with any new requirements, paying more attention to human resources in the surrounding communities, increasing attention to reserves, and providing more support to the community through having a role in creating some attractive tourist environment such as resorts and artificial lakes that will help in prolonging the period of stay of tourists which in turn will reflect positively on those hotels.*

**KEYWORDS:** CSR accounting, Tourist hotels, Human resource, Environment, Ethics

---

### INTRODUCTION

The global financial crises have led the stakeholders to feel that there is an immoral behavior among the administration of some companies which has produced millions of unemployed people which in turn has increased the attention to the commitments of companies to their responsibilities toward the community in addition to the fact that they should reduce the negative effects that result from their activities (Mathewes, 1997).

The interest in the social responsibility of organizations has come to existence in the sixties of the last century and that was in response to the economic crises and natural catastrophes. In addition, the increasing competition between companies and the increase of the awareness of stakeholders have played a significant role. After the eighties of the same century, communities started to have an interest in the social responsibilities of the organizations, a fact that led the governments and the organizations to place series of responsibilities (Gordan and Gelardi, 2005).

Since accounting is a social science that provides services, meets the economic sectors' needs and aims to clearly provide reports about the financial situation of the organizations, the beginnings of the social responsibilities accounting emerged in the seventies of the last century in order to enable stakeholders identify the organizations' role in the community and the environment where they operate as measured by monetary unit.

Organizations' investment in social responsibilities has been expanded after 1990 not only to improve the relation with the local community but also to achieve self-interests (Stone, 1995; Mersereau and Mottis, 2011).

Like any other organizations, the tourist hotels were not a way from their social responsibilities toward the environment and the surrounding community since their services are provided for customers who basically come because of the attractive tourist sites in the surrounding areas, i.e. having an interest and paying attention to these areas is good for hotels at first place then comes the local community.

The tourism sector in Jordan has seen a remarkable development after the peace agreement with Israel on the one hand and the selection of Petra as one the wonders of the world on the other. Statistics (2014) have shown that the number of people working in tourism sector is 53 thousands and the total revenue of tourism amounted to 2.485 billion Jordanian dinars whereas the number of tourists has reached 4.2 million tourists and the customer satisfaction rate is 93% (the General Budget Department website).

## **BACKGROUND AND LITERATURE REVIEW**

### **What is CSR?**

The organizations' social responsibilities are connected with the way they are linked to the environment and the surrounding local community which is determined by the nature of the business of those organizations. Therefore, social responsibilities to the environment in the industrial or mining organization are different from those operating in the service or commercial sectors because of the difference in the effect on the environment they have. In this way, the more their effect on the environment's components (water, air and soil) is, the more their commitments to their responsibilities toward the environment are.

In the theoretical framework, there are a number of definitions for the term 'social responsibility'. For instance, Jones (2001:153) defines it as the moral responsibility of the organization toward stakeholders which is affected directly or indirectly by the actions of the organization. This definition indicates that social responsibility is linked with morals. Moreover, Pride (2005:42) states that it has an impact on the community and this impact is seen in business decision making whereas Williams (2002:42) believes that it is a commitment of the business sector to follow up the policies and the businesses that benefit the society.

### **The concept of CSR accounting**

The main purpose of the social responsibility accounting is to provide a quantitative expression of the social responsibilities toward the environment and the community (Mathwes, 1997), accountants are interested in using the double entries and bookkeeping of this branch of accounting (Zaidi, 2012:8).

CSR accounting is considered as one of the accounting branches. A number of definitions have been suggested in the accounting thought all of which have been derived from the definition of accounting. For instance, (O'Dwyer, 2006, p. 220) defines it as a part of accounting which tackles with the registration, analysis and reporting environmental and social effects of the influence of a given entity on its surrounding, as well as with the measurement of connections and interaction between economic, environmental and social issues which constitute three dimensions of sustainable development.

The researcher believes that all the definitions of the social responsibility accounting agreed on that it is a process of analysis, measurement, and treatment and communicate of quantitative information about the corporate social responsibilities to the stakeholders.

