



ISSN: 2602-3385

JOURNAL OF BUSINESS MANAGEMENT AND ECONOMIC RESEARCH

Volume: 4
Issue 1
Year : 2020



Journal of Business Management and Economic Research

ISSN: 2602-3385

2020, Vol: 4, Issue: 1

Editor in Chief

Prof. Irfan YAZICIOGLU (Ph.D), irfan.yazicioglu@hbv.edu.tr
Ankara Hacı Bayram Veli University, Faculty of Tourism, Turkey

Editor

Assoc. Prof. M. Murat KIZANLIKLI (Ph.D.), murat.kizanlikli@hbv.edu.tr
Ankara Hacı Bayram Veli University, Faculty of Tourism, Turkey

Ersan EROL (Ph.D.), ersane@ogu.edu.tr
Eskişehir Osmangazi University, Faculty of Tourism, Turkey

Editorial Board

BAKALISH Steve (Ph.D.), steve.bakalis@vu.edu.au
Australian Population and Migration Research Centre, Victoria University,
Melbourne, Australia

BOSTAN Ionel (Ph.D.), ionel_bostan@yahoo.com
Dr.HC Stefan cel Mare University of Suceava Romania

EKİNCİ Yüksel (Ph.D.), y.ekinci@henley.ac.uk
The School of Marketing & Reputation, Henley Business School, University of
Reading, Whiteknights Campus, Reading, Berkshire, RG6 6UR

EMİR Oktay (Ph.D.), oktayemir@anadolu.edu.tr
Anadolu University, Faculty of Tourism, Türkiye

GALANOU Aikaterini (Ph.D.), agalanou@teiep.gr
Epirus University of Applied Sciences, School of Management & Economics /
Department of Accounting & Finance ,Preveza, Greece

ISLAM Rafikul (Ph.D.), rislam@iium.edu.my

Kulliyah of Economics and Management Sciences International Islamic
University of Malaysia, Malaysia

KUMAR M. Dileep (Ph.D.), dr.dileep.cas@gmail.com

International Teaching University Georgia, Tbilisi, Georgia

OKUMUŞ Fevzi (Ph.D.), fevzi.okumus@ucf.edu

Rosen College of Hospitality Management ,The University of Central Florida

PAVLOVIĆ Nebojsa (Ph.D.), racapn@gmail.com

Faculty of Hotel and Tourism, Vrnjacka banja, University Kragujevac, Serbia

SEGUMPAN Reynaldo Gacho (Ph.D.), segumpan@gmail.com

Department of International Business Administration, College of Applied
Sciences – Rustaq Ministry of Higher Education, Rustaq, Sultanate of Oman

SINGH V.K. (Ph.D.), drvksingh1969@gmail.com, drvksingh@gkv.ac.in

Faculty Of Management Studies [Fms], Gurukula Kangri Vishwavidyalaya
Haridwar, Uttarakhand, India

YÜCEL Recai M. (Ph.D.), recaiyucel@mac.com

Albany New York University / USA,

YÜKSEL Sedat (Ph.D.), sedatyuksel@gmail.com

Department of International Business Administration, College of Applied
Sciences – Rustaq Ministry of Higher Education, Rustaq, Sultanate of Oman



Journal of Business Management and Economic Research

Contents

2020, Vol: 4, Issue: 1

Chinese Consumers' Conspicuous Perspectives: The Context of Smartphone Purchase Behavior

Hiroko Oe & Yasuyuki Yamaoka

pp.1-20

Do Board Size and Firm Size Affect Environmental Accounting Disclosure? Evidence from Selected Listed Firms in Kenya

John Kipnetich Tarus

pp.21-37

Client Delay Factors Affecting Building Project Performance Among Kuantan Malaysian Construction Industry: Through Partial Least Square Structural Equation Modeling

R. M. Chung, A. Q. Adeleke & W. A. Ajibike

pp. 38-55

Organizational Structure Influence On Construction Waste Management Among Penang Malaysian Construction Industry: An Approach Via Partial Least Square Structural Equation Modeling

A. Kanimoli, A. Q. Adeleke & T. T. Taiwo

pp. 56-73

Advantages And Disadvantages Of The Four Methods Of Tax Treatment Of Corporate Monetary And In-Kind Donations: A Theoretical Study Of Intellectual Enrichment In The Fields Of Taxation And Corporate Philanthropic Responsibility

Younis A. Battal Saleh

pp. 74-139

ISSN: 2602-3385



CHINESE CONSUMERS' CONSPICUOUS PERSPECTIVES: THE CONTEXT OF SMARTPHONE PURCHASE BEHAVIOR

Hiroko Oe

(Correspondent author)

Bournemouth University
89 Holdenhurst Road
Bournemouth
BH8 8EB
hoe@bournemouth.ac.uk
Tel: +44 (0)7852 881 051

Yasuyuki Yamaoka

The Open University of Japan
2-11 Wakaba, Mihama, Chiba city, Japan
yamaoka-y@ouj.ac.jp

Abstract

This study investigated the key antecedent factors of Chinese consumers attitudes towards smartphones, focusing on the conspicuous value. An analytical framework with three key themes in the smartphone purchasing attributes in relation to the conspicuous attitudes was validated based on Structural Equation Modelling (SEM) using 426 survey data collected in China. It has been found that 'conspicuous value' was the basic perception which has a relation with three key factors, 'fashionableness' and 'innovativeness', and 'instore shopping atmosphere' in smartphone purchasing attributes. This implies that the analytical framework developed from this study is applicable to the research topic as a useful analytical tool kit. From the empirical study based on this framework, it has been found that only 'fashionableness' has the significant impact on their purchase intention, whereas, 'innovativeness' and 'instore shopping atmosphere' did not have a significant impact on their purchase intention of smartphones. Chinese consumer behavior from the cultural context has attracted researchers so far, however, the practical and feasible analytical framework covering the cultural aspect and smartphone attributes has been lacked. This study proposed a practical analytical framework with the Chinese cultural value 'conspicuousness' and focus on the smartphone shopping attributes. Moreover, the empirical research outcome with the survey data based on the proposed framework can provide actionable implications for the relevant marketers and researchers.

Key words: China, conspicuous value, fashionableness, innovativeness, instore shopping atmosphere

1. Introduction

1.1. Background of this study

With the potential of smartphone market in China, it has acknowledged that it is useful to investigate how firms should cope with drastically changing Chinese smartphone market with changing consumer perceptions and behavior. While the world's economy remains in a state of depression, the potential customer base for smartphones is further revealed through research into the Chinese market, and the underlying data which contributes to its successful marketing strategies. It is common knowledge that Chinese consumer behavior should be analyzed in its cultural context (Hofstede, 2008). The unique nature of the Chinese market that has its origins in Confucian values, its demand for social respect and a particular notion of 'maintaining face' (*Mianzi* in Mandarin), is intrinsically different from Western social values. Therefore, it is important to understand that Chinese consumers' buying behavior is heavily influenced by these values and winning their preferences in today's competitive market is an essential aspect of a marketing strategy for any enterprise which aims to be successful in the Chinese market (Jin *et al.*, 2010).

1.2. Research gap

The concept of this perceived unique value should be investigated in detailed so that the practitioners and researchers can design effective marketing strategies in line with the Chinese consumers' value perceptions, especially in the context of their inclination to bolster their public appearance and status (Vigneron and Johnson, 1999; 2004). There have been a variety of antecedent factors for Chinese consumer purchasing behavior in academic discussions so far, which have acknowledged the necessity of the cultural contextual analysis. For instance, this situation is also the case for the smartphone market. As practitioners need some more robust marketing tool kit because of the huge potential of the Chinese smartphone market and therefore, the contribution of the relevant research has been longed for, the practical and feasible analytical framework has not been agreed on so far. The research gap exists that an analytical framework with the cultural context, focusing on the smartphone attribute is missing which has resulted in the lack of actionable marketing activities in the Chinese smartphone market.

1.3. Aim and objectives

This study aims to explore the Chinese consumers' perceptions towards smartphone purchasing and build a conceptual framework on consumers' purchasing intention. To achieve this aim, four objectives emerged;

- To review relevant literature to develop key themes which represent Chinese consumer behavior towards smartphone purchasing.
- To build a conceptual framework with hypotheses reflecting the developed key themes
- To validate the framework with the collected data from the survey conducted in China based on the Structural Equation Modelling
- To evaluate the results of the research and the framework as a marketing toolkit is proposed
- To conclude and discuss the actionable implications for the marketers and researchers based on the empirical analysis using the proposed framework.

2. Literature review

2.1. Chinese consumer behavior in the smartphone market

In contemporary society, smartphones have become fully integrated into people's daily lives, with technology an ever-increasing influence on lifestyle (Park, 2019). It is also observed that the smartphone market has developed rapidly responding to the demands of the consumers (Fillion *et al.*, 2016; Liang and Leung, 2018). For businesses, the primary aims of a company include massive profits and meeting the needs of consumers to increase buyer satisfaction customer patronage inevitably plays a vital role in the sales activities. Satisfied and loyal customers contribute to both decreasing costs and increasing profitability (Ehiobuche and Khan, 2012).

Evidently, understanding consumer tendencies and preferences towards goods or services are highly significant in market competition (Fornell, 1992). Investigating and establishing the critical factors in forming an infrastructure of good customer relations and nurturing contentment in the Chinese smartphone market is the primary research theme of this study.

Telecommunication goods and services

The telecommunications sector plays a vital role in the economic development, due to increased progress in technology and massive competition among the service providers, where smartphones should be one of the key players in leading the telecommunication sector with its

impact on the businesses in the current digital age (Roos and Edvardsson, 2008). Under this competitive circumstance, service providers are required to give the customers more attractive packages and implement effective marketing strategies to attract potential customers (Akematsu *et al.*, 2012; Bayraktar *et al.*, 2012; Rahul and Majhi, 2014). It is fatal for them to explore different values in a different markets and cultural contexts to retain existing customers and attain new customers based on the sustainable relationships with them (Heinonen *et al.*, 2010). The long-term relations with the customers can be achieved when the resonance can be nurtured in the relationships and it is inevitable for the providers to understand and be ready to launch marketing messages based on a different cultural values to the customers in accordance to each market (Gerpott *et al.*, 2001; Leelakulthanit and Hongcharu, 2012; Rodriguez, 2013).

The tangible attributes (e.g., product appearance, product packaging, instore furnishings) and intangible attributes (e.g., in-store customer services, communication over the counter and brand image) form a basis for the marketing strategy (Ting *et al.*, 2011; Van De Ven *et al.*, 2011; Gobble, 2012; Leelakulthanit and Hongcharu, 2012), but building marketing strategies should be on the basis of understanding of the consumers' cultural values.

Smartphones and Lifestyle

Chen *et al.* (2013) discussed that a smartphone is an 'anywhere/anytime compact computer' and 'information/entertainment/infotainment' gadget which has been already an essential tool for the consumers. Ling (2007) suggested that teenagers especially have learned how to coordinate with others by using mobile technologies, exchange their views and opinions, emphasizing that a smartphone is now not only a communication tool but also a communication platform essential to their identity with regards to trends and fashion (Nakamura and Oe, 2009).

Smartphone as a high-end product

Researchers argue that the social symbol of expensive goods has a significant impact on consumers' purchasing choices (Vickers and Renand, 2003). Especially in China, high-end goods are symbolized as a different set of representations, such as fame, wealth and status; letting consumers have this commodity satisfies not only their material needs but also symbolic demand (Djelic and Ainamo, 1999). It has been discussed that smartphones in China should be analyzed as high-end goods, not only a communication tool (e.g., KPMG, 2012; Marketing China, 2013). Hence, smartphones as higher end gadgets than traditional feature phones might be playing an essential role in the context of social symbolism.

Individual prosperity and its appearance through consumption is core to the individualism culture (Heaney, Goldsmith and Jusoh, 2005). The immense popularity of Asian consumers for smartphones may be due to taking into account the importance of 'face,' rather than personal preferences (Schütte and Ciarlante, 1999). Conspicuous consumption is common in collectivist cultures and is more about the conformity and acceptance of the community rather than indulgence or self-expression (Phau and Prendergast, 2000). In the Chinese context, this conspicuousness should be one of the impactful underlying value for the Chinese consumer behavior.

Conspicuous value: Cultural orientations and the Chinese market

Two cultural orientations of individualism and collectivism prompt customers to buy high-end items in different modes (Schütte and Ciarlante, 1998). Researchers believe that today's consumption of high-end goods by Asian consumers emphasizes social meaning conveyed through products. Asian consumers buy high-end goods to ensure public social recognition and observe social norms.

Consumption is considered in traditional Chinese society as a tool to provide high-level demand as an activity in its right (Roy and Eshghi, 2013). Therefore, the Chinese consumer will pay more attention to the social value of the brand than the Western consumer, and actively advance the social value of the brand as Chinese consumers need the social identity (Tse, 1996).

The Chinese emphasis on performing correctly in the same social class, with the appropriate way of consumption is expected to correspond to their behavior and social status. They also need to be distinguished from others in society, which is particularly high in China, for example, the Chinese would like to strengthen social identity with material wealth and brands (Podoshen *et al.*, 2011). Luxury and high-end goods are often used as tools to increase the distance between different social groups and identify with others with the same social status. In the smartphone context, Chinese consumers are attracted by a more advanced and the most recent model smartphone to satisfy their conspicuous perception. Smartphone purchasing behavior cannot be discussed, therefore, without the conspicuous consumption aspects, as Chadha and Husband (2006) and Chaudhuri and Majumdar (2006) indicated.

2.2. Key themes underlying conspicuous value in the smartphone context

Following the discussion above, three key themes are discussed in the context of smartphone purchasing behavior, which will be embedded in the analytical model. The model attained will

be validated with the primary data to reveal Chinese consumers' attitudes based on the conspicuous value perceptions.

Fashionableness of gadgets

Lorente (2002) studied the younger generation's preference of fashionableness of mobile phones, focusing on their perspectives on design, and similarly, Noel *et al.* (2019) indicated that especially the younger generations are attracted by fashionable aspects such as color and the design of gadgets rather than their primary functions. Similar research across various European and Asian countries was conducted by Kasesniemi *et al.* (2001) and Lorente (2002) which suggest that fashionableness of smartphones should be one of the key elements which attracts the customers.

It has been discussed that the success of mobile phones reflects the lifestyle of the young generation (Toufani *et al.*, 2017) and it is suggested that analysis of the impact of the fashionableness of the gadgets should be explored in more depth (Kopoma, 2000; Mäenpää, 2000; Foley *et al.*, 2007; Filieri and Lin, 2017). Nakamura and Oe (2009) analyzed the smartphone's desirability in the context of ostentatiousness; there are clear links between customer satisfaction and the products' fashionable aspects.

Innovativeness

Research by Holak and Lehmann (1990) showed that usage and a favorable view of a product's predecessor result in consumers' greater willingness to own a new innovative product. It has been indicated that compatibility with the user's lifestyle is affected by the present operating system environment, changes to software interface and the degree of previous experience in using smartphones and other similar gadgets (Sultan, 1999; Kitchen *et al.*, 2015). A conspicuous value could be stimulated by the gadgets' innovative aspects such as a high quality of the snapshots, storage, and application level could be reflecting consumers' conspicuous attitudes (Noel *et al.*, 2019), who also suggested this inclination to the innovative aspects can be accelerated in line with the higher social status.

Convergent products have received increasing amounts of attention recently (Gill, 2008; Gill and Lei, 2009; Han *et al.*, 2009; Lee *et al.*, 2013). Consumers' perceptions, the innovative technological aspects of gadgets should be one of the components of the conspicuous value. Smartphone purchasing behavior should, therefore, be analyzed with regards to those innovative aspects of the products as one of the constituents of the conspicuousness (Podoshen *et al.*, 2011; Komatsu, 2004). Innovative functionality is one of the factors that affect customers' purchase intention of smartphones.

