Examining the Impact of Social Disclosures on the Profitability of Jordanian Commercial Banks: A Comprehensive Study

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Abstract: - This study investigates the impact of social disclosures on the profitability of Jordanian commercial banks, focusing on the relationship between social disclosures related to employee activities, societal benefits, customer targeting, and financial performance indicators such as ROA, ROE, and EPS. Drawing upon existing literature on social disclosures, sustainability reporting, and CSR practices, the study adopts a quantitative research approach and collects data from financial reports and disclosure documents of all Jordanian commercial banks listed on the Amman Stock Exchange between 2017 and 2021. Regression analysis is employed to analyze the relationship, considering relevant variables. The findings reveal a significant influence of social disclosures on bank profitability, with a positive correlation between social disclosures and financial performance indicators. The study contributes to the literature by providing empirical evidence specific to Jordanian commercial banks, highlighting practical implications for banking institutions, policymakers, and regulators in integrating social disclosures to enhance financial performance and addressing the social implications of such disclosures. The study's originality lies in its comprehensive inclusion of all Jordanian commercial banks and its robust methodology, filling a research gap and providing unique insights into this specific context.

Key-Words: - Social disclosures, Profitability, Jordanian commercial banks, CSR practices, Financial performance indicators, Sustainability reporting, Banking institutions, Amman Stock Exchange.

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1 Introduction

Prior studies have been showing a rapid interest for the link between social disclosure and banking profitability. A plethora of research has investigated this topic from various aspects with a special focus on the sustainability impact. Therefore, we aim to interpret the impacts of social disclosures on financial performance as this topic remains crucial for entities keen on enhance their sustainability actions and securing a competitive edge in today's ever-evolving commercial milieu.

The prevailing scholarly works invariably reveal a beneficial linkage between social disclosures and fiscal performance indicators like Return on Assets (ROA), Earnings Per Share (EPS), and Return on Equity (ROE), [1]. For example, research carried out in India and several developing nations has highlighted the affirmative connection between ESG disclosures and ROA. this indicates the critical function of sustainability reporting in enhancing financial performance, [2]. Likewise, explorations across diverse settings, including Brazil, Canada, and the United Arab Emirates, have shown how institutional variables, public visibility, and political affiliations influence social disclosures and, by extension, profitability, [3], [4].

Yet, despite the well-established ground for this relation, there is lack of evidence to support this link in Jordanian commercial banks. While numerous studies have acknowledged a positive correlation between social disclosures and profitability, there's a noticeable scarcity of statistically substantive evidence to back the influence of social disclosures on banking profitability. Thus, the current study aims to bridge this lacuna by meticulously examining the interplay between social disclosures and bank profitability among Jordanian commercial banks.

Accordingly, the primary research question for this study is whether there is an impact of social disclosures on the profitability of Jordanian commercial banks?

The overarching the objective of this study, we evaluate the relationship between social disclosures and bank profitability. Moreover, we pay a particular focus on activities directed toward employees, activities benefitting society, and activities targeting customers. To answer our quest, we conduct an analysis of financial performance indicators, namely ROA, EPS, and ROE, to furnish empirical evidence regarding the influence of social disclosures on the profitability of Jordanian commercial banks.

In addition, the study conduct a quantitative research approach utilizing a regression analysis to explore the relationship between social disclosures and bank profitability while controlling for pertinent variables. Data is sourced from financial reports and disclosure documents of Jordanian commercial banks. The study population comprises 15 Jordanian which represents all active banks in Jordan. This approach ensures the availability of all requisite data for measuring the dimensions and variables of the study during the period from 2017 to 2021.

Comprehending the impact of social disclosures on bank profitability in Jordan holds crucial implications for policymakers, regulators, and banking institutions alike. It can inform strategic decision-making processes and guide organizations in implementing effective sustainability practices that contribute to both financial performance and societal well-being. Furthermore, this study contributes to the academic literature by expanding the knowledge base on the relationship between social disclosures and bank profitability, specifically within the context of Jordanian commercial banks.

