

## The impact of environmental accounting disclosure on value relevance

Jordan, 14.07.2022

### AUTHOR

**Mr. Taleb Alsarayreh**

*Foreign Reserves Dealer / The Central Bank of Jordan*

### ABSTRACT

The relationship between humans and the environment has always been considered a complex one, and the growing interest in the human impact on the environment has led to the discussion of many things, including disclosures with respect to environmental accounting. Industrial companies play a vital role in influencing the environment, which makes it important to conduct an investigative study regarding the impact of environmental accounting disclosures on value relevance as there are many ethical investors who pay attention to credible disclosures when making investing decisions.

The environmental disclosures may be monetary, non-monetary, positive, or negative, but currently, researchers and accountants attempt to convert qualitative environmental information into quantitative information. Therefore, the main objective of this research is to provide insight into how environmental accounting-related disclosures are reflected in the market value of Jordanian industrial companies. The Ohlson model (1995) was adjusted and used in the study to evaluate the dependent variable since it is the module used most often in determining value relevance.

### KEYWORDS

Value Relevance, Environmental Accounting, annual report, disclosure, climate change, Industrial Firms.

### REFERENCES

- ABBAS, K. 2021. 2021. Total Quality Management (TQM). Available at [www.alexander.it](http://www.alexander.it).
- ABBAS, K. and ELTWERI, A. 2021. The Impact of Leadership Styles on Employee Motivation. Available at [www.alexander.it](http://www.alexander.it)
- ABBAS, K., 2018. Knowledge-sharing behaviour intentions of academics and their determinants. Liverpool John Moores University (United Kingdom).
- ABBAS, K., 2018. Knowledge-sharing behaviour intentions of academics and their determinants. Liverpool John Moores University (United Kingdom).
- AGYEMANG, A.O., YUSHENG, K., TWUM, A.K., AYAMBA, E.C., KONGKUAH, M., MUSAH, M.: Trend and relationship between environmental accounting disclosure and environmental performance for mining companies listed in China. *Environ. Dev. Sustain.* 23(8), 12192–12216 (2021). <https://doi.org/10.1007/s10668-020-01164-4>.
- AKANI, F.N. and CAPTAIN BRIGGS, A. (2018). Environmental Accounting and Value Relevance of Accounting Information: Time Series Evidence from Nigeria Commercial Banks. *International Journal of Accounting & Finance Review*, 2(1), pp.51–67. doi:10.46281/ijaf.v2i1.22.
- AURELI, S., GIGLI, S., MEDEI, R. and SUPINO, E. (2019). The value relevance of environmental, social, and governance disclosure: Evidence from Dow Jones Sustainability World Index listed companies. *Corporate Social Responsibility and Environmental Management*. doi:10.1002/csr.1772.
- BAALOUCH, F., AYADI, S.D., HUSSAINEY, K.: A study of the determinants of environmental disclosure quality: evidence from French listed companies. *J. Manag. Gov.* 23(4), 939–971 (2019). <https://doi.org/10.1007/s10097-019-09474-0>.