### **Fields of the social responsibility accounting**

According to Giegiel (2014), the field of the social responsibility accounting is divided into three major areas: human resources accounting, environment accounting and ethics accounting. In the following lines we will briefly discuss each area.

#### **Human resources accounting:**

It is the process of critical measurement of information that are related to people whether working in the organization or the surrounding community and communicate of these information transparently to the stakeholders through the output of the accounting system of the organization. Such process provides the stakeholders a quantitative measure that assists them to judge the organization's performance toward human resources.

#### **Environmental accounting:**

It is a process by which information about the environmental costs are measured, recorded and communicated to stakeholders. It has been defined by The Environmental Protection Agency in 1996 as the internal costs that have a direct effect on the company as well as the external costs which are related to the community and the surrounding environment (Beer and Friend, 2006). Whereas Holand (2004) believes that there are certain differences between the opinions of the organization and the community about the social responsibilities that cannot be measured such as pollution.

#### **Ethics accounting:**

Unlike other areas of the social responsibility accounting, ethics accounting involves both the internal and external environment of the organization. Ivancevich et al (1997), the ethical issues of companies are nothing but behaviors that are related to their values such as honesty, integrity, among others.

Ethics might be related to the company's basic products such as the use of the fossil fuels, public safety and health. In addition, some organizations may use the social and ethical accounting to express and convey certain terminologies they use.

### **Accounting reporting of CSR**

The quantitative expression of the performance of organizations in any field is the decisive measure and the most transparent among all other measures. In this way, accounting plays a major role in communicate of the information about the organization's commitment to its social responsibilities to the community and environment as the monetary measure is one of the major assumptions of the financial accounting conceptual frameworks. The financial information of the organizations' social responsibility can be presented in two ways:

The first way is 'merger' according to which information will displayed within the financial statements under specific items whereas the second way is 'separation' under which the accounting information of the social responsibility will be displayed in separate lists.

The most important reasons for organizations' disclosure about their social responsibility commitments, according to (Von et al, P: 19) are considered to be the commitments to legislations, improving the internal performance and finally to improve achievement in the area of sustainability of the stakeholders.

## **LITERATURE REVIEW**

A number of studies have been conducted in the area of social responsibility accounting; for instance, Al-Hamadeen (2002) investigates the social responsibility accounting in Jordanian hotels. His study shows that there is a kind of awareness among the administrative people about the social responsibility on one hand and a shortage in the disclosure of such responsibilities. He recommends an increase in paying attention to the local community. Moreover, Rahahleh and Sharairi (2008) study the social responsibility accounting in a qualified industrial zone in Jordan, Al-Hassan Industrial City. The study shows that there is a limited application of the social responsibility accounting in the companies operating in that area with an insufficient awareness of the concepts of such accounting on their part. In Gaza, Palestine, Al-Jarboaa (2007) states that there is a problem in measuring the social indirect cost in the companies working over there whereas Al-Makhadmeh and Al-Essa (2006) focus on Jordanian industrial companies and indicate that there is a positive attitude toward environmental requirements. Interested in the social responsibilities of industrial companies, Al-Khasharmeh (2008) states that it needs to be improved and developed whereas Al-Anati (2009) reports that social responsibility commitments in Jordanian telecommunication companies is somehow moderate and it differs from one company to another.

More recently, Kabir and Akinnusi (2012) study the corporate social and environmental accounting information reporting practices in Swaziland and show that the concept of social responsibility is considered new in Swaziland; however, they mention that companies have a tendency to increase their disclosure of the social responsibilities. In the same year, 2012, Yi and Chieh investigate the role of corporate social responsibility strategy in reducing corruption in the Taiwanese manufacturing companies through their commitments to the legal legislations in addition to their intrinsic motivations such as honesty and self-censorship.

One of the most important studies conducted in the area of the social responsibilities of companies is Dhaliwal et al (2012) which focus on the importance of the disclosure of information to investors which means that it focuses on the stakeholder approach and it shows that using CSR in making such disclosures is considered important for investors.