In the forthcoming sections, we present the methodology employed, the data analysis conducted, and the resultant findings of the study. The conclusion delves into the implications of the obtained results and their alignment with existing literature. Additionally, the study acknowledges its limitations and suggests avenues for future research, with the aim of advancing the understanding of social disclosures and their impact on bank profitability.

2 Literature Review

The relationship between corporate social responsibility (CSR) and financial performance in the banking sector have revealed a complex interactions and outcomes. In [5], the authors argued that CSR activities and the expertise of Sharia Supervisory Boards in Islamic banking play a crucial role in diminishing earnings management and promoting financial transparency. This finding is supported by [6], who found a a clear connection between CSR engagement and reduced earnings management in Indonesiaian and Malaysiaian banks. This suggest that ethical corporate behavior and strong investor protection are ample in enhancing financial performance.

In a related vein, the authors in [7], found that firm's strong environmental, social, and governance (ESG) performance generally leads to less earnings management. However, this relationship is influenced by the legal environment, particularly in civil law countries with strong creditor rights. Additionally, in [8], the authors examined how different CSR activities and bank characteristics such as size and leverage can significantly affect financial performance. Their research supports the idea that effective CSR can improve stakeholder satisfaction and enhances banks a competitive advantage. The authors in [9], took a broader view by looking at CSR in the Middle East and its integration with business practices in a variety of institutional contexts. Finally, the authors in [10], conducted a meta-analysis that revealed a positive impact of CSR on earnings quality in areas with strict investor protection and banking regulations. Collectively, these studies advocate for the strategic incorporation of CSR in banking and its ability to enhance financial outcomes while promoting ethical governance and building stakeholder trust.

In [2], the authors found a significant positive relationship between environmental, social, and governance (ESG) disclosures and financial performance in indian context by measuring the ROA and return on capital employed (ROCE) as a proxy for financial performance. Similarly, the authors in [11], explored sustainability reporting in developing countries and reaveled a positive impoact of social disclosure on the ROA. Hence, eviedence suggests that sustainability reporting playsan important role in enhancing financial performance within developing economies.

In a countries comparison, the authors in [4], studied the impact of institutional elements on the disclosure of social and environmental practices in Brazil and Canada. There investigation showed a significant variances between the two nations. From one hand, Canada demonstrated more pronounced levels of coercive and normative isomorphism, while Brazil, showed a propensity towards greater adaptability and innovation in its disclosure and corporate social responsibility (CSR) initiatives on the other. These variation should call for the attention to the necessity of improving governance and fortified relationships between employees and employers in Brazil to refine disclosure practices.

The study also streesed on the unique pressures and challenges that countries with institutional distance encounter in securing and encouraging the legitimacy of their CSR activities. In a similar fashion, the authors in [12], found a positive and significant impact of corporate social performance (CSP) on financial performance (CFP) within Brazilian organizations. Nonetheless, the research did not support the moderating role of disclosure in this relationship. It concluded that disclosure through Global Reporting Initiative (GRI) reports does not alter the relationship between social and financial performance. These outcomes suggest that organizations with superior financial performance have better opportunities to invest in social performance regardless of their disclosure protocols. In a study [13], researchers explored how the disclosure of social and governance (ESG) factors impacts the performance of companies, in the FTSE 350. The findings revealed a relationship between ESG disclosure and firm performance. Additionally, they identified ownership concentration, gender diversity and board size as factors influencing this connection. The research also suggests that primary stakeholders consider ESG disclosure as a tool to enhance firms image and reputation while promoting long term value creation.

Shifting focus to the context, [14] scholars discussed how sustainability accounting disclosure affects the performance of banks in Jordan positively. Their findings indicated a effect of sustainability accounting disclosure on financial performance emphasizing the significant influence of economic and social aspects on Return on Equity (ROE).