- CHAND, A., KUMAR, N., KUMAR, R.R., PRASAD, S., PATEL, A. and STAUVERMANN, P.J. (2022). Determinants of Social and Environmental Accounting Information Disclosure: An Analysis of Top 50 Firms in New Zealand. *Engineering Economics*, 33(2), pp.118–131. doi:10.5755/j01.ee.33.2.20819.
- Eltweri, A. (2020). Social and Environmental Responsibility Effect on a Company's Financial Performance. [www.alexander.it](http://www.alexander.it)
- ELTWERI, A. 2020. Fintech in Africa. Available at [www.alexander.it](http://www.alexander.it)
- ELTWERI, A. 2020. Social and Environmental Responsibility Effect on a Company's Financial Performance. Available at [www.alexander.it](http://www.alexander.it)
- ELTWERI, A. 2020. The cultural aspects of accounting development in the MENA Region. Available at [www.alexander.it](http://www.alexander.it)
- ELTWERI, A. 2020. The forthcoming chapter of accountancy using Blockchain. Available at [www.alexander.it](http://www.alexander.it)
- ELTWERI, A. 2021. Diversity of Audit Committee Members and their Influence on Audit Fees. Available at [www.alexander.it](http://www.alexander.it)
- ELTWERI, A. 2021. The Artificial Intelligence Ethical Implications in Auditing Public Sector. Available at [www.alexander.it](http://www.alexander.it)
- ELTWERI, A. 2021. The Blockchain Impact on the Current Auditing Standards. Available at [www.alexander.it](http://www.alexander.it)
- ELTWERI, A. 2021. The Corporate Governance Effects on the Audit Committees Performance. Available at [www.alexander.it](http://www.alexander.it)
- ELTWERI, A. 2021. The Effects of Digitalization on Auditing Fees. Available at [www.alexander.it](http://www.alexander.it)
- ELTWERI, A. 2021. The Impact of Cyber-Security on Audit Quality. Available at [www.alexander.it](http://www.alexander.it)
- ELTWERI, A. and ABBAS, K. 2021. The Challenges Faces Businesses in Using Big Data. Available at [www.alexander.it](http://www.alexander.it)
- ELTWERI, A. and CAVALIERE, M.L.P.L. 2020a. Impact of E-Accounting Practices upon the Performance of Business. *PROCEEDINGS E-BOOK*, 240.
- ELTWERI, A. and CAVALIERE, M.L.P.L. 2020b. Lessons in Corporate Governance to Learn from more Developed Countries. *PROCEEDINGS E-BOOK*, 57.
- ELTWERI, A. and FACCIÀ, A. 2022. Remote Auditing Implication on Audit Quality Owing to Covid-19. Available at [www.alexander.it](http://www.alexander.it)
- ELTWERI, A. and FACCIÀ, A. 2022. Remote Auditing Implication on Audit Quality Owing to Covid-19. Available at [www.alexander.it](http://www.alexander.it)
- ELTWERI, A. and FACCIÀ, A. 2022. The Use of Specialists on Audit Engagements. Available at [www.alexander.it](http://www.alexander.it)
- ELTWERI, A., FACCIÀ, A. and KHASSAWNEH, O. 2021. Applications of Big Data within Finance: Fraud Detection and Risk Management within the Real Estate Industry. In 2021 3rd International Conference on E-Business and E-commerce Engineering (EBEE 2021), December 17–19, 2021, Sanya, China. ACM, New York, NY, USA, 7 pages. <https://doi.org/10.1145/3510249.3510262>
- ELTWERI, A., ALTARAWNAH, M., AL-HAJAYA K., & AL-KARAKI, W. 2018. Auditing profession regulation: Lesson learned from code and common law countries regulatory approaches. *Risk Governance and Control: Financial Markets & Institutions*, 8(3), 80–101.