## **METHODOLOGY**

### **Introduction**

In this study the analytical descriptive approach is used in which a summary of the social responsibility accounting theoretical framework is presented through the previous studies in this area, books and scientific references. In the analytic side, a questionnaire has been used to collect the necessary data in order to test the hypotheses of the study.

The study population is presented by the tourism sectors that are classified as tourist hotels in Jordan whereas the sample of the study consists of some hotels operating in the southern region of Jordan in Petra and Aqaba. The participants are 50 individuals working in accounting field and hotel management.

### **The Study Problem and Questions**

In the perspective of stakeholders, development has created new concepts for them such as the existence of tourist hotels is connected to the environment where they operate and the security stability which is created by the surrounding society. Such fact indicates that the hotels' response to their social responsibilities toward the environment and the community is one of their basic duties because that achieves a lot of benefits for them as well as for the local community. Since the tourism sector in Jordan is much benefited from the attractive elements in the environment and the community, the problem of this study is represented in the answer of the question: is there any response to the social responsibility accounting in the tourism sector in Jordan? In addition, there are three sub-questions:

1. Is there a response to the human resources accounting in the tourism sector in Jordan?
2. Is there a response to the environmental accounting in the tourism sector in Jordan?
3. Is there a response to the ethics accounting in the tourism sector in Jordan?

### **The Study Hypotheses**

In order to answer the main question of the study, the following hypothesis has been formulated:

There is no response to the social responsibility accounting (human resources, environment and ethics) in the tourist hotels in Jordan. The following hypotheses are formulated in order to answer the sub-questions:

1. H01: there is no response to the human resources accounting in the tourism sector in Jordan.
2. H02: there is no response to the environmental accounting in the tourism sector in Jordan.
3. H03: there is no response to the ethics accounting in the tourism sector in Jordan.

### **The importance of study**

The importance of this study stems from the fact that it will provide detailed information on tourist hotels' response to the social responsibility accounting which will provide a non bias opinion to stakeholders enabling them to make the right decision on the tourist hotels' role in the environment and local community.

### **The population and sample of the study**

The population of the study is the tourism sector in Jordan whereas the sample is the tourist hotels due to the complementary nature of the joined business of the tourism components; most hotels operate within an integrated system of transportation, booking and reception of tourists. The sample consists of 18 five and four-star hotels selected equally from Petra and

Aqaba. They include 3324 rooms in which 2935 employees are operating according to bulletin, 2014 (Jordanian Ministry of Tourism website).

### Study Tool

Our main dataset comes from a survey of tourist hotels accountants which took place during March - May 2015. The researcher has used Likert method with five paragraphs. The questionnaire includes a number of paragraphs distributed according to the areas of the social responsibility accounting (human resources, environment and ethics). In order to ensure its authenticity, the questionnaire was given to three experts in Jordanian universities. Moreover, Cronbach's alpha variable was used to check the answers' stability which was 0.87.

## RESULTS OF STATISTICAL ANALYSIS

The results of the statistical analysis of main Hypothesis have shown:

**Table (1): Results of t-test of the response to the social responsibility accounting in tourist hotels in Jordan**

Scope	df	Mean	St. Deviation	T	Sig.
CSR Accounting	49	4.3	.951	4.14	.000

It is clear from Table (1) that the value of  $t$  has mounted (4.14) and the level of the statistical significance is (0.000) which is less than (0.05)- the level that the test was designated for- It leads to the rejection of the null hypothesis and the acceptance of the alternative hypothesis that there is a response to the social responsibility accounting in all its dimensions (human resources, environment and ethics) in the tourist hotels in Jordan. In order to know the extent of response of each dimension of the social responsibility accounting and the average of answers for the related paragraphs, the descriptive statistical method is used as well as a t-test for each of them, as follows:

First: The results of H01 test which states that there is no response to the human resources accounting in the tourism sector in Jordan

To test this hypothesis, a descriptive statistics has been conducted for the sample answers to the paragraphs of the human resources and the one-sample t test is used in order to provide an opinion on that hypothesis, as follows:



**Table (2): Descriptive statistics of the sample answers about the human resources accounting**

Human resource (Internal)	Mean	St. Deviation	Average
Health Insurance	4.8	.92	High
The hotel is interested in the training and qualification of workers	4.6	.83	High
The hotel is interested in maintaining its efficient human resource	4.6	.79	High
The hotel cares about providing a nursery for employees' children	4.2	.77	High
There are recreational programs for workers	4.3	.91	High
The hotels is interested in the benefits of the retirement of workers	4.5	.93	High
Human Resource (External)			
The hotel supports the education of the local community	3.5	.92	Medium
The hotel supports the creation of places of entertainment for the local community	3.3	.88	Medium
The hotel supports the sports of the local community	3.2	.87	Medium
The hotel is keen to appease the local community	4	.84	High
The hotel contributes to the reduction of unemployment in the local community	4.2	.78	High
The hotel cares about people with special needs from the local community	3.5	.87	Medium

**Table (3): *t*-test results of the answers about the human resources accounting**

Scope	df	mean	St. Deviation	t	Sig.
Human resource Accounting	49	4.06	.844	6.45	.000

Table (3) shows that the results of the analysis in which the *t*-value has mounted to (6.45) whereas the level of the statistical significance is (0.000) which means that there is a response to the human resources accounting in tourist hotels in Jordan where the interest in internal human resources is higher than that of the external human resources. Caring about medical insurance, it got the highest mean with an average of (4.8) which means that hotels pay attention to employees' health insurance. The lowest mean was (4.2) which is due to the fact that hotels care about providing a nursery for female employees' sons. Although this mean is considered low in relation to other means, it is still high which might be attributed to the fact that females are not much motivated to work in hotels. Furthermore, hotels select female employees according to limited characteristics. The reason for such a response on the part of the hotel to the human resources accounting can be attributed to the fact that they need to meet the quality assurance requirements.

On the other side, the external human resources means are relatively low; the highest mean reached (4.2) which is due to the hotel's contribution in reducing the rate of the unemployment whereas the lowest mean is (3.2) because of the hotel's support of the local community sports.

Second: test results of H02 which states that there is no response to the environmental accounting in the tourism sector in Jordan.

**Table (4): Descriptive statistics of the sample answers about the environment Accounting**

	Mean	St. Deviation	Average
Environment			
Hotels contribute to the reduction of environmental pollution	4.3	.95	High
The hotel is keen to increase green spaces in the surrounding environment	4.1	1.12	High
The hotel contributes to the financing of individual awareness programs on maintain of the environment	4	.88	High
The hotel is committed to the environmental legislations applicable in Jordan	4.9	.89	High
The hotel finances the renewable energy projects	4.2	.91	High
The hotel is interested in the management of environmental risks	4.4	.96	High

**Table (5): *t*-test results of answers about the environment Accounting**

Scope	df	mean	St. Deviation	t	Sig.
Environmental Accounting	49	4.31	.94	9.84	.006

Table (5) above shows that *t* value is (9.84) and sig. is (0.006) which means that there is a statistical response to the environmental accounting in hotels sector in Jordan at the level  $\alpha=0.05$  for which table (4) shows that the means of answers to the paragraphs are all high ranging from (4) to (4.9). The paragraph that states 'The hotel is committed to the environmental legislations applicable in Jordan' is the highest among all means (4.9) whereas the paragraph that states 'The hotel contributes to the financing of individual awareness programs on conservation of the environment' is the lowest among all means (4). Such results might be attributed to the fact that tourist hotels pay attention to the surrounding environment and their being careful to keep them unpolluted since it is a component of the tourist attractiveness.



Third: the test results of H03 which states that there is no response to the ethics accounting in the tourism sector.