Moving forward to another study, [15], researchers delved into the correlation between value relevance and financial performance by examining societal performance integration with corporate performance. They observed that environmental commitment has an impact on market value boosting competitiveness and profitability. Moreover companies with levels of disclosure tended to have greater market value.

Lastly in an examination detailed in [16], authors investigated how political connections influence ESG information disclosure, among listed companies.The research discovered that having ties has a positive influence, on the extent of voluntary information disclosure suggesting that companies, with connections tend to have better resource accessibility and enhanced financial outcomes.

In conclusion, existing studies consistently demonstrate a positive association between social disclosures and financial performance measures such as ROA, ROCE, and ROE. This suggests that better ESG disclosures contribute to improved profitability. Institutional factors play a crucial role in shaping social and environmental disclosure practices, with distinct pressures and challenges faced by different countries. Moreover, the relationship between social performance and financial performance remains significant regardless of the level of disclosure. Sustainability accounting disclosure and ESG reporting have been shown to positively impact financial performance in the banking sector, while public visibility and political connections influence corporate social disclosure practices and voluntary ESG disclosures, respectively.

2.1 Social Disclosures

Engaging in activities concerning employees, like recruitment, training and compensation significantly impacts the well being and productivity of employees. Therefore it's crucial to have a organized recruitment process and communicate about social responsibility (CSR) initiatives during this phase to ensure fairness and equality. Additionally companies bear the responsibility of meeting their employees needs by offering benefits such as health insurance, social security and other being related perks. It's no surprise that businesses with CSR practices often attract employees due to their reputation, [17], [18]. Furthermore, revealing information about training programs and investments in employee development demonstrates the organizations commitment to fostering employee growth. Transparency, in sharing salary details in reports also recognizes employees contributions and fosters a sense of security among them, [19]. Overall it is imperative for organizations to adopt CSR practices maintain transparency in all employee related affairs and fulfill their responsibilities for business advancement.

Social activities contribute to societal well-being, cultural development, and individual satisfaction. They include opportunities for student training, community nurseries, healthcare support, and assistance to charitable organizations. These activities aim to enhance the community's economic welfare and address its concerns, [20], [21]. Social responsibility extends to various contributions, such as disease prevention, employment opportunities, infrastructure development, urban planning, and affordable housing. These efforts benefit humanity, housing, healthcare, transportation, and public utilities, [22]. Establishing a positive relationship with the community and cultivating a favorable reputation positively impact organizational profitability, [20].

Activities focused on customer engagement, specifically product enhancement, play a crucial role in building strong customer relationships. These activities involve understanding customer needs, designing tailored products, ensuring quality, providing clear packaging information, and implementing targeted advertising. Service enhancement efforts encompass responsiveness, credibility, and risk reduction. Prioritizing customer satisfaction demonstrates social responsibility, fosters loyalty, and contributes to long-term organizational success, [20], [23], [24].

The reviewed studies provide evidence of a positive association between social disclosure and financial performance, indicating that better disclosure practices lead to improved profitability. However, specific to the Jordanian context, the literature does not provide statistically significant evidence supporting the impact of social disclosures on bank profitability as measured by ROA. Therefore, we hypothesize the following

H01: There is no statistically significant effect of social disclosures on bank profitability measured by ROA, specifically in terms of (activities provided to employees, activities benefiting society, and activities targeting customers).

H02: There is no statistically significant effect of social disclosures, including disclosures related to activities provided to employees, activities benefiting society, and activities targeting customers, on the profitability of Jordanian commercial banks measured by EPS.

H03: There is no statistically significant effect of social disclosures, including disclosures related to activities provided to employees, activities benefiting society, and activities targeting customers, on the profitability of Jordanian commercial banks measured by ROE.