Instore shopping atmosphere

Research has debated that shopping atmosphere influences business performance and customer loyalty (Demirci Orel and Kara, 2014; Garga and Bambale, 2016; van Lierop and El-Geneidy, 2016). For instance, as Kemp *et al.*, (2019) discussed, happy customers will get back to the store which supports the sustainable businesses for the businesses (e.g., Hu and Jasper, 2006; Maruyama and Wu, 2014). It has been discussed with the evidence from the empirical studies that customers become more loyal to the goods and services with the good shopping atmosphere, which can enhance customer relations with the suppliers (Ogle *et al.*, 2004; Pan and Zinkhan, 2006; Garga and Bambale, 2016; Terblanche, 2018).

More specifically, instore shopping atmosphere can be analyzed in the context of the conspicuous value of consumers. It is because consumers appreciate the store staff attitudes towards them while they are shopping. Being Treated nicely instore should be one of the essential factors to retain loyal customers (Kim *et al.*, 2016). Customers' positive attitudes towards goods and services are changeable; the most important thing is to learn how to maintain a good relationship between customers and the organization (Hill, 2000; Haryono and Sihombing, 2018). Customers appreciate the warmth attitudes with a comfortable touch treating them as if they are VIPs, and also they appreciate the shop decoration and physical atmosphere which overall makes the customer to feel they are special to the shop and the relevant brands (Li *et al.*, 2015; Baek *et al.*, 2018).

In the Chinese context, the concept of 'Saving face=*mianzi*' could also be important element for the marketers to consider: *Mianzi* is one of the underpinning motives for Chinese consumers to buy products, especially something high-end, luxury or expensive (Filieri *et al.*, 2018; Huang and Wang, 2018). Chinese consumers view the external social needs (e.g., *mianzi*, status) as more important than internal individual needs (Wong and Ahuvia, 1998). Ho (1976) discussed the concept of '*mianzi*' plays an important role and expresses both personal and non-personal characteristics (e.g., wealth, authority) when consumers were served by shop staff. In the smartphone purchasing scenario, the '*mianzi*' should also be considered in the context of instore shopping atmosphere, as Chinese consumers perceive the in-store shopping atmosphere as one of the key factors to be attracted by the shops whose staff treat them as important customers and keep the customers' '*mianzi*' in front of others in the public space.

2.3. Hypotheses

From the literature review, Chinese consumer behavior towards smartphone can be analyzed based on conspicuous value as the critical antecedent factor underpinning their perception which could be explained by three factors, fashionableness, innovativeness, and instore shopping atmosphere. Moreover, our literature review suggests that these three sub factors could have an impact on Chinese consumers' purchase intention of smartphones.

This study aims to reveal potential relationships based on a quantitative method for testing the following hypotheses. Table 1 shows the hypotheses built based on the literature review with the relevant supportive academic discussions.

Table 1. Hypotheses of this study

Hypothesis number	Hypothesis	Supportive academic discussions
H1	Conspicuous consumer value has a positive relation with 'fashionableness' of smartphones	Hirsjärvi et al., 1982; Drotner, 2000; Kasesniemi et al., 2001; Lorente, 2002; Komatsu, 2004; Ito, 2005; Foley et al., 2007; Noel et al., 2018
H2	Conspicuous consumer value has a positive relation with 'innovativeness' of smartphones	Holak and Lehmann, 1990; Sultan, 1999; Olsen, 2002; Kotler and Keller, 2009; Podoshen, 2011; Noel et al., 2018; Vonortas, 2018
H3	Conspicuous consumer value has a positive relation with 'instore shopping atmosphere'	Bitner and Hubbert, 1994; Jones et al., 2000; Bodet, 2008; Li et al., 2015; Kim et al., 2016; Baek et al., 2018; Haryono and Sihombing, 2018; Terblanche, 2018; Kemp et al., 2019
H4a	The factor 'fashionableness' has a positive impact on purchase intention of smartphones	Holak and Lehmann, 1990; Chadha and Husband, 2006; Filieri, 2017; Hsiao, 2017; Toufani, 2017
H4b	The factor 'innovativeness' has a positive impact on purchase intention of smartphones	Holak and Lehmann, 1990; Sultan, 1999; Olsen, 2002; Kotler and Keller, 2009; Podoshen, 2011; Noel et al., 2018; Vonortas, 2018; Hong, 2017; Kim et al., 2018; Reddy et al., 2018
H4c	The factor 'instore shopping atmosphere' has a positive impact on purchase intention of smartphones	Bitner and Hubbert, 1994; Jones et al., 2000; Olsen, 2002; Bodet, 2008; Çifci, et al., 2016; Paul et al., 2016; Liu, 2017; Manner, 2018

As a summary of this section, Figure 1 shows the conceptual framework of this study with the hypotheses.

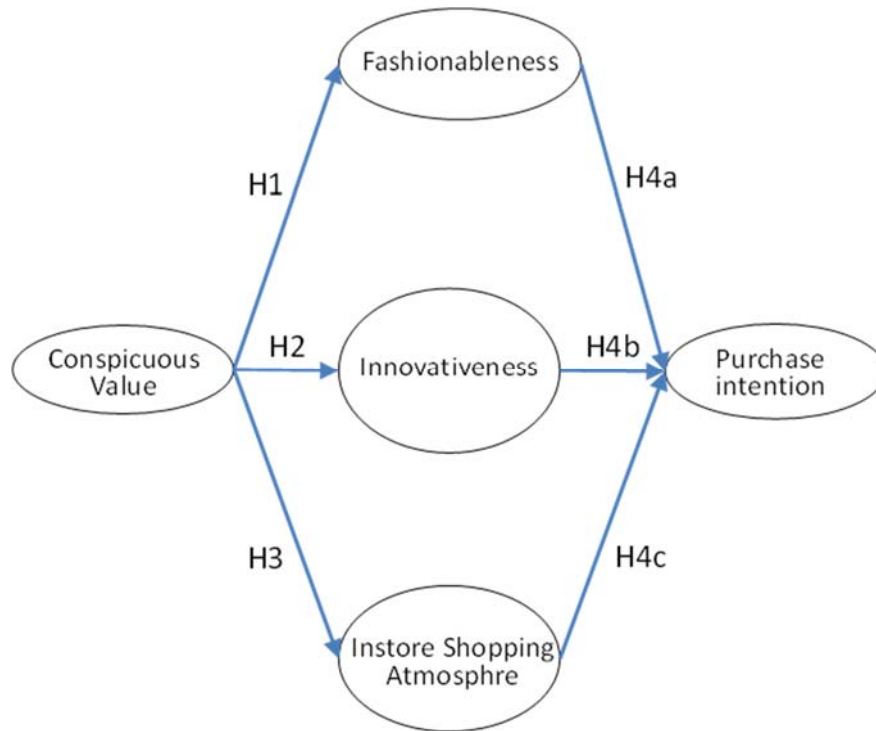


Figure 1. Conceptual framework and hypotheses

3. Methodology

3.1. Research Approach and Methodology

This study uses the deductive approach as the aim of this study is to test and validate a conceptual model with measurements with data collected from consumers in the Chinese market. Data is gathered through the online survey, and the data set is going to be analyzed with SPSS ver. 23. A quantitative method is applied to test predetermined hypotheses that are deduced based on existing theory (Weathington *et al.*, 2012).

It is believed that the most suitable purpose of this research is descriptive because the authors will describe the Chinese consumer's behavior (Ghauri and Grohauug, 2005).

3.2. Data Collection

As Weathington *et al.* (2012) debated, surveys attempt to gather information from an entire group which is usually a sample (Swetnam, 2004). Thirty items were prepared for the questionnaire, with some modification of wording and format following a pilot test with 50 informants in advance. The survey was conducted by an internet-based survey website, Survey Monkey, to collect primary data for the analysis.

The questions and corresponding options used in this research have been carefully measured and chosen, focusing on which related factors affect customer loyalty and how smartphone firms attract customers in the Chinese smartphone market. Based on the research aim and associated hypotheses, the questionnaire consists of questions designed to assess the factors developed in the hypotheses: conspicuousness, fashionableness, innovativeness, instore shopping atmosphere and purchase intention of smartphones.

426 responses were collected, which represent a spectrum of ages and gender in China. The questions can be divided into two parts, including general information and more detailed responses. For data analysis, SPSS version 23 was used.

4. Findings and analysis

4.1. Data

Table 2 shows the outline of the respondents' demographic profile.

Table 2. Profile of the respondents

Age	Count	%	Cumulative %
U18	34	8.00%	8
18-24	196	46.00%	54
25-30	84	19.70%	73.7
30's	43	10.10%	83.8
40's	43	10.10%	93.9
50's	21	4.90%	98.8
60's	5	1.20%	100
Total	426	100.00%	

Gender	Count	%	Cumulative %
Male	205	48.10%	48.1
Female	220	51.60%	99.8
No answer	1	0.20%	100
Total	426	100.00%	

Social class	Count	%	Cumulative %
Unemployed	41	9.60%	9.6
Student	175	41.10%	50.7
Bule color	62	14.60%	65.3
White color	147	34.50%	99.8
Other	1	0.20%	100
Total	426	100.00%	

Economic background	Count	%	Cumulative %
U500	60	14.10%	14.1
501-1000	92	21.60%	35.7
1001-2000	56	13.10%	48.8
2001-3000	52	12.20%	61
3001-4000	66	15.50%	76.5
4001-5000	53	12.40%	89
5001-6000	24	5.60%	94.6
6001-8000	16	3.80%	98.4
O8001	7	1.60%	100
Total	426	100.00%	

4.2. Reliability of the prepared variables for the Semi Structural Modelling (SEM) analysis

We conducted a descriptive analysis as a preliminary preparation for the hypotheses testing. Table 3 shows the descriptive statistics of observed variables for the ‘conspicuousness,’ and three key themes, ‘fashionableness,’ ‘innovativeness,’ and ‘instore shopping atmosphere.’ As three key themes which should represent ‘conspicuousness,’ it is also essential to validate the reliability of these three factors.

According to Hair *et al.* (2010), the set of variables with Cronbach's alpha higher than 0.600 can be acknowledged to be reliable and compatible with the analysis. Therefore, the Cronbach’s alpha test was applied to the relevant variables which consist of the three key themes, the results are summarized in Table 3. From this process, it has been found that prepared nine variables are statistically reliable for the hypotheses testing which will be conducted based on the SEM analysis.

Table 3. Observed variables representing consumers’ perceptions

Latent factors	Components	Count	Mean	Std. Dev.	Alpha
Conspicuous value	Showing-off of possession	426	3.75	0.80	0.601
	Expensiveness	426	3.60	0.81	
Fashionableness	Suitable for lifestyle	426	3.59	0.84	0.778
	Fashionable gadgets preference	426	3.48	0.87	
Innovativeness	Product feature	426	3.78	0.77	0.701
	Innovative Design	426	3.54	0.80	
Instore shopping atmosphere	Fancy and posh atmosphere	426	3.55	0.80	0.858
	Customer service quality	426	3.59	0.81	
	After-sales support	426	3.52	0.79	
Purchase intention	Purchase intention	426	3.47	0.82	0.684
	Recommend to others	426	3.32	0.83	

SEM Analysis

SEM is conducted to test the hypotheses, focusing on the paths that influence customers' purchase intention. Figure 2 demonstrates the outcome of SEM with statistical coefficients with the significant relations among the relevant factors generated from the factor analysis.

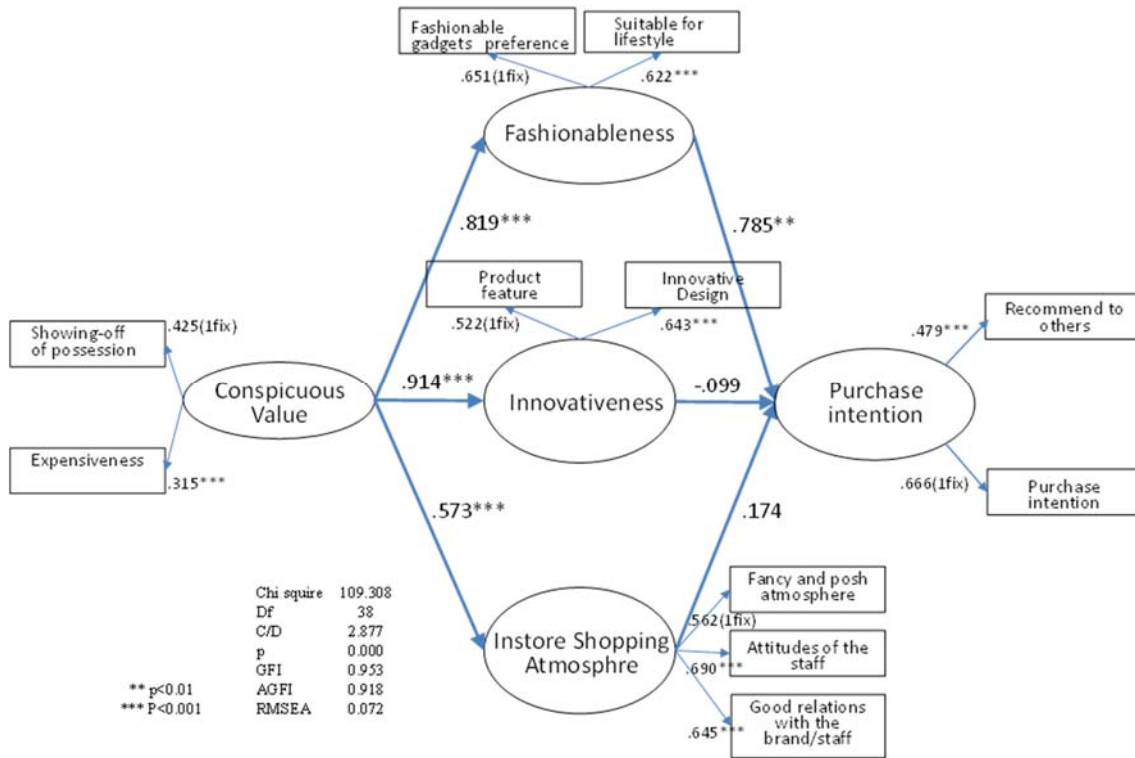


Figure 2. Result of SEM analysis

SEM was used to analyze the data, and the measurement model had acceptability to fit the measures. Specifically, the fit measures for the research model included a χ^2 /degrees of freedom ration of 2.877 ($\chi^2=109.308$, $df=38$); it met the recommended level of 5.0 (Hair et al., 1998). As other results of fitting tests, GFI (0.953), AGFI (0.918) are high above the recommended level of >0.90, whereas RMSEA (0.072) also met the recommended level <0.10 (Hair et al., 1998). Thus, the results of the substantive model are going to be examined in the next step.

Table 4. Path coefficients

To		From	Staderdized path coefficient	P
Inovativeness	<---	Conspicuous value	0.914	***
Instore shopping atmosphere	<---	Conspicuous value	0.573	***
Fashionableness	<---	Conspicuous value	0.819	***
Showing-off if oissessuion	<---	Conspicuous value	0.425	1 fix
Expensiveness	<---	Conspicuous value	0.315	***
Purchase intention	<---	Fashionableness	0.785	**
Fashionable gadgets preference	<---	Fashionableness	0.651	1 fix
Suitable for lifestyle	<---	Fashionableness	0.622	***
Purchase intention	<---	Inovativeness	-0.099	0.067
Pruduct feature	<---	Inovativeness	0.522	1 fix
Innovative designe	<---	Inovativeness	0.643	***
Purchase intention	<---	Instore shopping atmosphere	0.174	0.110
Fancy and posh atmosphere	<---	Instore shopping atmosphere	0.562	1 fix
Attitudes of the staff	<---	Instore shopping atmosphere	0.690	***
Good relations with the brand/staff	<---	Instore shopping atmosphere	0.645	***
Recommend to others	<---	Purchase intention	0.479	***
Loyal to the brand	<---	Purchase intention	0.666	1 fix
			*	<0.05
			**	<0.01
			***	<0.001

Hypotheses Testing

Figure 2 indicating that this model is reliable, with the coefficients from conspicuous consumption to three latent factors as follows: fashionableness=0.819 (p<0.001), innovative product features=0.914 (p<0.001), service quality= 0.573 (p<0.001). Out of three latent variables, the innovative product features and fashionableness factors show bigger coefficients from conspicuous consumption compared with the instore shopping atmosphere. With differences between these three, the conspicuous consumption factor is significantly leading to all three variables. Hence Hypotheses 1, 2 and 3 are all supported.