- ELTWERI, A., FACCIA, A. and CAVALIERE, L.P.L., 2020. The role of culture on the adoption of International Standards on Auditing in the developing countries: An institutional perspective. *Journal of Governance and Regulation*, Vol. 9 No. 4. pp162-171
- ELTWERI, A., FACCIA, A., ROXANA MOȘTEANU, N., SAWAN, N. and PIO LEONARDO CAVALIERE, L. 2020. The Role of Risk Management in Auditing E-Business. 2020 The 4th International Conference on Software and e-Business of Conference.
- ELTWERI, A., SAWAN, N. and TAHAR, A.R. (2018) The Harmonising of Auditing Standards in Emerging Economies from The Stakeholders' Perspectives. *Corporate Ownership and Control*, 15, 201-212.
- ELTWERI, E., & ELTWERI, A. (2019). Does CSR encourage customer loyalty: A case study – Libyan telecom sector? *Journal of Governance & Regulation*, 8(4), 64-81. <https://doi.org/10.22495/jgrv8i4art6>
- FACCIA, A. (2019, August). Data and Information Flows: Assessing Threats and Opportunities to Ensure Privacy and Investment Returns. In *Proceedings of the 2019 3rd International Conference on Cloud and Big Data Computing* (pp. 54-59).
- FACCIA, A. (2020). New Technologies in Forensic Accounting and Auditing. [www.alexpander.it](http://www.alexpander.it)
- FACCIA, A. 2020. Blockchain Financial Statement validation and submission. The very first case in 2020: Blockchain Italia S.r.l. [www.alexpander.it](http://www.alexpander.it)
- FACCIA, A. 2020. X-Accounting® - Towards a new Accounting System. *Blockchain applied accounting. How robots will overcome humans in accounting Recording*. [www.alexpander.it](http://www.alexpander.it)
- FACCIA, A. SAWAN, N. ELTWERI, A. and BEEBEEJAUN. Z. 2021. Financial Big Data Security and Privacy in X-Accounting. A Step Further to Implement the Triple-Entry Accounting. In *2021 the 6th International Conference on Information Systems Engineering (ICISE 2021)*, November 12–14, 2021, Shanghai, China. ACM, New York, NY, USA, 6 pages. <https://doi.org/10.1145/3503928.3503932>
- Faccia, A., & Mosteanu, N. R. (2019). Accounting and blockchain technology: from double-entry to triple-entry. *The Business & Management Review*, 10(2), 108-116.
- FACCIA, A., DE LUCIA, C., ELTWERI, A., SAWAN, N. AND PIO LEONARDO CAVALIERE, L., 2020. Extended Audit Report: Enhancing Trust and Reputation in IT Processes and across E-business Industries. In *2020 2nd International Conference on E-Business and E-commerce Engineering* (pp. 23-27).
- FACCIA, A., MOȘTEANU, N. R. (2019). Tax evasion - information system and Blockchain. *Journal of Information Systems & Operations Management*, 13(1), 65-74.
- FACCIA, A., MOȘTEANU, N. R., & LEONARDO, L. P. (2020, September). Blockchain Hash, the Missing Axis of the Accounts to Settle the Triple Entry Bookkeeping System. In *Proceedings of the 2020 12th International Conference on Information Management and Engineering* (pp. 18-23).
- FACCIA, A., MOȘTEANU, N. R., CAVALIERE, L. P. L., & MATARUNA-DOS-SANTOS, L. J. (2020, September). Electronic money laundering, the dark side of fintech: An overview of the most recent cases. In *Proceedings of the 2020 12th International Conference on Information Management and Engineering* (pp. 29-34).
- FACCIA, A., MOȘTEANU, N. R., CAVALIERE, L. P., L. & DE SANTIS, G. (2020). The rise of online banks in Italy “WIDIBA Bank” Case Study. *Financial Markets, Institutions and Risks*, 4(2).
- FACCIA, A., MOȘTEANU, N. R., FAHED, M. & CAPITANIO, F. (2019). Accounting Information Systems and ERP in the UAE. In *Proceedings of 3rd International Conference on Cloud and Big Data Computing*.
- FACCIA, A., MOȘTEANU, N. R., FAHED, M., & CAPITANIO, F. (2019, August). Accounting Information Systems and ERP in the UAE: An Assessment of the Current and Future Challenges to Handle Big Data. In *Proceedings of the 2019 3rd International Conference on Cloud and Big Data Computing* (pp. 90-94).
- FAZZINI, M. and DAL MASO, L. (2016), "The value relevance of "assured" environmental disclosure: The Italian experience", *Sustainability Accounting, Management and Policy Journal*, Vol. 7 No. 2, pp. 225-245. <https://doi.org/10.1108/SAMPJ-10-2014-0060>