**Table (6): Descriptive statistics of the sample answers about ethics accounting**

	Mean	St. Deviation	Average
Ethics			
Management consider the feelings of the local community	4.9	..96	High
It does not promote the product other than the fact .	4.9	.97	High
Management is not biased	4.2	.87	High
Management deals truthfully with stakeholders	4.5	.88	High
There is no manipulation on the part of the administration	4.4	.82	High
The administration deals honestly with stakeholders	4.6	.78	High
The administration is interested in customers satisfaction	4.7	.91	High

**Table (7) : *t*-test results of the answers to ethics accounting**

Scope	df	mean	St. Deviation	t	Sig.
Ethical accounting	49	4.6	.911	12.25	.001

Table (7) shows that *t* value is (12.25) and sig. is (0.001) which is statistical evidence at a level of (.05). This means that the tourist hotels response to the ethics accounting. The results indicate that the administrations pay attention to the local community members' feelings whether the religious ones or the ones related to values and customs. The mean of the sample answers has reached (4.9) which is high. Moreover, hotels are not interested in the promotion for their services, which is against the reality, as the mean for this paragraph is (4.9). Other means have indicated that administrations comply with the moral behavior norms such as honesty, integrity and objectivity. In addition, the mean for the paragraph that involves the administration interest in the customers' satisfaction is (4.7) which goes in line with the statistical releases about the customers' satisfaction that showed a high rate of satisfaction (93%).

## CONCLUSION

According to the results of the descriptive and deductive statistical analysis, it becomes evident that there is a response to the social responsibility accounting in all its three dimensions: human resources, environment and ethics in the tourist hotels sector in Jordan. The *t* value has amounted (4.14) whereas the level of the statistical significance is (0.001). The results of this study agree with those of most of the previous studies. This study agrees with the previous ones in that there is a positive tendency toward the commitment to social

responsibilities in companies, but it differs in the level of that response. Such difference might be attributed to the different sectors taken up by those studies such as Rahahla and Anati studies or due to the different place and time of those studies such as Al-Hamadeen which was conducted in 2002.

Furthermore, it is clear that there is a response to the requirements of the human resources accounting in the tourist hotels sector in Jordan as the  $t$  value has mounted to (6.45) whereas the level of the statistical significance is (0.000). It has been noticed that the response of hotels to the internal human resources is greater than human resources in the local community. Such difference might be connected to the direct connection of the internal individuals with the immediate benefits achieved for the hotel. More to the point, although hotels are interested in achieving their goals and benefits in the first place, interest in the external human resources is acceptable but more attention is needed.

The results of the study have also shown that there is a response to the environmental accounting in which  $t$  value is (9.84) whereas the level of the statistical significance is (0.006). It indicates that tourist hotels are committed to the environmental legislations applicable in Jordan and contribute to the reduction of the environmental pollution disclosing the costs they incur.

In the field of ethics accounting, the study shows that there is a response on the part of the tourist hotels to being committed to ethics. In this connection,  $t$  value has mounted to (12.25) whereas the level of the statistical significance is (0.001). It is worth mentioning that this dimension is difficult to measure and to report which is usually done through knowing the opinions of the stakeholders whether investors, customers, workers, or local community members because of the fact that moral behavior, being very sensitive, is very important for the administration, thus it cannot be judged by a report or an opinion issued by the administration, but it can be evaluated and judged from opinions or reports made by the mentioned above parties.

## Recommendations

Based on the results of the study, the following recommendations are put forward:

- It necessary to continue with the current level of the internal human resources accounting, but to develop the external one.
- Hotels should continue their commitments toward the environment and its accounting at both levels: internal and external.
- Developing the environment where the hotel is through the contribution to prolonging and extending the period of stay of the tourist in a way such as, making resorts, artificial lakes, and a panoramic photography flashing the history of the region.

## REFERENCE

Al-anati,R,(2009),CSR Accounting in Jordanian Communication Companies, 7<sup>th</sup> *International Conference* , Faculty of Economic,Azzarqa Private University, Jordan.