Out of the Hypotheses 4a, 4b and 4c, only H4a (fashionableness) is supported (0.785, $p < 0.01$) which indicates that fashionableness only has a significant impact on the Chinese consumers' purchase intention of smartphones. On the other hand, contradictory to the previous researchers' findings about service quality (Bitner and Hubbert, 1994; Jones *et al.*, 2000; Bodet, 2008; Olsen, 2002), H4c (instore shopping atmosphere) was rejected (0.174, $p = 0.110$), whereas H4b (innovativeness) was also rejected with no significance of the path coefficients (-0.099, $p = 0.067$). Table 4 shows the detailed results of the relationships among the factors and observed variables. Table 5 summarises the results of the hypotheses testing.

Table 5. Summary of the hypotheses testing

Hypothesis number	Hypothesis	Result
H1	Conspicuous consumer value has a positive relation with 'fashionableness' of smartphones	Supported
H2	Conspicuous consumer value has a positive relation with 'innovativeness' of smartphones	Supported
H3	Conspicuous consumer value has a positive relation with 'instore shopping atmosphere'	Supported
H4a	The factor 'fashionableness' has a positive impact on purchase intention of smartphones	Supported
H4b	The factor 'innovativeness' has a positive impact on purchase intention of smartphones	Not Supported
H4c	The factor 'instore shopping atmosphere' has a positive impact on purchase intention of smartphones	Not Supported

5. Conclusion

5.1. Overall findings

The results of the analysis show that conspicuous consuming attitudes exist as a basis for Chinese consumers' perceptions which leads to three aspects of smartphone shopping attributes: fashionableness, innovativeness, and instore shopping atmosphere. Their conspicuous value was found to have a significant impact on their evaluation towards three attributes of smartphone purchasing. However, among the three paths from these factors, only fashionableness has a

significant impact, neither innovativeness nor instore shopping atmosphere has the impact on consumers' purchase intention of smartphones.

From the outcome of this study, the factor of conspicuous consumption was found to be a base for the consumers' attitudes towards smartphone purchasing. The fact that the proposed analytical framework in the context of smartphone purchasing is approved indicates that Chinese consumers' behavior is based on the unique cultural element of conspicuous value.

In this study, the authors break down this conspicuous value into three pathways; fashionableness, innovativeness, and instore shopping atmosphere. By this approach, only the factor of fashionableness has a significant impact on consumers' purchase intention, whereas innovativeness and instore shopping atmosphere are not perceived to be influential for consumers' purchase intention. Chinese conspicuousness has been studied by empirically so far, but one of the contributions from this study should be the practical analytical framework is proposed for the marketers and researchers for further investigation to develop actionable implications for the relevant businesses.

The approach conducted in this study which factorized the intangible value into tangible elements in the smartphone shopping attributes enables the practitioners and researchers to implement an actionable strategy to attract consumers.

5.2. Limitations

Firstly, the data profile indicates that 66% of the data set is concentrated for the age band of 18-24 (46.0%) and 25-30 (19.7%), who are categorized as the 'digital natives', as the main theme of this study focuses on Chinese consumers' attitudes towards smartphones, the targeted samples were the cohort who are the most familiar the technological gadgets (McMahon and Pospisil, 2005; Hutton and Fosdick, 2011). To attain more robust outcome with implications for the smartphone market, the well-balanced dataset representing the whole population should be needed. Secondly, it is required to elaborate the proposed models, investigating into the broken down the conspicuous value in the smartphone purchasing. The study pointed out only three key themes as the factors encompassing the conspicuous value in the model; this model with three bottom line factors should be investigated with some bigger dataset to generate actionable implications for the researchers and marketers. The dimensions and measurements of the analytical model should be explored and validated in further research.

5.3. Further research opportunities

To be able to develop some more robust and actionable implications for the marketers and researchers, it is needed to get a larger dataset to deepen the analysis and propose appropriate measurements for the field of study. In doing so, it is required to investigate the impact of service quality and innovative attributes of smartphones further. It is also required to explore the relations with Chinese consumers' conspicuous value as the basis for their purchasing intention of smartphones.

The exploration into the Chinese market and Chinese consumers' behavior in the technology-based goods market should cast both academic and practical implications to the existing and potential businesses who aim to penetrate the vast market with different values and cultural backgrounds. In this regard, it is essential for the researchers to investigate the cultural impact on consumer behavior in the divers of markets. Research into the social and cultural context should be more closely investigated and could contribute to building an effective marketing strategy in the real economy, which this study aimed and objected.

6. Acknowledgement

The authors appreciate the dedicated support from Miss Rui Zhang who helped us in collecting data in China. Without her contribution, we could not have completed this research work.

7. References

- Akematsu, Y., Shinohara, S. and Tsuji, M. (2012), Empirical analysis of factors promoting the Japanese 3G mobile phone, *Telecommunications Policy*, 36 (3), 175-186.
- Bayraktar, E., Tatoglu, E., Turkyilmaz, A., Delen, D. and Zaim, S. (2012), Measuring the efficiency of customer satisfaction and loyalty for mobile phone brands with DEA, *Expert Systems With Applications*, 39, 99-106.
- Baek, E., Choo, H. J., and Lee, S. H. M. (2018), Using warmth as the visual design of a store: Intimacy, relational needs, and approach intentions, *Journal of Business Research*, 88, 91-101.
- Berry, L.L., Parasuraman, A. and Zeithaml, V.A. (1994), Improved service quality in America: Lessons learned, *Academy of Management Executive*. 8 (2), 32-52.
- Bitner, M. J. and Hubbert, A. R. (1994), *Encounter Satisfaction versus Overall Satisfaction versus Quality, Service Quality New Directions in Theory and Practices*, London: Sage Publications. 72-95.
- Bodet, G. (2008), Customer satisfaction and loyalty in service: Two concepts, four constructs, several relationships, *Journal of Retailing and Consumer Services*, 15, 156-163.
- Chadha, R. and Husband, P. (2006), *The cult of luxury brand: Inside Asia's love affair with luxury*, London: Nicholas Brealey International.

- Chaudhuri, H. R. and Majumdar, S. (2006), Of Diamonds and Desires: Understanding Conspicuous Consumption from a Contemporary Marketing Perspective, *Journal of Marketing Science Review*, 10 (8), 1-18.
- Chen, S.-C. (2012), The customer satisfaction–loyalty relation in an interactive e-service setting: The mediators, *Journal of Retailing and Consumer Services*, 19, 202-210.
- Chen, H., Liu, F. and Dai, T. (2013), Chinese Consumers' Perceptions toward Smartphone and marketing Communication on Smartphone, *International Journal of Mobile Marketing*, 1, 38-45.
- Demirci Orel, F. and Kara, A. (2014), Supermarket self-checkout service quality, customer satisfaction, and loyalty: Empirical evidence from an emerging market, *Journal of Retailing and Consumer Services*. 21, 118-129.
- Ehiobuche, C. and Khan, F. (2012), Customer loyalty paradigms, *Franklin Business & Law Journal*, 83-97.
- Filieri, R., and Lin, Z. (2017), The role of aesthetic, cultural, utilitarian and branding factors in young Chinese consumers' repurchase intention of smartphone brands, *Computers in Human Behavior*, 67, 139-150.
- Filieri, R., Lin, Z., D'Antone, S., & Chatzopoulou, E. (2018), A cultural approach to brand equity: the role of brand mianzi and brand popularity in China, *Journal of Brand Management*, 1-19.
- Fillion, G., Mvuyekure, P. D., Nguejo, A. N. and Ekionea, J. P. B. (2016), Mobile telephony: What are the influencing factors of using a mobile phone in Cameroon?, *Academy of Information & Management Sciences Journal*, 19 (1), 94-119.
- Foley, C., Holzman, C., and Wearing, S. (2007), Moving beyond conspicuous leisure consumption: Adolescent women, mobile phones and public space, *Leisure Studies*, 26 (2), 179-192.
- Fornell, C. (1992), A national customer satisfaction barometer: The Swedish experience, *Journal of Marketing*, 56, 6–21.
- Garga, E. and Bambale, A. J. A. (2016), The Impact of Service Quality on Customer Patronage: Mediating Effects of Switching Cost and Customer Satisfaction, *International Journal of Global Business*, 9 (1), 39-58.
- Ghauri, P. and Grohauug, K. (2005), *Research Methods in Business Studies. 3rd edition*, Edinburgh: Pearson Education Limited.
- Gerpott, T. J., Rams, W. and Schindler, A. (2001), Customer retention, loyalty and satisfaction in the German mobile cellular telecommunications market, *Telecommunications Policy*, 25, 249-269.
- Gill, T. (2008), Convergent products: What functionalities add more value to the base?, *Journal of Marketing*. 72 (2), 46–62.
- Gill, T. and J. Lei. (2009), Convergence in the high-technology consumer markets: Not all brands gain equally from adding new functionalities to products, *Marketing Letters*, 20 (1), 91–103.
- Hair, J. F., Black, W. C., Babin, B. J. and Anderson, R. E. (2010), *Multivariate Data Analysis: A Global Perspective*, 7th edition. New Jersey: Pearson.
- Haryono, R. I., & Sihombing, S. O. (2018), The Effects of Store Environment and Merchandise to Customer Responses: an Empirical Study, *Jurnal Dinamika Manajemen*, 9 (1), 33-43.

- Heinonen, K., Strandvik, T., Mickelsson, K.L., Edvardsson, B., Sundström, E. and Andersson, P. (2010), A customer-dominant logic of service", *Journal of Service Management*, 21 (4), 531-548.
- Ho, D. (1976), On the concept of face, *American Journal of Sociology*, 81 (4), 867-884.
- Holak, S. L. and Lehmann, D. R. (1990), Purchase intentions and the dimensions of innovation: an exploratory model, *Journal of product innovation management*, 7 (1), 59-73.
- Hong, J. C., Lin, P. H., and Hsieh, P. C. (2017), The effect of consumer innovativeness on perceived value and continuance intention to use smartwatch, *Computers in Human Behavior*, 67, 264-272.
- Hsiao, K. L. (2017), What drives smartwatch adoption intention? Comparing Apple and non-Apple watches, *Library Hi Tech*, 35 (1), 186-206.
- Hu, H. and Jasper, C. R. (2006), Social cues in the store environment and their impact on store image, *International Journal of Retail & Distribution Management*, 34 (1), 25-48.
- Huang, Z., & Wang, C. L. (2018), Conspicuous consumption in emerging market: The case of Chinese migrant workers, *Journal of Business Research*, 86, 366-373.
- Hutton, G. and Fosdick, M. (2011), The Globalization of Social Media: Consumer Relationships with Brands Evolve in the Digital Space, *Journal of Advertising Research*, 51 (4), 564-570.
- Jin, C., Furukawa, I. and Shi, Z. (2010), Mianzi and consumer behavior in the Chinese market : a literature review, *Economics Review, Seijo University*, 188, 159-175.
- Jones, M. A. and Suh, J. (2000), Transaction-specific satisfaction and overall satisfaction: an empirical analysis, *Journal of Services Marketing*, 14, 147-160.
- Kasesniemi, E. and Rautiainen, P. (2001), *Mobile Culture of Children and Teenagers in Finland*. In Katz J., Aakhus M. (eds) *Perpetual Contact: Mobile Communication, Private Talk, Public Performance*, Cambridge: Cambridge University Press, Painossa.
- Kemp, E. A., Williams, K., Min, D. J., and Chen, H. (2019), Happy feelings: examining music in the service environment, *International Hospitality Review*, ahead of printing.
- Kim, S., Katsumata, S., and Akiike, A. (2018), Dynamic Change in the Importance of Innovation in the Smartphone Market, In *ISPIM Innovation Symposium, The International Society for Professional Innovation Management (ISPIM)*, 1-14.
- Kim, S., Park, G., Lee, Y., and Choi, S. (2016), Customer emotions and their triggers in luxury retail: Understanding the effects of customer emotions before and after entering a luxury shop, *Journal of Business Research*, 69 (12), 5809-5818.
- Kitchen, P. J., Martin, R. and Che-Ha, N. (2015), Long term evolution mobile services and intention to adopt: a Malaysian perspective, *Journal of Strategic Marketing*, 23 (7), 643-654.
- Komatsu, A. (2004), Consumer Choice and Socio-psychological Evaluation of Product Style, *The Bulletin of Japan Society for Science of Design*, 51 (4), 55-64.
- KPMG (2012), Global Reach of Chinese Luxury: A KPMG study, available at: kpmg.com/cn (accessed 26 October 2019).
- Lee, H., Lee, Y. and Yoo, D. (2000), The determinants of perceived service quality and its relationship with satisfaction, *Journal of Services Marketing*, 14 (3), 217-231.
- Lee, S., Lee, J.-H. and Garrett, T. C. (2013), A study of the attitude toward convergent products: A focus on the consumer perception of functionalities a study of the attitude toward

- convergent products: A focus on the consumer perception of functionalities, *Journal of Product Innovation Management*, 30 (1), 123-135.
- Leelakulthanit, O. and Hongcharu, B. (2012), Factors Influencing Smartphone Repurchase, *Journal of Business & Economics Research*, 10 (11), 623-628.
- Li, Y., Fu, H., and Huang, S. S. (2015), Does conspicuous decoration style influence customer's intention to purchase? The moderating effect of CSR practices, *International Journal of Hospitality Management*, 51, 19-29.
- Liang, J., & Leung, L. (2018), Comparing Smartphone Addiction: The Prevalence, Predictors, and Negative Consequences in Hong Kong and Mainland China, *The Journal of Social Media in Society*, 7 (2), 297-322.
- Liu, D., and Guo, X. (2017), Can trust and social benefit really help? Empirical examination of purchase intentions for wearable devices, *Information Development*, 33 (1), 43-56.
- Lorente, S. (2002), Youth and Mobile Telephones: More than a Fashion, *REVISTA DE ESTUDIOS DE JUVENTUD*, 57, 9-24.
- Mäenpää, P. (2000), *Digitaalisen arjen ituja. Kännykkä ja urbaani elämäntapa (Seeds of digital everyday life: The mobile phone and the urban way of life)*, In Tommi Hoikkala y J. P. Roos (Eds) 2000-luvun elämä. Sosiologisia teorioita vuosikymmenen vaihteesta (Life in 2000. Sociological theories from the turn of the millennium). Tampere: Gaudeamus.
- Marketing China (2013), China, a Booming Market for Luxury, <http://marketingtochina.com/china-a-booming-market-for-luxury/> (accessed 26 October 2019).
- Maruyama, M. and Wu, L. (2014), Multiple store patronage: The effects of store characteristics, *Journal of Retailing and Consumer Services*, 21 (4), 601-609.
- McMahon, M. and Pospisil, R. (2005), Laptops for a digital lifestyle: Millennial students and wireless mobile technologies, *Balance, Fidelity, Mobility: maintaining the momentum*, 2, 421-431.
- Nakamura, T. and Oe, H. (2009), Looking at Keitai (MobilePhone) Displays as a Form of Non-Verbal Behavior in Public Spaces, *Journal of Infosociomics Society*, 4 (1), 27-37.
- Noel, L., Sovacool, B. K., Kester, J., & de Rubens, G. Z. (2019). Conspicuous diffusion: Theorizing how status drives innovation in electric mobility. *Environmental Innovation and Societal Transitions*, 31, 154-169.
- Ogle, J. P., Hyllegard, K. H. and Dunbar, B. H. (2004), Predicting Patronage Behaviors in a Sustainable Retail Environment: Adding Retail Characteristics and Consumer Lifestyle Orientation to the Belief-Attitude-Behavior Intention Model, *Environment & Behavior*, 36 (5), 717-741.
- Pan, Y. and Zinkhan, G. M., (2006), Determinants of retail patronage: A meta-analytical perspective, *Journal of Retailing*, 82, 229-243.
- Park, C. S. (2019), Examination of smartphone dependence: Functionally and existentially dependent behavior on the smartphone, *Computers in Human Behavior*, 93, 123-128.
- Parasuraman, A., Zeithaml, V. A. and Berry, L. L. (1985), A conceptual model of service quality and its implications for future research, *Journal of Marketing*, 49, 41-50.
- Paul, J., Sankaranarayanan, K. G., and Mekoth, N. (2016), Consumer satisfaction in retail stores: Theory and implications, *International Journal of Consumer Studies*, 40 (6), 635-642.