3 Research Methodology

The study population consists of Jordanian commercial banks, totaling 15 banks, and the sample for the study includes all Jordanian commercial banks (comprehensive inclusion) to ensure the availability of all necessary data for measuring the current dimensions and variables of the study during the period from 2017 to 2021. The study relies on official financial data of Jordanian commercial banks listed on the Amman Stock Exchange during the period from 2017 to 2021. This enables the measurement of the independent variable, which is social disclosure, through three indicators: social disclosure related to activities for employees, social disclosure related to activities for the community, and social disclosure related to activities for customers. Additionally, it allows for the measurement of the dependent variable, which is the profitability of commercial banks, through three indicators: (ROA), (ROE), and (EPS). Table 2 provides an overview of how each variable is measured and the sources relied upon for measurement.

Variable	Type	Measurement Method	Source of Measurement
Social Disclosure (related to employees)	Independent Variable	Adoption of (5) disclosure items related to employee activities, assigned a value of (1) if disclosed and (0) otherwise. Average value is calculated.	[19] [18]
Social Disclosure (related to the community)	Independent Variable	Adoption of (4) disclosure items related to community activities, assigned a value of (1) if disclosed and (0) otherwise. The average value is calculated.	[21]
Social Disclosure (related to customers)	Independent Variable	Adoption of (4) disclosure items related to customer activities, assigned a value of (1) if disclosed and (0) otherwise. The average value is calculated.	[25]
ROA	Dependent Variable	ROA is calculated by dividing the net profit by the average total assets	-
ROE	Dependent Variable	ROE is calculated by dividing the net profit by the average equity	-
EPS	Dependent Variable	EPS is calculated by dividing the net profit after preference share dividends (if any) by the number of outstanding shares	-

4 Data Analysis

Table 1. Descriptive Analysis

Variable	Obs	Mean	Std. Dev.	Min	Max
ROA	75	.009	.005	-.002	.018
ROE	75	.078	.04	-.01	.217
EPS	75	.181	.132	-.03	.68
SD_EM	75	.096	.093	.1	.45
SD_CUS	75	.258	.071	.12	.41
SD_COM	75	.545	.082	.37	.703

Table 1 presents the descriptive analysis of the variables: ROA, ROE, EPS, Employee-related activities (SD_EM), Customer engagement activities (SD_CUS), and Social activities (SD_COM).

The analysis includes 75 observations. The mean values for ROA, ROE, and EPS are 0.009, 0.078, and 0.181, respectively. The standard deviations for these variables are 0.005, 0.04, and 0.132, indicating the degree of variability in their values. The minimum and maximum values for ROA are -0.002 and 0.018, for ROE are -0.01 and 0.217, and for EPS are -0.03 and 0.68.

Regarding the employee-related activities (SD_EM), the mean value is 0.096, with a standard deviation of 0.093. The minimum and maximum values for this variable are 0.1 and 0.45, respectively. For customer engagement activities (SD_CUS), the mean value is 0.258, with a standard deviation of 0.071. The range of values for this variable ranges from 0.12 to 0.41. Lastly, social activities (SD_COM) have a mean value of 0.545, with a standard deviation of 0.082. The minimum and maximum values for SD_COM are 0.37 and 0.703.

Table 2. Variance inflation factor

	VIF	1/VIF
EPS	2.722	.367
ROE	2.262	.442
SD_CUS	1.644	.608
SD_EM	1.563	.64
SD_COM	1.212	.825
Mean VIF	1.881	.

Table 2 presents the variance inflation factor (VIF) used to assess multicollinearity in the regression analysis. The VIF values in the table indicate the level of multicollinearity among the variables. Generally, a VIF value greater than 1 suggests the presence of some correlation among the predictor variables. In our analysis, the VIF values for EPS, ROE, SD_CUS, SD_EM, and SD_COM range from 1.212 to 2.722. These values suggest that there is some degree of multicollinearity among these variables, but the level of correlation is not excessively high, [26]. Moreover, In our analysis, the 1/VIF values range from 0.367 to 0.825. This suggests that each variable contributes to the overall multicollinearity to some extent, but the contribution is relatively low.