- LIU, Z. and BAI, Y. (2021). The impact of ownership structure and environmental supervision on the environmental accounting information disclosure quality of high-polluting enterprises in China. *Environmental Science and Pollution Research*. doi:10.1007/s11356-021-17357-x.
- MASUD, MD., BAE, S. and KIM, J. (2017). Analysis of Environmental Accounting and Reporting Practices of Listed Banking Companies in Bangladesh. *Sustainability*, 9(10), p.1717. doi:10.3390/su9101717.
- MOȘTEANU, N. R. (2019). New Approach of Regional Development: Innovation through Green Economy and Artificial Intelligence. *Vision 2025: Education Excellence and Management of Innovations through Sustainable Economic Competitive Advantage*, p.188-204.
- MOȘTEANU, N. R. (2019). Principles of International Finance, Banking and Taxation. Editura Universitară, București.
- MOȘTEANU, N. R. (2019). Regional development and Economic Growth approach in Europe and GCC. *EcoForum*, 8(2), p. 583-595.
- MOȘTEANU, N. R., & FACCIA, A. (2020). Digital Systems and New Challenges of Financial Management-FinTech, XBRL, Blockchain and Cryptocurrencies. *Quality-Access to Success*, 21(174).
- MOSTEANU, N. R., & FACCIA, A. (2021). Fintech frontiers in quantum computing, fractals, and blockchain distributed ledger: Paradigm shifts and open Innovation. *Journal of Open Innovation: Technology, Market, and Complexity*, 7(1), 19.
- MOȘTEANU, N. R., FACCIA, A. & CAVALIERE, L. P. L. (2020). Digitalisation and green economy - changes of business perspectives. In *Proceedings of 4th International Conference on Cloud and Big Data Computing (ICCBDC)*, Liverpool, UK, August 26-28, 2020. p.118-122
- MOȘTEANU, N. R., FACCIA, A. & CAVALIERE, L. P. L. (2020). Disaster Management - Digitalization and Financial Resources - important factors to keep the organisation ongoing. In *Proceedings of 4th International Conference on Cloud and Big Data Computing (ICCBDC)*, Liverpool, UK, August 26-28, 2020. p.108-112
- MOȘTEANU, N. R., FACCIA, A. (2021). Fintech Frontiers in Quantum Computing, Fractals, and Blockchain Distributed Ledger: Paradigm Shifts and Open Innovation. *Journal of open Innovation: Technology, Market, and Complexity*. 7(1), 1-19
- MOSTEANU, N. R., FACCIA, A., TORREBRUNO, G., TORREBRUNO, F. (2019). The newest intelligent financial decisions tool: fractals. A smart approach to assess the risk. *The Business & Management Review*, 10(2), 89-97.
- MOȘTEANU, N. R., FACCIA, A., TORREBRUNO, G., TORREBRUNO, F. (2019). Fractals- A Smart Financial Tool to Assess Business Management Decisions. *Journal of Information Systems & Operations Management*, 13(1), 45-56.
- MOȘTEANU, N.R. (2018). Zakat versus Income tax – the real beneficiaries, *International Journal of Scientific & Engineering Research*, 9(6), p. 200-204.
- MOȘTEANU, N.R., FACCIA, A., CAVALIERE, L. P. L., & Bhatia, S. (2020). Digital Technologies' Implementation within Financial and Banking System during Socio Distancing Restrictions–Back to the Future. *International Journal of Advanced Research in Engineering and Technology*, 11(6), p. 307-315.
- NAWAISEH, K.H.A., ABD-ALKAREEM Al SHIBLY, M.H., ALAWAMLEH, H.A., ABBAS, K.M. and ORABI, T.G.A., 2021. Dimensions of corporate governance and organisational learning: an empirical study.
- OGUNODE, O.A. (2022). Legitimacy Theory and Environmental Accounting Reporting and Practice: A Review. *South Asian Journal of Social Studies and Economics*, pp.17–28. doi:10.9734/sajsse/2022/v13i130345.
- PETRATOS, P., & FACCIA, A. (2019, August). Accounting Information Systems and System of Systems: Assessing Security with Attack Surface Methodology. In *Proceedings of the 2019 3rd International Conference on Cloud and Big Data Computing* (pp. 100-105).
- SAWAN, N., ELTWERI, A., DE LUCIA, C., PIO LEONARDO CAVALIERE, L., FACCIA, A. and ROXANA MOȘTEANU, N. 2020. Mixed and Augmented Reality Applications in the Sport Industry. 2020 2nd International Conference on E-Business and E-commerce Engineering of Conference.
- SUILEEK, H.A. and ALSHURAFAT, H. (2022). The Determinants of Environmental Accounting Disclosure: A Review of the Literature. *Explore Business, Technology Opportunities and Challenges After the Covid-19 Pandemic*, pp.463–477. doi:10.1007/978-3-031-08954-1\_42.