- Podoshen, J. S., Lu, L. and Junfeng, Z. (2011), Materialism and conspicuous consumption in China: a cross-cultural examination, *International Journal of Consumer Studies*, 35 (1), 17-25.
- Rahul, T. and Majhi, R. (2014), An adaptive nonlinear approach for estimation of consumer satisfaction and loyalty in mobile phone sector of India, *Journal of Retailing and Consumer Services*. 21, 570-580.
- Reddy, S. R. N., Kaur, J., Chande, S., and Challa, R. K. (2018), My smartphone kit: Design and development of an integrated platform for innovation and product design in engineering education", *Computer Applications in Engineering Education*, 26 (3), 642-654.
- Rodriguez, A. (2013), Smartphones, *PC World*, 31 (2), 69-70.
- Roos, I. and Edvardsson, B. (2008), Customer-support service in the relationship perspective, *Managing Service Quality*, 18 (1), 87-107.
- Roy, S. K. and Eshghi, A. (2013), Does relationship quality matter in service relationships?, *Journal of Strategic Marketing*, 21 (5), 443-458.
- Sultan, F. (1999), Consumer preference for forthcoming innovations, *Journal of Consumer Marketing*. 16, 24-41.
- Swetnam, D. (2004), *Writing your Dissertation. 3rd edition*, Oxford: Derek Swetnam.
- Terblanche, N. S. (2018), Revisiting the supermarket in-store customer shopping experience, *Journal of Retailing and Consumer Services*, 40, 48-59.
- Ting, D. H., Fong Lim, S., Patanmacia, T. S., Low, C. G. and Ker, G. C. (2011), Dependency on smartphone and the impact on purchase behavior, *Young Consumers*, 12 (3), 193-203.
- Toufani, S., Stanton, J. P., and Chikweche, T. (2017), The importance of aesthetics on customers' intentions to purchase smartphones, *Marketing Intelligence & Planning*, 35 (3), 316-338.
- Van De Ven, N., Zeelenberg, M. and Pieters, R. I. K. (2011), The Envy Premium in Product Evaluation, *Journal of Consumer Research*, 37 (6), 984-998.
- van Lierop, D. and El-Geneidy, A. (2016), *Enjoying loyalty: The relationship between service quality, customer satisfaction, and behavioral intentions in public transit*, Research in Transportation Economics.
- Vigneron, F. and Johnson, L. (1999), A Review and a Conceptual Framework of Prestige-Seeking Consumer Behaviour, *Academy of marketing Science Review*. 1, 1-15.
- Vigneron, F. and Johnson, L. (2004), Measuring Perceptions of Brand Luxury, *Brand management*, 1 (6), 484-506.
- Vonortas, N. S. (2018), International perspectives on innovation: introduction, *The Journal of Technology Transfer*, 43 (2), 259-262.
- Weathington, B. L., Cunningham, C.J. and Pittenger, D.J. (2012), *Understanding Business Research*, New Jersey: John Wiley & Sons Inc.
- Wong, N.Y. and Ahuvia, A.C. (1998), Personal taste and family face: luxury consumption in Confucian and Western societies, *Psychology & Marketing*, 15 (5), 423-441.
- Wong, A., Chung, Y. and Zaichkowsky, J.L. (1999), Understanding luxury brands in Hong Kong, *European Advances in Consumer Research*, 4 (3), 310-316.



DO BOARD SIZE AND FIRM SIZE AFFECT ENVIRONMENTAL ACCOUNTING DISCLOSURE? EVIDENCE FROM SELECTED LISTED FIRMS IN KENYA

John Kipngetich Tarus

Department of Accounting and Finance, Moi University, Kenya

jktarus47@gmail.com

Abstract

The purpose of this study was to examine the effect of board size and firm size on environmental accounting disclosure in the Nairobi Securities Exchange, Kenya. The study's specific objectives were to determine the effect of board size and firm size on environmental accounting disclosure. The study was guided by the stakeholder's theory and longitudinal research design was adopted. The study targeted 27 selected listed firms from 2008 to 2017. The findings showed that board size had significant and negative impact on environmental accounting disclosure ($\beta = -0.328$, $p\text{-value} = 0.001 < 0.05$), while firm size had significant and positive impact on environmental accounting disclosure ($\beta = 1.164$, $p\text{-value} = 0.000 < 0.05$). This implies that firms with larger boards are less likely to disclose environmental accounting information while large firms have high reporting on environmental information. The study recommends that firms listed in the Nairobi Securities Exchange ought to decrease board size while improving on assets so as to increase the level of environmental accounting disclosure in Kenyan firms.

Keywords; Board Size, Firm Size, Environmental Accounting Disclosure, and Stakeholders Theory.

1. Introduction

The environmental accounting disclosure, as promoted by Bowen (2009), is based on the analysis of the document. Several studies such as (Gray 2002; 2006; Gray & Collison 2002; Sahay 2004; Byrch, *et al.*, 2007) demonstrate environmental sustainability issues through reporting or perhaps disclosure of the environmental information. Although environmental disclosure is already a popular trend in large, small and medium-sized enterprises, its reporting does not address social issues (Sahay, 2004; Chan & Welford, 2005). Indeed, it is a challenge for corporations with an environmental focus (Lamberton, 2005; Cho & Patten, 2007). Chan & Welford (2005) asserted that corporate accounting usually aims to reveal the good practices of the company to ensure the company's sustainability in order to contribute to the maximization of shareholder value, but nothing to do with the poor company practices of the

environment. However, there is a danger of a false image of company reports being transmitted, highlighting those that are managed favorably (Lamberton, 2005).

According to Bassey *et al.*, (2013), the motive of environmental accounting is to provide information for assessing the behavior of a company towards its environment and the economic impact of such action. Therefore, the environmental accounting system provides both financial information in financial units and non-financial information in physical units (Panigrahi, 2014). According to Ofoegbu, & Megbuluba, (2016), environmental accounting covers all environmental information that involves environmental spending, product environmental advantages, and viable operational details. While Yakhou & Dorweiler (2004) stated that the entire accounting field is covered by environmental accounting. Environmental accounting reports serve both inner and external information users. The information also enables managers to make pricing decisions, control overheads, and budgeting for capital. It offers the public and the economic community with information of interest (Beredugo & Mefor, 2012).

Firms are anticipated to devote their efforts in environmental accounting and reporting practices so as to guarantee the stakeholders of their commitment to environmental responsibilities, compliance with national environmental legislation, compliance with financial reporting frameworks, demonstration of environmental concerns and disclosure of information to a broad spectrum of stakeholders (Beredugo & Mefor, 2012; Ofoegbu, & Megbuluba, 2016). Previous empirical studies on variables influencing the magnitude and quality of corporate social and environmental disclosure focused mainly on the effect of corporate attributes in two folds; the micro factors (firm size, industry, and financial performance) and the macro factors or the general contextual factors (social, political and economic context), while relatively little previous research has looked at the internal contextual variables that influence disclosure practices (Adams, 2002). Therefore, this study determined the effect of firm size and board size on environmental disclosure in Kenyan firms.

Environmental disclosure is an expensive practice and therefore bigger organizations are more likely to willingly invest resources to prepare and disclose environmental accounting, compared to small and medium corporations (Da Silva Monteiro & Aibar-Guzmán, 2010). The assumption, suggested by Wong & Fryxell, (2014) underlies this positive relationship. Large firms are becoming aware of the benefits of building and maintaining a good corporate reputation and those firms try to disclose its environmental accounting to safeguard or expand reputation. Furthermore, because of the polluting characteristics of their activities, companies operating in environmentally sensitive industries such as manufacturing must comply with strict environmental regulations (Da Silva Monteiro & Aibar-Guzmán, 2010). According to (Cho & Patten, 2007; Clarkson *et al.*, 2008), companies operating in these delicate sectors

should, therefore, reveal their environmental concerns otherwise, the worst will be assumed by stakeholders and particularly investors.

The relationship between business organizations and their environment in contemporary times has witnessed drastic changes. Environmental and social issues over the years have not been seriously considered in management objectives (Pereira Eugenio *et al.*, 2013), this is simply because they were deemed to have no significant economic impact. But in a bid to gain legitimacy, most organizations have now embraced the relevance of their environment to their businesses and the need to safeguard it. Studies showed that many organizations failed not because they lack resources or because of defective products, but due to a complete loss or deterioration of their legitimacy (Díez-Martín *et al.*, 2013).

Environmental pollution has been a common problem in Kenya in the last few decades due to the growth of industries. However, the growth of industries can cause problems, particularly to the environment (Pratten & Mashat, 2009). This, in turn, leads to increasing demands for enhancing corporate accountability and social responsibility in business practices (Rahman, 2013; Byron, 2015). The need for companies to be socially responsible cannot be ignored and can be seen in the light of several benefits such as being a sustainable company, improving relations with governments and other regulatory bodies, improving reputation (World Business Council for Sustainable Development, 2012). However, despite social accounting and reporting being a new phenomenon and the lack of any mandatory regulation towards this disclosure in Kenya, companies are voluntarily engaged in reporting several social responsibility activities in their annual financial reports and it appears that companies have progressed substantially further than literature. While many studies on social and environmental accounting and reporting on corporate social responsibility have been carried out, few studies have been carried out to determine the impact of board size and firm size on environmental accounting disclosure among selected companies in the Nairobi Securities Exchange.

2. Theoretical Framework

The study was based on Stakeholder theory. Stakeholder theory has been commonly used in accounting literature as a powerful justification for corporate social and environmental disclosure methods as well as mechanisms for corporate governance. Stakeholder's theory encompasses recognizing and identifying the relationship between the conduct of the company and the effect on its stakeholders (Ansoff, 1965). Furthermore, the continued existence of the corporation needs stakeholder support and

its approval must be sought and the corporation's operations adjusted to obtain that permission. The stronger the stakeholders, the more the firm must adapt in society (Gray *et al.*, 1995).

The stakeholder theory's primary benefit is to provide a means to deal with various stakeholders with multiple conflicting interests. According to Freeman, (1984), indicated that the satisfaction of the various stakeholder's interests is accomplished through system-centered theory. In the context of corporate social responsibility research, stakeholder theory appears to offer a new perspective by suggesting that shareholder requirements cannot be met without meeting other stakeholder's needs (Foster & Jonker, 2005; Jamali, 2008). The stakeholder theory, therefore, offers a helpful mechanism for assessing social and environmental reporting practices of companies. (Snider *et al.*, 2003).

The stakeholder theory's fundamental proposition is that the result of the effective leadership of the company's interactions with stakeholders determines the achievement of the firm (Elijido-Ten, 2004). In this case, the stakeholders are identified by the organization of concern by a perceived strategic need to manage particular relationships to achieve their aims (Uwuigbe, 2011). A foundation for stakeholder theory is that businesses are so big and their effect on society is so persuasive that many more sectors of society should be held accountable than shareholders alone. Shareholders are not only influenced by businesses, but they also impact businesses in the same manner (Jill, 2007).

The stakeholder theory's policy view treats all the company's stakeholders equally and does not take into consideration each stakeholder's authority (Ali & Rizwan, 2013). In addition, the stakeholder theory argues that executives should work for the benefit of all stakeholders. With respect to the organizational viewpoint of stakeholder theory, it takes into account the needs of a limited number of stakeholders, who have a significant influence on the company. Furthermore, the strength of the business heavily relies on the nature of the shareholder's funds or resources (Deegan and Unerman, 2006).

The theory supports the idea that the behavior of various stakeholder groups is what encourages management to match corporate needs with their surroundings (Barako & Brown, 2008). The managerial branch of stakeholder theory provides a framework in which to analyze corporate social environmental disclosure in an organization centered way. The achievement of handling stakeholders properly through corporate environmental disclosure enables firms not only gain legitimacy but also credibility (Van Der Laan, 2009). According to stakeholder theory, the economic performance of a firm has a positive effect on voluntary environmental and social disclosure (Cormier & Magnan, 2003; Ho & Taylor 2007) and on investment in social responsibility (Cho & Patten, 2007).

2.1. Hypothesis Development (Literature Review)

Firm size and board size appear as control variables in various empirical finance studies. For example, they are used as control variables in default forecast models (Shumway, 2001). In this study, they were used to determine its effects on environment accounting disclosure in Kenyan firms. However, several empirical studies have found significant evidence that there is a positive relationship between company size and the level of social and environmental disclosure (Cowen *et al.*, 1987; Patten, 1992; Gray *et al.*, 1995; Hackston & Milne, 1996; Patten, 2002; Brammer & Pavelin, 2006; Milanés-Montero *et al.*, 2011; Suttipun & Stanton, 2012; Zeng *et al.*, 2012). These studies argued that bigger firms are visible and exposed because of their size and image. Therefore, larger firms are more willing to disclose information about the environment to satisfy their massive stakeholders. In turn, they are likely to seek out resources and thus reveal environmental information to alter the perception of society. Again bigger firms are more prone to disclose environmental accountings than smaller firms to avoid punitive measures from regulators and reduce the risk of the regulation (Burgwal & Vieira, 2014). Brammer & Pavelin, (2008) study the quality of voluntary disclosures in the UK's industrial sector and analyzed the determinants of the disclosure. Findings revealed that larger companies and the complexity of their operations affect the quality of disclosures.

Prior research has attempted to explain why firm size is directly related to disclosure of the environment. The first justification for this is the cost of producing environmental information. It is argued that the expense incurred in disclosing environmental accounting is high, that small company cannot afford with their limited resources (Da Silva Monteiro & Aibar-Guzmán, 2010). Therefore, larger companies might have sufficient resources to afford the cost of reporting information for the users of their annual reports. Secondly, agency cost is higher for large firms not to report on their environmental activities because their shareholders are widespread (Watts & Zimmerman, 1983; Zeng *et al.*, 2012; Christ & Burritt, 2013). Thus, disclosing more information reduces potential agency costs. Thirdly, the literature suggests that larger companies tend to disclose more environmental information than smaller companies in their annual reports due to their competitive cost advantage (Lang & Lundholm, 1993; Lobo & Zhou, 2001; Kolk, 2003).