Table 3. Pairwise correlations

Variables	(1)	(2)	(3)	(4)	(5)	(6)
(1) ROA	1.000					
(2) ROE	0.828*	1.000				
(3) EPS	0.732*	0.707*	1.000			
(4) SD_CUS	0.381*	0.321*	0.549*	1.000		
(5) SD_EM	0.482*	0.416*	0.521*	0.461*	1.000	
(6) SD_COM	0.150	0.271*	0.122	0.038	0.169	1.000

To observe the interrelations among the study's variables, Table 3 describes the pairwise correlations among them. The emergent patterns from the data are significant. A robust positive correlation is observed (ROA) and (ROE), with a correlation coefficient (r) of 0.828, which is statistically significant at the 1% level ($p < 0.01$). This suggests that entities with superior ROA concurrently exhibit enhanced ROE, indicating a synergistic relationship between profitability and shareholders' equity efficiency. This correlation is not expected to interfere with the study's adopted models as each dependent variable will be measured in a separate model. Additionally, (EPS) demonstrates a moderately strong positive correlation with both ROA ($r = 0.732$, $p < 0.01$) and ROE ($r = 0.707$, $p < 0.01$), indicating that firms with higher EPS are likely to report increased (ROA) and (ROE). This infers that an uptick in earnings is reflective of an overall improvement in financial performance metrics.

Examining the independent variables, the correlation between (SD_CUS) and financial performance metrics is positive, even if relatively weaker. There is a statistically significant positive correlation between SD_CUS and ROA ($r = 0.381$, $p < 0.05$), with similar trends observed with ROE and EPS. This denotes that corporate activities aimed at bolstering customer satisfaction and engagement are associated with an uptick in financial performance, though the strength of this association is comparatively subdued vis-à-vis the correlations with profitability measures.

Employee-related activities (SD_EM) are found to have moderate positive correlations with financial performance indicators. SD_EM exhibits a positive correlation with ROA ($r = 0.482$, $p < 0.01$), as well as with ROE and EPS. This implies that firms investing in their workforce through initiatives like training, motivation, and development are likely to witness improved financial outcomes. Conversely, community-focused social activities (SD_COM) display only weak positive correlations with financial performance indicators, and these correlations do not reach statistical significance. This suggests that the influence of community engagement activities on financial performance is relatively marginal when contrasted with the other variables in question.

Table 4. Regression Analysis for HI, H2 and H3

ROA	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
SD_COM	.008	.005	1.66	.098	-.002	.018	*
SD_EMP	.023	.008	2.72	.007	.006	.039	***
SD_CUS	.014	.008	1.83	.068	-.001	.029	*
Constant	-.005	.005	-0.99	.324	-.015	.005	
Mean dependent var		0.009	SD dependent var			0.005	
Overall r-squared		0.303	Number of obs			75	
Chi-square		16.065	Prob > chi2			0.001	
R-squared within		0.539	R-squared between			0.549	
ROE	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
SD_COM	.053	.043	1.23	.217	-.031	.137	
SD_EMP	.172	.076	2.27	.023	.023	.321	**
SD_CUS	.176	.074	2.38	.017	.031	.321	**
Constant	-.067	.048	-1.39	.164	-.162	.027	
Mean dependent var		0.078	SD dependent var			0.040	
Overall r-squared		0.291	Number of obs			75	
Chi-square		12.961	Prob > chi2			0.005	
R-squared within		0.433	R-squared between			0.481	
EPS	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
SD_COM	.521	.146	3.57	0	.235	.807	***
SD_EMP	.713	.195	3.66	0	.331	1.094	***
SD_CUS	.278	.149	1.87	.062	-.014	.571	*
Constant	-.205	.101	-2.03	.042	-.403	-.007	**
Mean dependent var		0.181	SD dependent var			0.132	
Overall r-squared		0.421	Number of obs			75	
Chi-square		51.567	Prob > chi2			0.000	
R-squared within		0.844	R-squared between			0.833	