- Al-Hamadeen, R. (2002). *Social Responsibility Accounting in Jordan Hotel Institutions, a field study*. Unpublished MA thesis. Al Al Beit University, Mafraq, Jordan.
- Almkhademh, A , Essa, Y,(2006), The Extent of Disclosure on Environmental Pollution Costs in Industrial Companies : A field study in the Jordanian Industrial Companies,*Journal of Accounting and Management and insurance*, Faculty of Commerce, Cairo University,Vol67.
- BEER, P. D. and F. FRIEND (2006), "Environmental accounting: A management tool for enhancing corporate environmental and economic performance", *Ecological Economics*, Vol. 58, pp. 548–560.
- Dhaliwal, D. S., S. Radhakrishnan, A. Tsang, and Y. G. Yang. 2012. Nonfinancial disclosure and analyst forecast accuracy: International evidence on corporate social responsibility disclosure. *The Accounting Review* 87 (3): 723–759
- Giegiel, Anna Wildowicz,(2014), The Evolution and The New Frontiers of Social Responsibility ,*Accounting Problems of Management In The 21" Century* Vol. 9, No. 1, 201495
- Gordon, I. M. and A. M. Gelardi (2005), "Factors That Affect Understanding of Social Responsibility Accounting", *Canadian Accounting Perspectives / Perspectives Comptables Canadiennes*, Vol. 4, No. 1, pp. 31-59.
- Holland, L. (2004), "Experiences from A student Programme Designed to Examine the Role of the Accountant in Corporate Social Responsibility", *International Journal of Sustainability in Higher Education*, Vol. 5, No. 4, pp. 404-416.
- Hui Ho Yi& Yu Lin Chieh.(2012),Preventing Corporate Corruption: The Role of Corporate Social Responsibility Strategy, *International Journal of Business and Behavioral Sciences* Vol. 2, No.1
- Ivancevich, J.M.; Lorenzi, P.; Skinner, S.J. and Crosby, P.B. (1997), *Management Quality and Competitiveness*, Boston: McGraw Hill, Irwin.
- Jarboaa,Yousef,(2007), Application of Measuring and Disclosure in Accounting to Identify the Social Responsibility of Financial Statements in Gaza,*Islamic University Journal*, Vol15/1,PP259-281.
- Jones, G.R, 2001, *Organizational Theory*, Prentice Hall, USA.
- Kabir, M., and Akinnusi, D. (2012), "Corporate Social and Environmental Accounting Information Reporting Practices in Swaziland", *Social Responsibility Journal*, **8**(2), 156-173.
- Kasharmh, Hussein (2008). *Analysis of disclosure level on CSR Accounting in the Jordanian industrial companies - analytical study*. Unpublished PHD, Faculty of Economics, University of Damascus
- Mathews, M. R. (1997). Twenty-five years of social and environmental accounting research. *Accounting, Auditing and Accountability*, 10 (4), 481-531.
- Mersereau, A., and N. Mottis. 2011. Corporate social responsibility and management control: ESSEC Working Paper .
- O'Dwyer, B. (2006). Theoretical and practical contributions of social accounting to corporate social responsibility. In: Allouche, J. (Ed), *Corporate Social Responsibility'. Concepts, Accountability and Reporting*. Vol 1, New York: Palgrave Macmillan, 233.
- Pride, W.M, Hughes, R. J., & Kapoor, j. R.,( 2005), **Business**, Houghton Mifflin Company, USA.
- Rahahleh,M.Y and Jamal Adel Sharairi.J,(2008) The Extent of Social Responsibility Accounting Application in the Qualified Industrial Zones in Jordan, *International Management Review* Vol. 4 No. 2,PP 5-17.

Stone, D.( 1995). No longer at the end of the pipe but still a long way from sustainability: a look at management accounting for the environment and sustainable development in the United States. *Accounting Forum* 19 (2-3):95-110.

Williams, C.,( 2002) *Management*, South – Western College Publishing, USA. Zaidi, M. (2012). Social accounting in India. *Global Journal of Commerce & Management Perspective* /(I), 8-12.

[www.gbd.gov.jo](http://www.gbd.gov.jo) online 01/06/2015.

[www.mota.gov.jo](http://www.mota.gov.jo), online 10/06/2015.