The size of the firm is operationalized using a number of measures, such as sales, total assets, and the number of employees. The majority of the empirical studies have found significant evidence that there is a positive relationship between company size and the level of social and environmental disclosure (Cowen *et al.*, 1987; Patten, 1992; Gray *et al.*, 1995; Hackston & Milne, 1996; Patten, 2002; Brammer & Pavelin, 2006; Milanés-Montero *et al.*, 2011; Suttipun & Stanton, 2012; Zeng *et al.*, 2012). Therefore, a

positive relationship is predicted between firm size and the level of environmental disclosure. This is also consistent with the stakeholder theory, which claims that stakeholders have the opportunity to control the resources of a company. Larger organizations have more stakeholders and therefore they are more likely to satisfy their stakeholders, in order to keep them operating.

A number of studies over the past decades have successfully tested the influence of firm size on environmental disclosures. These studies have found that the overall level of social and environmental disclosure is positively associated with the size of the company (Patten, 1992; Gray *et al.*, 1995; Deegan & Gordon, 1996; Hackston and Milne, 1996; Choi, 1999; Al-Tuwaijri *et al.*, 2004; Freedman & Jaggi, 2005; Gao *et al.*, 2005; Brammer & Pavelin, 2008; Haddock-Fraser & Fraser, 2008; García-Sánchez, 2008; Stanny & Ely, 2008). However, Patten (2002) found that firm size may not be a critical determining factor in corporate environmental reporting. The underlying assumption is that there is a positive relationship between firm size and the level of environmental disclosure. Several reasons have been argued in support of this positive relationship. Firstly, according to Schipper, 1991; Deegan & Gordon, 1996), large companies are usually exposed to greater attention from stakeholders in relation to their environmental performance than smaller firms and, therefore, they face greater pressures to disclose more information than smaller firms.

Further, as suggested by Wong & Fryxell, (2004), as a result of the increased awareness and concern about environmental issues, large companies are interested in projecting an image of themselves as firms engaged in the protection of the environment and, in this sense, they consider the disclosure of environmental information as a way to enhance the company's public image and reputation. On the other hand, the preparation and disclosure of environmental information are costly and, in comparison to medium and small firms, larger companies can afford to spend the financial and technical resources that are necessary to prepare and disclose environmental information and, consequently, it is more likely that they provide such information (Wong & Fryxell, 2004).

Previous studies have indicated inconsistency results about the relationship between the board size and the level of environmental disclosure (Mahmood, *et al.*, 2018), while some studies indicate a positive relationship between the board size and the level of environmental disclosure (Ienciu, 2012; Bajahar & Al-Hajili, 2017; Mahmood *et al.*, 2018). Victor & Fodio, (2012) noted that the increase in board size may entail additional cost, which results in the difficulty of communication between members, and that weaker decisions are usually associated with large groups. In addition, the increase in the number of members involves a weakness in control. This is as a result of the differences of views among its

members. Since there are a number of studies that indicated the absence of this relationship (Ienciu, 2012; Htay *et al.*, 2012).

Recent empirical evidence from an emerging economy by Trireksani & Djajadikerta, (2016) examined the relationship between corporate governance variables and the extent of environmental disclosure. The study focused only on mining companies listed in Indonesia Stock Exchange and employed content analysis of the annual reports and documents a significant positive association between the board size and the extent of environmental disclosure. Osazuwa *et al.*, (2016) utilized a cross-section data of sample size of 116 firms in Nigeria and provided evidence that board size positively relates to the level of environmental disclosure. Further, the quality of climate change disclosure results showed a positive association between board effectiveness and the firm's decision (Ben-Amar & McIlkenny, 2015). Bridging the gap in knowledge about the relationship between corporate governance and corporate social responsibility (CSR) in the banking sector of the US, Jizi *et al.*, (2013) found a significant positive association between board size and corporate social reporting.

Jizi, *et al.*, (2015) used meta-analysis to a sample of 64 empirical studies to identify possible determinants to the relationship between the board, audit committee characteristics and voluntary disclosure. The study acknowledged that board size revealed a significant positive effect on voluntary disclosure. The large composition of the board is perceived to be capable of influencing the extent to which corporate entities disclose their activities in any environment (Haniffa & Cooke, 2005; Ntim & Osei, 2011). Bhagat & Bolton (2008) supported by agency theory (John & Senbet, 1998) argued that due to the diversity of expertise of members, environmental disclosure is expected to be high (Xie *et al.*, 2003; Sun, Salama, Hussainey, & Habbash, 2010; Allegrini & Greco, 2011). Some of the studies conducted in both developed and developing countries revealed a positive association between board size and environmental impact disclosures (Andrikopoulos & Krikiani, 2013; Khlif *et al.*, 2015) while some showed negative relationship Uwuigbe, (2011) and others insignificant results (Halme & Huse, 1997; Cheng & Courtenay, 2006).

The major criticism of previous literature on corporate environmental responsibility disclosures is that the results tend to be inconsistent and inconclusive. Inconsistency may be attributed to a lack of theory, diversity of empirical databases examined and the absence of a single conceptual framework to analyze the required relationships (Belkaoui & Karpik, 1989). In addition, the lack of any explicit comprehensive environmental responsibility theory underpinning the analysis performed and sufficient to explain why corporations engage in social responsibility endeavors (Roberts, 1992). The probability still insufficiently specified theories that exist (Gray *et al.*, 2001). Existing evidence regarding the influence

upon the propensity for firms to make voluntary environmental disclosures suffers from well-known limitations (Ullmann, 1985; Patten, 2002) that contribute to the inconclusiveness of existing findings (Gray *et al.*, 2001). These limitations concern the dimensions, types, and proxies of each of the dependent variables and independent variables, the different control variables and their proxies, the sample size and type, the years and time spans, and the method of estimating relationships. Prior studies examining the determinants of corporate environmental disclosure are mainly cross-sectional in nature investigating the relationship over one year only (Adams, 2002; Brammer & Pavelin, 2006) except for very few studies (Barako *et al.*, 2006; Campbell, 2004; Gray *et al.*, 2001). The current study contributes to the disclosure literature by hypothesizing that;

H1: Firms with large board size have a high probability of Environmental Accounting Disclosure

H2: Large firms have a high probability of Environmental Accounting Disclosure

3. Methodology

This study adopted a longitudinal research design where the observation of the same items are repeated over long periods of time (Sekaran, 1992). Furthermore, the study used a positivist approach (Saunders *et al.*, 2011; Kumar, 2019) while the document analysis guide was utilized as a data collection instrument. The study was conducted using secondary sources which were achieved by analyzing the content of financial reports of 27 selected firms quoted in NSE. This is suitable for this study because all the audited annual financial information about the companies is readily available for the public as mandated by the company's Act.

3.1. Measurement of Variables

Corporate environmental disclosure scores (EDS) are measured using a content analysis of the company's annual report for a period of 10 years from 2008 to 2017. An environmental disclosure index (EDI) is adapted from the Global Reporting Initiative (GRI, 2008) consisting of 22 items. The overall goal of the GRI is to develop a globally accepted reporting framework to enhance the quality, rigor, and utility sustainability reporting. It is argued that the GRI framework and its environmental dimension comprehensively enhance a better understanding of environmental disclosure in this vibrant economic sector (Clarkson, *et al.*, 2008; Dragomir, 2010).

Furthermore, based on the Global Reporting Initiative (GRI, 2008), environmental disclosure score (EDS) was calculated by assigning dummy scores depending on the existence and specificity of information. The value of the of 1 was assigned if the firm discloses information on the particular item or otherwise 0. In addition, the EDS value was determined for each corporation as the ratio of the

estimated total disclosure scores to the maximum possible scores (total number of items included in the index). In this study, board size was determined by taking the number of directors sitting on the board (Jehn & Bezrukova, 2004; Roberson & Park, 2007). While, the natural logarithm of total assets was used to measure firm size variable (Henry, 2010).

3.2. Analytic Model

The study employed a panel data framework to test the hypotheses. Panel data was analyzed using a fixed-effect model and a random-effects model. Hausman test was conducted to decide whether the fixed effect or the random effect is the appropriate model to explain the relationship between variables. The hypothesis was tested using a linear regression model as specified in the equation below;

$$EAD_{it} = \beta_{0it} + \beta_{1it}BS_{1it} + \beta_{2it}FS_{2it} + \varepsilon$$

Where;

EAD = Environmental accounting disclosure

β_0 = Beta coefficient

BS = Board Size

FS = Firm size

ε = Random error term

4. Findings and Discussions

Descriptive statistics for the dependent, independent and test variables are presented in Table 1. Using a scoring system to develop an EDI, consistent with previous studies, the results indicated that the mean value of environmental accounting disclosure ranged from a minimum of 0.06 to a maximum of 0.87. The average value for environmental accounting disclosure was 0.526. Despite the fact that the level of environmental accounting disclosed is low, the extent of environmental disclosure between 2008 and 2017 has increased as well as the number of Kenyan companies disclosing environmental information. Indeed, despite the low average value of the environmental disclosure index, it has positively evolved, both overall and in each industry. Therefore, it can be asserted that the Kenyan firms' environmental reporting practices have improved over the studied period of time, although their level of environmental disclosure still lags behind those of other developed countries. The board had a minimum of 2 members and a maximum of 19. While, on average, the board composed of 9 members (mean = 9.422). Furthermore, the firm size was at a mean of 9.681 with a minimum of 8.25 and a

maximum of 11.28. The correlation results showed that board size and firm size have a significant correlation with environmental accounting disclosure.

Table 1: Descriptive and Correlation Results

Stats	Obs	Min	Iqr	Max	Mean	SD	EAD	BS	FS
EAD	270	0.06	0.45	0.87	0.526	0.215	1		
BS	270	2	7	19	9.422	3.642	-0.32**	1	
FS	270	8.25	0.73	11.28	9.681	0.601	-0.40**	-0.39*	1

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

4.1. Testing for Hypotheses

The study utilized a random and fixed effect model to test the hypotheses as depicted in Table 2. Based on the Hausman test results, the study hypotheses utilized a random effect model. The random effect results were used in the final analysis to overcome the shortcomings associated with the fixed effect results (Wachira, 2017). As Kohler & Kreuter, (2009) suggest, the random effect estimator handles better models that contain time-invariant variables that are usually omitted by the fixed-effects model. The results of R-square of 0.188 reveal a strong strength of the relationship between the model and the study variables, indicating that approximately 18.8% of the variation in the output can be explained by the independent variables in the model. Furthermore, this relationship is statistically significant since the F value (Wald chi2 (2) = 61.98, p<0.05) of the model is significant at the 0.05 level.

Based on the statistical findings, board size revealed ($\beta = -0.328$, $p = 0.000 < 0.05$), implying that a large board decreases environmental disclosure in Kenyan firms. In addition, the results from a random effect model showed that firm size has a significant effect on environmental accounting disclosure of selected listed firms in Nairobi Securities Exchange ($\beta = 1.164$, $p = 0.000 < 0.05$), indicating that large firms are likely to improve their level of environmental disclosure.

Table 2. Fixed and Random Effect Models

EAD	Random Effect			Fixed Random		
	Coef.	Std. Err.	P>z	Coef.	Std. Err.	P>t
BS	-0.328	0.102	0.001	-0.412	0.155	0.008
FS	1.164	0.219	0.000	1.169	0.250	0.000
_cons	-2.529	0.622	0.000	-2.362	0.785	0.003
R-sq:						
Within	0.178			0.1784		
between	0.322			0.3221		
Overall	0.188			0.1875		
Wald chi2(2)	=	61.98*		F(2,241)	=	26.17**
Hausman test						
b = consistent under Ho and Ha; obtained from xtreg						
B = inconsistent under Ha, efficient under Ho; obtained from xtreg						
Test: Ho: difference in coefficients not systematic						
$chi2(2) = (b-B)'[(V_b-V_B)^{-1}](b-B)$						
= 1.02						
Prob>chi2 = 0.6000						

** Significant at the 0.01 level (2-tailed).

* Significant at the 0.05 level (2-tailed).

5. Conclusion and Recommendation

This study looked at the effect of board size and firm size on corporate environmental disclosure among firms listed in Kenya. The study came up with interesting findings that are of salient importance to scholars investigating corporate governance issues in the Kenyan context. In accordance with the first hypotheses, the study observed that larger board size in a firm had a negative impact on the level of environmental disclosure. This is consistent with the resource dependence theory, which posits that independent boards enhance corporate image and ensure shareholders' interest. In the second hypothesis, the study however observed that there is a significant positive relationship between firm size and the level of environmental disclosure. This result is however in line with the suggestions of the agency theory. That is, increasing the firm asset will lead to better corporate environmental disclosure. Finally, this paper, therefore, calls for further longitudinal studies that will provide insights into some reporting patterns among listed firms in the country.

6. Reference

- Adams, C. A. (2002). Internal organizational factors influencing corporate social and ethical reporting: Beyond current theorizing. *Accounting, Auditing & Accountability Journal*, 15(2), 223-250.
- Ali, W., & Rizwan, M. (2013). Factors influencing corporate social and environmental disclosure (CSED) practices in the developing countries: An institutional theoretical perspective. *International Journal of Asian Social Science*, 3(3), 590-609.
- Allegrini, M., & Greco, G. (2013). Corporate boards, audit committees and voluntary disclosure: Evidence from Italian listed companies. *Journal of Management & Governance*, 17(1), 187-216.
- Al-Tuwaijri, S. A., Christensen, T. E., & Hughes Li, K. E. (2004). The relations among environmental disclosure, environmental performance, and economic performance: a simultaneous equations approach. *Accounting, Organizations and Society*, 29(5-6), 447-471.
- Andrikopoulos, A., & Kriklani, N. (2013). Environmental disclosure and financial characteristics of the firm: The case of Denmark. *Corporate Social Responsibility and Environmental Management*, 20(1), 55-64.
- Ansoff, H. I. (1965). *Corporate strategy: business policy for growth and expansion*. McGraw-Hill Book.
- Bajahar, M. S., & al-Hajili, A. H. (2017). The impact of the Board of Directors' structure on the level of voluntary disclosure in cement companies listed on the Saudi Stock Exchange. *Arab Journal of Administrative Sciences*, 24(3), 383-410.
- Barako, D. G., & Brown, A. M. (2008). Corporate social reporting and board representation: evidence from the Kenyan banking sector. *Journal of Management & Governance*, 12(4), 309.
- Barako, D. G., Hancock, P., & Izan, H. Y. (2006). Factors influencing voluntary corporate disclosure by Kenyan companies. *Corporate Governance: an international review*, 14(2), 107-125.
- Bassey, B. E., Effiok, S. O., & Eton, O. E. (2013). The impact of environmental accounting and reporting on organizational performance of selected oil and gas companies in Niger Delta Region of Nigeria. *Research Journal of Finance and Accounting*, 4(3), 57-73.
- Belkaoui, A., & Karpik, P. G. (1989). Determinants of the corporate decision to disclose social information. *Accounting, Auditing & Accountability Journal*, 2(1).
- Ben-Amar, W., & McIlkenny, P. (2015). Board effectiveness and the voluntary disclosure of climate change information. *Business Strategy and the Environment*, 24(8), 704-719.
- Beredugo, S. B., & Mefor, I. P. (2012). The Impact of environmental accounting and reporting on sustainable development in Nigeria. *Research Journal of Finance and Accounting*, 3(7), 55-63.
- Bhagat, S., & Bolton, B. (2008). Corporate governance and firm performance. *Journal of corporate finance*, 14(3), 257-273.
- Bowen, G. A. (2009). Document analysis as a qualitative research method. *Qualitative research journal*, 9(2), 27-40.
- Brammer, S., & Pavelin, S. (2008). Factors influencing the quality of corporate environmental disclosure. *Business Strategy and the Environment*, 17 (2), 120-136.
- Brammer, S., Brooks, C., & Pavelin, S. (2006). Corporate social performance and stock returns: UK evidence from disaggregate measures. *Financial management*, 35(3), 97-116.
- Burgwal, D. V. D., & Vieira, R. J. O. (2014). Environmental disclosure determinants in Dutch listed companies. *Revista Contabilidade & Finanças*, 25(64), 60-78.