**** p<.01, ** p<.05, * p<.1*

Table 4 presents the regression results for three dependent variables: ROA, ROE, and EPS. The coefficients, standard errors, t-values, p-values, and confidence intervals are reported for the independent variables: SD_COM (Social activities), SD_EMP (Employee-related activities), and SD_CUS (Activities focused on customer engagement). The constant term is also included in the regression models.

For ROA, the results indicate that SD_COM has a positive coefficient (Coef. = 0.008, $p < 0.1$), suggesting that social activities have a slightly positive effect on ROAs, although this effect is not statistically significant at the conventional level. SD_EMP, representing employee-related activities, has a significant positive coefficient (Coef. = 0.023, $p < 0.01$), indicating that investing in employee-related activities is associated with higher ROAs. Similarly, SD_CUS, representing activities focused on customer engagement, has a positive coefficient (Coef. = 0.014, $p < 0.1$), suggesting a positive relationship with ROAs. The constant term is not statistically significant.

For ROE, the results reveal that SD_COM and SD_EMP do not have statistically significant effects on ROE. However, SD_CUS shows a positive coefficient (Coef. = 0.176, $p < 0.05$), indicating a significant positive relationship with ROE. The constant term is also not statistically significant.

Regarding EPS, the results demonstrate that all three independent variables have significant positive coefficients. SD_COM (Coef. = 0.521, $p < 0.01$), SD_EMP (Coef. = 0.713, $p < 0.01$), and SD_CUS (Coef. = 0.278, $p < 0.1$) all show positive relationships with EPS. The constant term has a negative coefficient, indicating a negative impact on EPS.

Overall, the regression models explain a significant proportion of the variation in the dependent variables, as indicated by the R-squared values. For ROA, the model explains approximately 30% of the variation (Overall r-squared = 0.303), while for ROE and EPS, the models explain around 29% (Overall r-squared = 0.291) and 42% (Overall r-squared = 0.421) of the variation, respectively.

The chi-square tests suggest that the regression models are statistically significant ($p < 0.01$), indicating that the independent variables collectively have a significant impact on the dependent variables. The R-squared within and between values indicates the proportion of variation explained within each model and between different models.

5 Discussion

The results of this study show the complex relationship between (CSR) initiatives and key financial performance ; (ROA), (ROE), and (EPS) within the Jordanian banking sector. This investigation's outcomes are in harmony with the prevailing scholarly consensus, which has consistently highlighted a positive linkage between the adoption of CSR and the enhancement of financial performance.

The research identifies a marginally positive influence of social activities (SD_COM) on ROA, which, despite not reaching statistical significance at conventional thresholds, corresponds with findings from studies, [5], [6]. These studies have demonstrated that within the realm of Islamic banking, CSR endeavors are instrumental in strengthening financial transparency and limiting earnings management. This suggests that the immediate financial consequences of such social activities may be subtle, yet their contribution to promoting a reputable corporate persona is significant, potentially yielding long-term fiscal advantages.

The pronounced positive effect of employee-centric activities (SD_EMP) on ROA lends empirical support to the propositions of literature, particularly, [17], [18], which argue that investments in human capital—encompassing recruitment, training, and equitable remuneration—are critical for bolstering employee efficacy and, consequently, the financial solidity of the institution. The current study supports that these CSR practices go beyond ethical obligations, representing strategic investments with proven economic returns.

Moreover, the study reveals a positive relationship between customer engagement activities (SD_CUS) and ROA, with a more clear association with ROE. This confirms the insights from [20], [23], [24], which emphasize the fundamental role of customer-oriented strategies in fostering loyalty and driving organizational profitability. The significant coefficients attributed to SD_CUS in relation to both ROA and ROE furnish solid evidence for the strategic need to embed customer engagement within business practices.