- Byrch, C., Kearins, K., Milne, M., & Morgan, R. (2007). Sustainable “what”? A cognitive approach to understanding sustainable development. *Qualitative Research in Accounting & Management*, 4(1), 26-52.
- Byron, R. K. (2015). Corporate Sector to be Accountable to JS. *The Daily Star*, 9 March.
- Campbell, D. (2004). A longitudinal and cross-sectional analysis of environmental disclosure in UK companies a research note. *The British Accounting Review*, 36(1), 107-117.
- Chan, J. C. H., & Welford, R. (2005). Assessing corporate environmental risk in China: an evaluation of reporting activities of Hong Kong listed enterprises. *Corporate Social Responsibility and Environmental Management*, 12(2), 88-104.
- Cheng, E. C., & Courtenay, S. M. (2006). Board composition, regulatory regime, and voluntary disclosure. *The International Journal of accounting*, 41(3), 262-289.
- Cho, C. H., & Patten, D. M. (2007). The role of environmental disclosures as tools of legitimacy: A research note. *Accounting, organizations and society*, 32(7-8), 639-647.
- Choi, J.S., 1999. An investigation of the initial voluntary environmental disclosures made in Korean semi-annual financial reports. *Pacific Accounting Review* 11(1), 73-102.
- Christ, K. L., & Burritt, R. L. (2013). Environmental management accounting: the significance of contingent variables for adoption. *Journal of Cleaner Production*, 41, 163-173.
- Clarkson, P. M., Li, Y., Richardson, G. D., & Vasvari, F. P. (2008). Revisiting the relation between environmental performance and environmental disclosure: An empirical analysis. *Accounting, organizations and society*, 33(4-5), 303-327.
- Cormier, D., & Magnan, M. (2003). Environmental reporting management: a continental European perspective. *Journal of Accounting and Public Policy*, 22(1), 43-62.
- Cowen, S. S., Ferreri, L. B., & Parker, L. D. (1987). The impact of corporate characteristics on social responsibility disclosure: A typology and frequency-based analysis. *Accounting, Organizations and Society*, 12(2), 111-122.
- Da Silva Monteiro, S. M., & Aibar-Guzmán, B. (2010). Determinants of environmental disclosure in the annual reports of large companies operating in Portugal. *Corporate Social Responsibility and Environmental Management*, 17(4), 185-204.
- Deegan, C. & Unerman (2006). Corporate Legitimacy and Environmental Reporting – Deegan and Underman Contentions”, *Accounting Research Blog*,
- Deegan, C., & Gordon, B. (1996). A study of the environmental disclosure practices of Australian corporations. *Accounting and Business Research*, 26(3), 189-199.
- Díez-Martín, F., Prado-Roman, C., & Blanco-González, A. (2013). Beyond legitimacy: legitimacy types and organizational success. *Management Decision*, 51(10), 1954-1969.
- Dragomir, V. D. (2010). Environmentally sensitive disclosures and financial performance in a European setting. *Journal of Accounting & Organizational Change*, 6 (3), 359-388.
- Elijido-Ten, E. (2004, July). Determinants of environmental disclosures in a developing country: an application of the stakeholder theory. In *Fourth Asia Pacific interdisciplinary research in accounting conference, Singapore* (pp. 4-6).
- Foster, D., & Jonker, J. (2005). Stakeholder relationships: the dialogue of engagement. *Corporate Governance: The International journal of business in society*, 5(5), 51-57.

- Freedman, M., & Jaggi, B. (2005). Global warming, commitment to the Kyoto protocol, and accounting disclosures by the largest global public firms from polluting industries. *The International Journal of Accounting*, 40(3), 215-232.
- Freeman, R. E. 1984. *Strategic management: A stakeholder approach*. Boston: Pitman.
- Gao, S. S., Heravi, S., & Xiao, J. Z. (2005, June). Determinants of corporate social and environmental reporting in Hong Kong: a research note. *In Accounting Forum* 29 (2), 233-242.
- García-Sánchez, I. M. (2008). Corporate social reporting: Segmentation and characterization of Spanish companies. *Corporate Social Responsibility and Environmental Management*, 15(4), 187-198.
- Gray, R. (2002). Of messiness, systems and sustainability: towards more social and environmental finance and accounting. *The British Accounting Review*, 34(4), 357-386.
- Gray, R. (2006). Does Sustainability Reporting Improve Corporate Behaviour? Wrong Question? Right Time? *Accounting and Business Research*, 65-88.
- Gray, R., & Collison, D. (2002). Can't see the wood for the trees, can't see the trees for the numbers? Accounting education, sustainability and the public interest. *Critical Perspectives on Accounting*, 13(5-6), 797-836.
- Gray, R., Javad, M., Power, D. M., & Sinclair, C. D. (2001). Social and environmental disclosure and corporate characteristics: A research note and extension. *Journal of business finance & accounting*, 28(3-4), 327-356.
- Gray, R., Kouhy, R., & Lavers, S. (1995). Corporate social and environmental reporting: A review of the literature and a longitudinal study of UK disclosure. *Accounting, Auditing and Accountability Journal*, 8(2), 47-77.
- Hackston, D., & Milne, M. J. (1996). Some determinants of social and environmental disclosures in New Zealand companies. *Accounting, Auditing and Accountability Journal*, 9(1), 77-108.
- Haddock-Fraser, J., & Fraser, I. (2008). Assessing corporate environmental reporting motivations: differences between 'close-to-market' and 'business-to-business' companies. *Corporate Social Responsibility and Environmental Management*, 15(3), 140-155.
- Halme, M., & Huse, M. (1997). The influence of corporate governance, industry and country factors on environmental reporting. *Scandinavian Journal of Management*, 13(2), 137-157.
- Haniffa, R. M., & Cooke, T. E. (2005). The impact of culture and governance on corporate social reporting. *Journal of accounting and public policy*, 24(5), 391-430.
- Henry, D. (2010). Agency costs, ownership structure and corporate governance compliance: A private contracting perspective. *Pacific-Basin Finance Journal*, 18(1), 24-46.
- Ho L. C., & Taylor, M. E. (2007). An empirical analysis of triple bottom-line reporting and its determinants: evidence from the United States and Japan. *Journal of International Financial Management & Accounting*, 18(2), 123-150.
- Htay, S. N., Rashid, H. M., Adnan, M. A., & Meera, A. K. (2012). Impact of Corporate Governance on Social and Environmental Information Disclosure of Malaysian Listed Banks: Panel Data Analysis. *Asian Journal of Finance and Accounting*, 1(4), 1-24.
- Ienciu, I. A. (2012). The relationship between environmental reporting and corporate governance characteristics of Romanian listed entities. *Accounting and Management Information Systems*, 11(2), 267-294.

- Jamali, D. (2008). A stakeholder approach to corporate social responsibility: A fresh perspective into theory and practice. *Journal of business ethics*, 82(1), 213-231.
- Jehn, K. A., & Bezrukova, K. (2004). A field study of group diversity, workgroup context, and performance. *Journal of Organizational Behavior: The International Journal of Industrial, Occupational and Organizational Psychology and Behavior*, 25(6), 703-729.
- Jill, S., (2007). *Corporate Governance and Accounting*, 1st Edition", John Wiley and Sons Publisher, England.
- Jizi, M. (2013). *Corporate governance, disclosure content and shareholder value: Impacts and interrelationships from the US Banking Sector* (Doctoral dissertation, Durham University).
- Jizi, M. (2015). How banks' internal governance mechanisms influence risk reporting. *Corporate Ownership and Control*, 12(3), 55-72.
- John, K., & Senbet, L. W. (1998). Corporate governance and board effectiveness. *Journal of Banking & Finance*, 22(4), 371-403.
- Khlif, H., Hussainey, K., & Achek, I. (2015). The effect of national culture on the association between profitability and corporate social and environmental disclosure: A meta-analysis. *Meditari Accountancy Research*, 23(3), 296-321.
- Kohler, U., & Kreuter, F. (2009). *Data analysis using Stata* (2nd ed.). College Station: Stata Press.
- Kolk, A. (2003). Trends in sustainability reporting by the fortune global 250. *Business Strategy and the Environment*, 12(5), 279-291.
- Kumar, R. (2019). *Research methodology: A step-by-step guide for beginners*. Sage Publications Limited.
- Lamberton, G. (2005). Sustainability Accounting – a Brief History and Conceptual Framework. *Accounting Forum*, 29(1), 7-26.
- Lang, M., & Lundholm, R. (1993). Cross-sectional determinants of analyst ratings of corporate disclosures. *Journal of accounting research*, 31(2), 246-271.
- Lobo, G. J., & Zhou, J. (2001). Disclosure quality and earnings management. *Asia-Pacific Journal of Accounting & Economics*, 8(1), 1-20.
- Mahmood, Z., Kouser, R., Ali, W., Ahmad, Z., & Salman, T. (2018). Does corporate governance affect sustainability disclosure? A mixed methods study. *Sustainability*, 10(1), 207.
- Milanés-Montero, Patricia - Pérez-Calderón, Esteban. (2011), Corporate Environmental Disclosure and Legitimacy Theory: An Europe Perspective, *Environmental Engineering & Management Journal (EEMJ)*, 10(12).
- Ntim, C. G., & Osei, K. A. (2011). The impact of corporate board meetings on corporate performance in South Africa. *African Review of Economics and Finance*, 2(2), 83-103.
- Ofoegbu, G. N., & Megbuluba, A. (2016). Corporate environmental accounting information disclosure in the Nigeria manufacturing firms. *International journal of management sciences and business research*, 5(12).
- Osazuwa, N. P., Ahmad, A. C., & Che-Adam, N. (2016). Financial performance in Nigerian quoted companies: The influence of political connection and governance mechanisms. *International Journal of Economics and Financial Issues*, 6(7), 137-142.

- Panigrahi, S. K., Zainuddin, Y., & Azizan, A. (2014). Comparing traditional and economic performance measures for creating shareholder's value: a perspective from Malaysia. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 4(4), 280-289.
- Patten, D. M. (1992). Intra-industry environmental disclosures in response to the Alaskan oil spill: a note on legitimacy theory. *Accounting, organizations and Society*, 17(5), 471-475.
- Patten, D. M. (2002). The relation between environmental performance and environmental disclosure: a research note. *Accounting, organizations and Society*, 27(8), 763-773.
- Pereira Eugénio, T., Costa Lourenço, I., & Morais, A. I. (2013). Sustainability strategies of the company TimorL: extending the applicability of legitimacy theory. *Management of Environmental Quality: An International Journal*, 24(5), 570-582.
- Pratten, J. D., & Abdulhamid Mashat, A. (2009). Corporate social disclosure in Libya. *Social Responsibility Journal*, 5(3), 311-327.
- Rahman, M. S. (2013). Auditors' Compromise Blocks Good Corporate Governance. The Daily Star 5th July.
- Roberson, Q. M., & Park, H. J. (2007). Examining the link between diversity and firm performance: The effects of diversity reputation and leader racial diversity. *Group & Organization Management*, 32(5), 548-568.
- Roberts, R. W. (1992). Determinants of corporate social responsibility disclosure: An application of stakeholder theory. *Accounting, organizations and society*, 17(6), 595-612.
- Sahay, A. (2004). Environmental reporting by Indian corporations. *Corporate Social Responsibility and Environmental Management*, 11(1), 12-22.
- Saunders, M. N. (2011). *Research methods for business students, 5/e*. Pearson Education India.
- Schipper, K. (1991). Commentary on Analysts. *Accounting Horizons*, 5(4), 105-121.
- Sekaran, U. (1992). *Research Methods for Business – A skill-building approach*. (2nd Ed). United States of America: John Wiley & Sons, Inc.
- Shumway, T. (2001). Forecasting bankruptcy more accurately: A simple hazard model. *The journal of business*, 74(1), 101-124.
- Snider, J., Hill, R. P., & Martin, D. (2003). Corporate social responsibility in the 21st century: A view from the world's most successful firms. *Journal of Business ethics*, 48(2), 175-187.
- Stanny, E., & Ely, K. (2008). Corporate environmental disclosures about the effects of climate change. *Corporate Social Responsibility and Environmental Management*, 15(6), 338-348.
- Sun, N., Salama, A., Hussainey, K., & Habbash, M. (2010). Corporate environmental disclosure, corporate governance, and earnings management. *Managerial Auditing Journal*, 25(7), 679-700.
- Suttipun, Muttanachai - Stanton, Patricia. (2012), Determinants of environmental disclosure in Thai corporate annual report, *International Journal of Accounting and Financial Reporting*, 2(1), 99-115.
- Trireksani, T., & Djajadikerta, H. G. (2016). Corporate governance and environmental disclosure in the Indonesian mining industry. *Australasian Account Business and Finance Journal*, 10(1), 18-28.
- Ullmann, A. A. (1985). Data in search of a theory: A critical examination of the relationships among social performance, social disclosure, and economic performance of US firms. *Academy of management review*, 10(3), 540-557.

- Uwuigbe, O. R. (2011). *Corporate governance and financial performance of banks: a study of listed banks in Nigeria* (Doctoral dissertation, Covenant University).
- Van der Laan, S. (2009). The role of theory in explaining motivation for corporate social disclosures: Voluntary disclosures vs 'solicited' disclosures. *Australasian Accounting, Business and Finance Journal*, 3(4), 2.
- Victor Chiedu, O. B. A., & Fodio, M. I. (2012). Board characteristics and the quality of environmental reporting in Nigeria. *The Journal of Accounting and Management*, (2), 33-48.
- Wachira, M. (2017). Determinants of corporate social disclosures in Kenya: A longitudinal study of firms listed on the Nairobi securities exchange. *European Scientific Journal*, 13(11), 112-132.
- Watts, R. L., & Zimmerman, J. L. (1983). Agency problems, auditing, and the theory of the firm: Some evidence. *The Journal of Law and Economics*, 26(3), 613-633.
- Wong, L. T., & Fryxell, G. E. (2014). Stakeholder influences on environmental management practices: a study of fleet operations in Hong Kong (SAR), China. *Transportation Journal*, 43 (4), 22-35.
- World Business Council for Sustainable Development. WBCSD. (2012). Sustainable development reporting: striking the balance. Hertfordshire: Earth print.
- Xie, B., Davidson III, W. N., & DaDalt, P. J. (2003). Earnings management and corporate governance: the role of the board and the audit committee. *Journal of corporate finance*, 9(3), 295-316.
- Yakhou, M., & Dorweiler, V. P. (2004). Environmental accounting: an essential component of business strategy. *Business Strategy and the Environment*, 13(2), 65-77.
- Zeng, S. X., Hu, X. D., Yin, H. T., & Tam, C. M. (2012). Factors that drive Chinese listed company's involuntary disclosure of environmental information. *Journal of Business Ethics*, 109 (3), 309-321.



CLIENT DELAY FACTORS AFFECTING BUILDING PROJECT PERFORMANCE AMONG Kuantan MALAYSIAN CONSTRUCTION INDUSTRY: THROUGH PARTIAL LEAST SQUARE STRUCTURAL EQUATION MODELING

R.M.Chung¹, A.Q.Adeleke*², W. A. Ajibike³

^{1,2,3}Faculty of Industrial Management, Universiti Malaysia Pahang, Lebuhraya Tun Razak, 26300
Gambang, Pahang, Malaysia

*Corresponding author: adekunle@ump.edu.my

Abstract

The construction industry has become one of the greatest income providers as it has contributed to the Gross Domestic Product (GDP) of Malaysia. However, the construction sector has been much affected by an unexpected situation such as construction delays. Delays in the construction industry are one of the common problems that happened to most construction projects. By considering all viewpoint from various parties that involve in the construction process such as contractors, client, consultant, and others, this research identified the major factor that contributes to building project delays in Kuantan, Pahang Malaysia. To address the issues above, this research paper aims: 1) to investigate the relationship between client financial difficulties and building project performance in Kuantan Construction Industry; 2) to investigate the relationship between client change order and building project performance in Kuantan construction industry, and 3) to investigate the relationship between client lack of experience and building project performance in Kuantan construction industry. Questionnaires were distributed among 131 respondents that involved in building project in Kuantan construction industry. In this research, the PLS-SEM technique was used to assess both the measurement and structural models. From the PLS-SEM approach, the result shows that there is a positive relationship between client change order and building project performance among the Kuantan construction industry in Pahang, Malaysia. The client's lack of experience and building project performance was also found to be positively correlated in this study. While the result shows that client financial difficulties and building project performance has a negative relationship in Kuantan construction industry.

Keywords: Building project performance, financial difficulties, change order, lack of experience, construction industry, Malaysia.

1. Introduction

The construction industry is one of the major sectors contributing to the economic growth of a country. Among the substantial issues in the construction industry is time overrun. Construction delays assume a key role in the success or failure of a project. There are numerous factors contributing to the delays in construction projects. Delays occur almost in all construction projects, and the magnitude of these delays varies considerably from one project to another. It is important to define the real causes of delay in order to minimize, mitigate, and avoid delays in any construction project. According to Wong and Vimonsatit (2012), the delay factor is critical in the construction project, and it is crucial for all organizations to have certain knowledge with respect to this issue altogether for the project to be completed effectively, successfully and satisfactorily.

The study on project delay in construction projects is very important because time is one of three pillars (time, cost and quality) of project management, and among the three pillars of the significant issues in the construction industry is time overruns. From a study of a project, delays are expected to prompt a better understanding of the causes of the delay in construction projects. The study on road construction is an important context because roads project contributes to the growth of economic and reduction of poverty (Adeleke et al., 2019; Taofeeq et al., 2019; Seboru, 2015).

Besides, according to Sambasivan and Soon (2007) and Sweis et al. (2008), a delay in the construction project is a “universal” case, and it has turned into an ordinary part of the project’s construction lifetime. Therefore, Assaf and Al-Hejji (2006) defined it as “the time overrun either beyond the completion date specified in a contract or beyond the date that the parties agreed upon for delivery of a project”.

Furthermore, almost all of the construction projects are often behind schedule due to many reasons. According to Sweis, et al. (2008), delays often occur due to poor management of various factors related to contractor, client, consultants, material, labor, and equipment of the projects. In addition, Sweis et al. (2008) and Yang et al. (2013), opined that the general conditions including climate, law and order circumstances and the economic conditions also cause a delay in project completions. Unfortunately, even these days, with all the cutting-edge innovation and the incredible understanding of project management and engineering techniques, the delays issues have not been settled yet.

Also, Youcef, Zidane, Bjorn & Andersen (2018), maintained that a project often confronted with delays and unnecessary utilization of time because of several factors and reasons, and thereby experience hardships

effects of negative consequences. The authors claimed that the ten most important universal delay factors such as contractor's financial difficulties, sponsor/ owner/ client's financial difficulties, changes in design during construction/change orders, inadequate contractor experience/building methods and approaches, delays in contractor's payment, poor planning and scheduling, poor site management and supervision, incomplete or improper design, resources shortage (human resources, machinery, equipment), poor labour productivity and shortage of skills (Abulhakim & Adeleke, 2019; Bamgbade et al., 2019).

In addition, from the study of Assaf and Al-Hejji (2006), 76 % of the contractors showed that the average time overrun is between 10% and 30% of the initial planned duration, while about 56% of the consultants determined a similar rate. Besides, a study from Faridi and El-Sayegh (2006) uncovered that 50% of the construction projects in the UAE experience delays and they were not completed on schedule. Similar research investigates the factors of delays and their effects in the literature from a total of 45 countries around the world.

Based on Yang et al. (2013), from the last 40 years, huge consideration has been paid to identify possible delays causes. To identify the causes, some authors such as Doloi, Sawhney, and Rentala (2012), Kazaz et al. (2012), Sambasivan and Soon (2007), Assaf and Al-Hejji (2006), Faridi and El-Sayegh (2006), and Chan and Kumaraswamy (1997), have used quantitative methods like questionnaires, while others such as Asnaashari et al. (2009) have used wholly qualitative methods like interviews to identify the delay causes.

Moreover, this study will provide insights into the various types of delays in construction projects, their respective causes and ways to ameliorate the effect of delays in construction projects. Findings from this study will be of immense contribution to the project managers in overcoming the issues which cause delay and to avoid the negative outcomes of delay in the construction project.

2. Literature Review

2.1 Overview of Malaysian Construction Industries

Since Malaysians gained independence in 1957, Malaysia has been engaged in a series of construction activities. Malaysia's construction sector recorded the value of construction work done to the tune of RM36.5 billion in the final quarter of 2018. The construction value work done in the final quarter of 2018 recorded a moderate growth of 4.1 percent year-on-year to a record of RM36.5 billion (Q3 2018: RM36.3 billion). The expansion in construction value work done was a result of effective growth in the civil

engineering work, special trades activities and non-residential buildings sub-sectors, which grew by 14.3 percent, 8.2 percent, and 2.5 percent respectively (Adeleke et al., 2019; Taofeeq et al., 2019). Nonetheless, the Residential buildings' sub-sector declined to 9.2 percent. In terms of contributions, the civil engineering sub-sector kept on dominating the performance of value of construction work done with 42.6 percent share, followed by non-residential buildings (28.4%), residential buildings (24.2%) and special trades activities (4.8%). The private sector kept on propelling the construction activity with 56.2 percent share (RM20.5 billion) as compared to the public sector with 43.8 percent (RM16.0 billion). The value of construction work done for 2018 added up to RM145.5 billion, grew by 5.1 percent as compared to RM138.5 billion in the previous year (Department of Statistics Malaysia, 2018; Hassan & Adeleke, 2019).

Basically, the construction industry is one of the top four sectors contributing to the economy of Malaysia behind agriculture, services and manufacturing sectors. Besides, there are several classifications of construction industries in Malaysia. These are residential construction, non-residential construction, and civil construction or infrastructure. In addition, the Construction Industry Development Board (CIDB) is one of the agencies of the Malaysian government championed establish to support and encourage the development, enhancement, and growth of the construction industry. All the construction companies operating in Malaysia are required to register their companies with the CIDB for them to operate in any part of Malaysia. They are classified into 7 categories (G1 to G7) based on their economic position, high-tech competence and record documents (Construction Industry Development Board, 2014; Hassan et al., 2019).

According to Mhlanga and Mpofu (2016), financial difficulties refer to a condition in which a client cannot meet, or has difficulty paying off its financial obligations to the contractors involved in a project. During the construction, the client may face some financial problems arise from unanticipated emergencies or financial mismanagement, global financial crisis.

According to Al-Hammadi and Nawab (2016), change orders are a component of the change management process or change in the requirements in which is caused by the clients in the project implementation. The construction process is assumed to be complex and is associated with numerous changes. These changes typically lead to the issuance of change orders. Change order in the construction project is a work that has been added or removed from the original scope of a contract that changes the initial value of the contract or the date of completion. Certainly, a change order is a problem for the project in terms of extra costs and extra time (Azman & Adeleke, 2018).

Nyoni & Bonga (2016) claimed that the client's lack of experience in which the client does not have enough experience, especially a fresh developer. Most of the time, a client facing a problem and do not know how to solve it immediately because of a lack of experience. Therefore, due to the inexperience of clients in construction projects, it will lead to delays in construction projects where it can lengthen schedule (Adeleke et al., 2018; González et al., 2013).

2.2 Conceptual Framework

This research is conducted using the specified model with clearly defined independent and dependent variables. Based on the conceptual framework, the independent variables in this research are the clients' delay factors which are financial difficulties, change order, and lack of experience and the dependent variable is building project performance in the construction industry. Thus, the framework shows the relationships between these variables, which the findings will indicate whether they are positive or negative relationships.

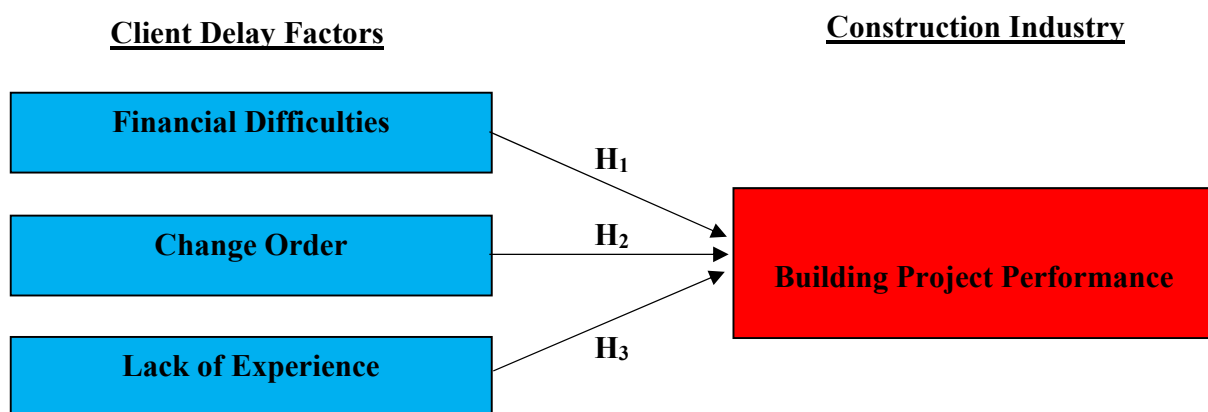


Figure 1: Research Framework

2.3 Relationship between financial difficulties and building project performance

A delay in construction projects is a common issue and very costly. This study addresses the issues of financial-related delays in construction projects. It identifies the root causes and scrutinizes the suitable mitigation actions of financial-related project delays. Four main factors were identified in the literature,

such as late payment, poor cash flow management, insufficient financial resources, and financial market instability (Adeleke et al., 2018; Taofeeq et al., 2019).

A survey conducted by Mezher and Tawil, (1998) on the causes of delays in the construction industry in Lebanon from the perspective of the clients, contractors and architectural/engineering firms, It was found that clients are more concerned with financial issues.

Similarly, Chan and Kumaraswamy (1994) identified a client's financial difficulties as another cause of delay. If a client encounters financial difficulties arising from unanticipated emergencies or financial mismanagement, funds may be unavailable when needed for the construction work. Therefore, it is hypothesized thus:

Hypothesis 1: There is a positive relationship between financial difficulties and building project performance.

2.4 Relationship between change order and building project performance

According to Hanna and Gunduz (2004), change orders have long been an inherent part of the construction industry. It is hardly found that a construction project is completed without a change that generally arises as a result of the causes attributed to the diverse parties involved in the execution of the project. Once, it has been recognized that the change is formally regulated by issuing an amending order that may have an impact on both the cost and duration of the project.

The significance of change order as a cause of cost overruns and time is also explored by Oladapo (2007). Changes at each stage or on a steady basis in construction project disrupt the project schedule as well as supplementary work (Adeleke et al., 2016; Bamgbade et al., 2019; Jadhav and Bhirud, 2015).

Osman et al. (2009), defined the change as any deviation from a defined scope and schedule. The word "Change Order" express strong feelings of negativity to all those involved in construction projects. In some cases, contractors consider change orders to disrupt work-flow and require additional documentation and duration. Therefore, it is hypothesized thus:

Hypothesis 2: There is a positive relationship between change order and building project performance.

2.5 Relationship between lack of experience and building project performance

Koushik and Kartam, (2005) identified that the client's lack of experience in construction projects as a cause of delay. A fresh developer may face a problem and not know how to solve it immediately because of his lack of experience. While he tries to find ways to solve the problem, work may stop.

As stated by Nyoni & Bonga (2016) client with a lack of experience is the client who does not have enough experience especially a fresh developer. Most of the time, a client facing a problem and do not know how to solve it immediately because of no experience.

Therefore, due to the inexperience clients in the construction projects, it will cause delays in construction projects where it can lengthen schedule, increase project costs and jeopardize quality and safety (Malik & Adeleke, 2018). Furthermore, delays result in huge cost overruns and hinder economic growth. Therefore, it is hypothesized thus:

Hypothesis 3: There is a positive relationship between lack of experience and building project performance.

3. Methodology

This study used a cross-sectional research design by using a structured questionnaire, the data were collected at a single-point-in-time (Sekaran & Bougie, 2013). Besides, a proportionate stratified random sampling technique was employed for selecting samples in this research. Also, the quantitative research approach was used in this study, as this is mostly adopted methods in social science research (Sekaran, Robert and Brain, 2001; Adeleke et al., 215). This research was conducted among building project contractors in the Kuantan Pahang construction industries. The total number of 89 questionnaires were distributed to the sampled companies in Kuantan, Pahang.

3.1 Instrument Design

The quantitative method was used in this research as it is more structured than the qualitative method of data collection. Hence, the data was collected using the questionnaire because it was found to be easier for the collection of data from the respondents. The answers to the questions were recorded by taking input from the respondents and without the need for an interview. Five-point Likert scale was adopted to measure the independent and dependent variables which range from (1) very low, (2) low, (3) medium, (4) high, to (5) very high, following (Rahman & Adeleke, 2018). According to Sekaran (2003) and Sekaran &

Bougie (2009), to compute the standard deviation and the mean feedback on the variables and the mid-point of the scale a researcher must adopt the rating scale. In analyzing the data, SPSS software version 22.0 was used for respondents' demographic characteristics such as position, company year of existence, gender, company's prime location, company's ownership, work experience, number of full-time employees and company ownership (Ismayana & Adeleke, 2020). The data analysis adopted for both independent and dependent variables was Smart PLS version 3.0. All the variables in this research are multidimensional as presented in Table 1.

Table 1: Source of Measurement

S/N	Constructs	Dimension	Source	Remarks
1	Client delay factors	Financial Difficulties Change Order Lack of Experience	Mhlanga and Mpofu (2016), Al-Hammadi and Nawab (2016), Nyoni & Bonga (2016)	Adapted
2	Construction project	Building project Performance	Yang (2007)	Adapted

4. Results and Discussions

4.1 Data Collection and Sample

131 sets of questionnaire were distributed to the building construction companies in Kuantan, Pahang. However, 89 sets of questionnaires were returned after the distribution which accounted for 67.94% for the response rate and is acceptable because the sample size for this research is 89. Table 2 shows a summary of the demographic characteristics of respondents for this research.

Table 2: Summary of Demographic Scales of Respondents

Type	Items	Frequency (N)	Percentage (%)
Position	Contract manager	8	9.00
	Project manager	19	21.00
	Safety Officer	6	7.00
	Worker	26	29.00
	Others	30	34.00
Working experience	1-3 years	49	49.00
	4-6 years	24	24.00
	7-9 years	8	8.00
	>10 years	8	8.00
Gender	Male	59	66.00
	Female	30	34.00
Type of project	Residential building	29	32.00
	Educational building	7	8.00
	Commercial Building	23	26.00
	Others	30	34.00
Company Ownership	Local	89	100.00
Company Existence	1-4 years	3	3.00
	5-6 years	15	15.00
	7-9 years	8	8.00
	>10 years	63	63.00
Size of Company	Micro (<10 employees)	1	1.00
	Small (10-50 employees)	31	31.00
	Medium (51-250 employees)	31	31.00
	Large (>250 employees)	26	26.00

4.2 Measurement Model

Before examining the hypothesis, the measurement model and the outer model were tested through the partial least square structural equation modeling (PLS-SEM) technique. Figure 2 shows the model of this research with the structural dimensions below (Sabodin & Adeleke, 2018).