The regression models demonstrate substantial explanatory power, thereby presenting statistical validity upon the hypothesized interconnections. This is particularly noticeable with respect to EPS, where all three CSR dimensions display significant positive coefficients, echoing the assertions of [16], that robust CSR practices not only reflect a firm's ethical compass but also amplify its market valuation and profitability.

In the context of Jordan, the affirmative impact of sustainability accounting disclosure on financial performance, as highlighted in [14], is reflected in the findings of this study. The notable positive influence on ROE underscores the paramount role of CSR disclosures, especially those related to economic and social aspects, in securing positive financial outcomes.

The study also observes the non-moderating role of disclosure in the CSR-financial performance nexus, as posited by [12]. This suggests that while disclosure practices are required to ensure transparency and accountability, the inherent value of CSR activities in enhancing financial performance is independent of the level of disclosure.

In summation, the present investigation supports the existing body of literature by endorsing the strategic significance of CSR within the banking sector. It emphasizes that CSR activities, particularly those directed towards community, employee, and customer welfare, are not merely ethical mandates but are central to driving financial performance. The findings advocate for the strategic integration of CSR into corporate frameworks, positing that such consolidation can yield improved financial results while simultaneously promoting ethical governance and bolstering stakeholder confidence.

6 Conclusion and Future Research

This investigation has illustrated the complex dynamics between (CSR) activities and financial performance within the banking sector. The empirical evidence presented underscores a positive association between CSR engagements—specifically social activities, employee-related initiatives, and customer engagement—and financial metrics such as ROA, ROE, and EPS. These findings lend credence to the notion that CSR practices are not merely ethical undertakings but are integral to the financial vitality of organizations, substantiating the strategic value of CSR integration into business operations.

Nonetheless, this study is not without its limitations. The reliance on cross-sectional data constrains the scope to assume causality between CSR activities and financial outcomes. Additionally, the limited focus on the banking sector may impede the extrapolation of these results to other sectors. The use of self-reported social disclosures also introduces the possibility of bias or inaccuracies, suggesting that future research could benefit from incorporating more objective measures, such as external audits, to validate the CSR activities reported.

Future research could extend this study's findings in several meaningful ways. A longitudinal approach could be employed to better understand the causal relationships between CSR activities and financial performance. Delving into the specific mechanisms by which employee and customer-focused initiatives translate into financial gains would offer a richer understanding of the strategic benefits of CSR.

Moreover, examining the influence of various stakeholders—including investors, customers, employees, and regulators—on the CSR-financial performance nexus could provide a holistic view of the CSR impact. Such an analysis would contribute to a more nuanced understanding of how social disclosures are perceived and valued across different stakeholder groups.

Finally, incorporating contextual factors such as national culture, regulatory environments, and market conditions would enhance our understanding of the multifaceted nature of social disclosures. Comparative studies across diverse geographical and regulatory landscapes could elucidate the contextual variables that influence the efficacy of CSR activities and their financial implications.

In conclusion, while this study has advanced the understanding of CSR's role in financial performance, it also highlights the need for continued exploration into the complex interplay between social responsibility and financial success. The strategic incorporation of CSR remains a promising avenue for organizations seeking to achieve financial robustness while upholding ethical standards and fostering stakeholder trust.

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Contribution of Individual Authors to the Creation of a Scientific Article (Ghostwriting Policy)

- Loona Shaheen has conceptualized the study, formulated the research hypotheses, and oversaw the overall research design. As the corresponding author, she led the drafting and revision of the manuscript and supervised the state of work.
- Abdullah Zaytoun collected the data, conducted detailed statistical analyses, and applied the regression models. Zaytoun also reviewed the literature and formulated the main conclusions.

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Conflict of Interest

The authors have no conflicts of interest to declare.