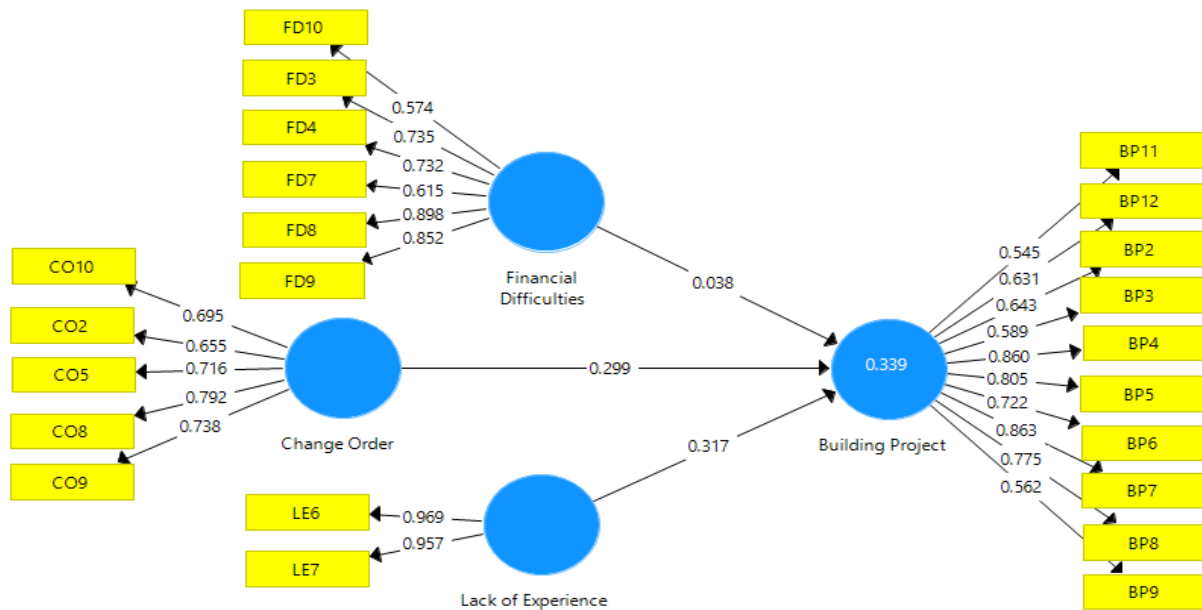


Figure 2: Measurement model

Table 3 shows the content validity of the measurements used which was explained in two ways. Firstly, there are high loading in the items on their respective constructs when related to other constructs. Secondly is the loading of the items were significantly loading on their respective constructs affirming the content validity of the measure used in this research (Adeleke et al., 2016; Taofeeq et al., 2020; Chow and Chan, 2008).

Table 3: Factor Analysis and Loading of the items (Cross Loading)

	BP	CO	FD	LE
BP11	0.545	0.224	0.114	0.272
BP12	0.631	0.316	0.114	0.259
BP2	0.643	0.227	0.14	0.225
BP3	0.589	0.314	0.317	0.194
BP4	0.86	0.54	0.35	0.531
BP5	0.805	0.416	0.323	0.423
BP6	0.722	0.292	0.183	0.148
BP7	0.863	0.48	0.332	0.52
BP8	0.775	0.454	0.387	0.58
BP9	0.562	0.216	0.147	0.12
CO10	0.313	0.695	0.246	0.402
CO2	0.282	0.655	0.602	0.39
CO5	0.367	0.716	0.675	0.455
CO8	0.447	0.792	0.63	0.541
CO9	0.448	0.738	0.192	0.508
FD10	-0.001	0.128	0.574	-0.02
FD3	0.239	0.409	0.735	0.27
FD4	0.125	0.375	0.732	0.139
FD7	0.186	0.457	0.615	0.333
FD8	0.408	0.67	0.898	0.523
FD9	0.331	0.467	0.852	0.331
LE6	0.546	0.603	0.448	0.969
LE7	0.465	0.647	0.424	0.957

The convergent validity is considered to be the extent to which a group of variables converges to measure a specific concept. To establish the convergent analysis, there are three criteria that were examined at once. These are the factor loadings (FL), composite reliability (CR) and average variance extracted (AVE). Furthermore, all items of loading were tested which is acceptable for all items and its values must be more

than 0.5 following the literature on the multivariate approach. Besides, the other criterion is the composite reliability (CR) to examine convergent validity. It referred to the extent to which a set of items regularly indicates the latent construct (Hair et. al, 2010). In Table 4, the values of CR and AVE were tested. The values of CR ranges from around 0.840 to 0.960 which is more than expected values of 0.7. These results show the AVE measures the variance that covered by indicators in relation to the variance assigned to the measurement errors. Barclay et. al (1995), stated that the AVE value is at least 0.5, then a set of items have enough convergence to measure the concerned construct. So, the AVE value for this research ranged from 0.500 to 0.900 that can be categorized as a good level of the construct validity of measurement employed (Taofeeq et al., 2019; Omer & Adeleke, 2019).

Table Hata! Belgede belirtilen stilde metne rastlanmadı.: The Convergent Validity Analysis

Construct Dimensions	Items	Loading	Composite Reliability	AVE	Cronbach's Alpha
Building Project Performance	BP11	0.545	0.908	0.503	0.893
	BP12	0.631			
	BP2	0.643			
	BP3	0.589			
	BP4	0.86			
	BP5	0.805			
	BP6	0.722			
	BP7	0.863			
	BP8	0.775			
Change Order	BP9	0.562	0.843	0.52	0.771
	CO10	0.695			
	CO2	0.655			
	CO5	0.716			
	CO8	0.792			
	CO9	0.738			
Financial Difficulties	FD10	0.574	0.879	0.553	0.851
	FD3	0.735			
	FD4	0.732			
	FD7	0.615			
	FD8	0.898			
Lack of Experience	FD9	0.852	0.963	0.928	0.923
	LE6	0.969			
	LE7	0.957			

To the construct validity of the outer model, the discriminant validity is essentially established. The discriminant validity is compulsory to be tested before the hypothesis is examined through path analysis. The measurement revealed that the degree to which items differ among constructs. Then, the discriminant validity shown that items used different constructs does not overlap (Subani & Adeleke, 2020). As illustrated in Table 5, the square root of AVE for all constructs was replaced at the diagonal elements of the correlation matrix. Therefore, the discriminant validity of the outer model for this study was confirmed where the diagonal elements in the table were higher than the other elements of the column and row where they are located. From the testing made above for the construct validity of the outer model, it is believed that the obtained results pertaining to the hypotheses testing should be highly reliable and valid (Samsudin et al., 2020; Bamgbade et al., 2019; Jamil & Adeleke, 2018).

Table 1: Discriminant Validity Analysis

	BP	CO	FD	LE
Building Project performance	0.709			
Change Order	0.528	0.721		
Financial Difficulties	0.372	0.639	0.743	
Lack of Experience	0.528	0.647	0.454	0.963

After confirming the goodness of the outer model, the next step was to investigate the relationships that were hypothesized in the study. PLS Algorithm was run to investigate the hypothesized model through Smart PLS. The path coefficient was gained by running PLS Algorithm which is depicted in Table 6 below. The result showed that the change order (CO) variable has a positive relationship with building project performance ($\beta= 0.299$, $t= 1.754$, $p = 0.040$). Therefore, the H₁: the effect of a change order on building project performance was supported. The second hypothesis H₂: financial difficulties (FD) show negative relationship on building project performance ($\beta=0.038$, $t = 0.304$, $p = 0.381$). While, the third hypothesis H₃: lack of experience (LE), also has a positive relationship with building project performance ($\beta=0.317$, $t = 2.216$, $p = 0.013$), (Adeleke et al., 2015).

Table 6: Results of the Inner Structural Model

Items	Constructs/variables	Beta	S/E	T-value	P-value	Findings
H ₁	CO -> BP	0.299	0.170	1.754	0.040	Supported
H ₂	FD -> BP	0.038	0.124	0.304	0.381	Not Supported
H ₃	LE -> BP	0.317	0.143	2.216	0.013	Supported

As for size effect, Cohen (1988) suggested that the criteria of effect size is less than 0.02 (0.02 = small, 0.15 = medium, 0.35 = high). From Table 4.7, the effective size of the change order is medium, meanwhile, the effect size of financial difficulties and lack of experience are both small. The calculation of effect size is as follow:

$$\text{Effect size (f)} = \frac{R^2 \text{ incl} - R^2 \text{ excl}}{1 - R^2 \text{ incl}}$$

Table 7: Direct Effect IV-DV

R-squared	Included	Excluded	f-squared	Effect size
Change Order	0.339	0.314	0.0378	small
Financial Difficulties	0.339	0.338	0.0015	none
Lack of Experience	0.339	0.275	0.0968	small

5. Conclusion

This research is focused on client financial difficulties, change order, lack of experience as factors of delays affecting building project performance in the Kuantan construction industries. The findings of this study will help future researchers who want to conduct research to gain information from previous research regarding the construction field.

Thus, this research will not only benefit the academic world but will equally be of immense benefit to those professionals in the construction industries as well especially those that involved and experienced delay in their project in order to mitigate or eliminate the effects of construction projects delay not only for building projects but also for all types of project in the construction projects.

6. Acknowledgment

Authors of this study acknowledge the research funding from Universiti Malaysia Pahang managed by PNI, [Grant code: RDU190390].

7. References

- Abd El-Razek, M.E; Bassiouni, H.A; Mobarak, M.A; (2008). "Causes of Delay in Building Construction Projects in Egypt" *J. Constr. Eng. Manage.* 2008.134:831-841.
- Abdul-Rahman H, Takim R, Min WS. Financial-related causes contributing to project delays. *J Retail Leis Prop.* 2009;8(3):225-238. DOI:10.1057/rlp.2009.11.
- Abulhakim, N., & Adeleke, A. Q. (2019). The Factors Contributing to Accident Occurrence on Malaysia Building Projects through Partial Least Square Structural Equation Modeling. *Social Science and Humanities Journal*, 1096-1106.
- Adeleke, A. Q. and Bahaudin, A. Y. and Kamaruddeen, A. M. and Bamgbade, J. A. and M., Waris and Panda, Sitansu and Afolabi, Yakibi Ayodele (2019) An Empirical Analysis of Organizational External Factors on Construction Risk Management. *International Journal of Supply Chain Management (IJSCM)*, 8 (1). pp. 932-940
- Adeleke, A. Q., Bamgbade, J. A., Salimon, M. G., & Lee, C. K. (2019). Project Management Performance and Its Influence on Malaysian Building Projects. *KnE Social Sciences*, 313-329.
- Adeleke, A. Q., Windapo, A. O., Khan, M. W. A., Bamgbade, J. A., Salimon, M. G., & Nawanir, G. (2018). Validating the Influence of Effective Communication, Team Competency and Skills, Active Leadership on Construction Risk Management Practices of Nigerian Construction Companies. *The Journal of Social Sciences Research*, 460-465.
- Adeleke, A. Q., Bahaudin, A. Y., & Kamaruddeen, A. M. (2016, August). Rules and regulations as potential moderator on the relationship between organizational internal and external factors with effective construction risk management in Nigerian construction companies: a proposed framework. In *AIP Conference Proceedings* (Vol. 1761, No. 1, p. 020008). AIP Publishing.
- Adeleke, A. Q., Nasidi, Y., & Bamgbade, J. A. (2016). Assessing the Extent of Effective Construction Risk Management in Nigerian Construction Companies. *Journal of Advanced Research in Business and Management Studies*, 3(1), 1-10.
- Adeleke¹, A. Q., Bahaudin, A. Y., & Kamaruddeen, A. M. (2015). A Partial Least Square Structural Equation Modeling (PLS SEM) Preliminary Analysis on Organizational Internal and External Factors Influencing Effective Construction Risk Management among Nigerian Construction Industries. *Rev. T c. Ing. Univ. Zulia*, 38(143), 143-55.
- Adeleke, A., Bahaudin, A., & Kamaruddeen, (2015) A Level of Risk Management Practice in Nigeria Construction Industry-From a Knowledge Based Approach. *Journal of Management Marketing and Logistics*, 2(1), 12-23
- Aftab HM. Contractor perspective on time overrun factors in Malaysian construction projects. *Int J Sci Environ Technol.* 2014;3(3):1184-1192.

- Al-Momani AH. (2000), "Construction delay: a quantitative analysis". *International Journal of Project Management*;18(1):51-9.
- Assaf SA, Al-Khalil M, Al-Hazmi M. (1995), "Causes of delays in large building construction projects". *ASCE J Manage Eng*;11(2): 45-50.
- Assaf, S., and Al-Hejji, S. (2006), "Causes of delay in large construction projects", *International Journal of Project Management*, 24, 349-357.
- Azman, N. A. S. M., & Adeleke, A. Q. (2018). Effect of Time Overruns on Apartment Building among Kuantan Malaysian Construction Industries. *Journal of Advanced Research in Applied Sciences and Engineering Technology*, 10 (1), 41-47.
- Bamgbade, J. A., Salimon, M. G., Adeleke, A. Q., & Nasidi, Y. (2019). Contractor's Technology Acceptance for Firm Sustainability Performance. *KnE Social Sciences*, 1084-1101.
- Bamgbade, J. A., Nawi, M. N. M., Kamaruddeen, A. M., Adeleke, A. Q., & Salimon, M. G. (2019). Building sustainability in the construction industry through firm capabilities, technology and business innovativeness: empirical evidence from Malaysia. *International Journal of Construction Management*, 1-16.
- Bamgbade, J. A., Kamaruddeen, A. M., Nawi, M. N. M., Adeleke, A. Q., Salimon, M. G., & Ajibike, W. A. (2019). Analysis of some factors driving ecological sustainability in construction firms. *Journal of cleaner production*, 208, 1537-1545.
- Chin, W. W. (1998). The partial least squares approach to structural equation modelling. *Modern methods for business research*, 295(2), 295-336.
- Chow, W. S., & Chan, L. S. (2008). Social network and shared goals in organizational knowledge sharing, *Information Management*, 45, 7, 24-30.
- Cohen, J. (1988). *Statistical power analysis for the behavioral sciences* (2nd ed.). Hillsdale, NJ: Lawrence Erlbaum.
- De Blois M, Herazo-Cueto B, Latunova I, Lizarralde G. Relationships between construction clients and participants of the building industry: Structures and mechanisms of coordination and communication. *Archit Eng Des Manag*. 2011;7(1):3-22. DOI:10.3763/aedm.2009.0110.
- Faridi AS, El-Sayegh SM. Significant factors causing a delay in the UAE construction industry. *Constr Manag Econ*. 2006;24(11):1167-1176. DOI:10.1080/01446190600827033 Fugar F, Agyakwah-baah A. Delays in Building Construction Projects in. 2003.
- Hamzah A-R, Chen W, Takim R, Wong SM. Project Schedule Influenced by Financial Issues : Evidence in Construction Industry. *Sci Res Essay*. 2011;6(1):205-212. DOI:10.5897/SRE10.989.
- Hareru W, Neeraj Jha K, Koshe W, Jha KN. Investigating Causes of Construction Delay in Ethiopian Construction Industries. *J Civil, Constr Environ Eng*. 2016;1(1):18-29. DOI:10.11648/j.jccee.20160101.13.
- Hassan, A. K., & Adeleke, A. Q. (2019). The Effects of Project Triple Constraint on Malaysia Building Projects. *Social Science and Humanities Journal*, 1222-1238.

- Hassan, A. K., Adeleke, A. Q., & Hussain, S. (2019). Partial Least Square Structural Equation Modeling: An Approach to the Influence of Project Triple Constraint on Building Projects among Malaysian Construction Industries. *Social Science and Humanities Journal*, 1445-1464.
- Ismail I, Abdul Rahman I, Memon AH. Study of factors causing time and cost overrun throughout the life cycle of construction projects. *Proceeding Malaysian Tech Univ Conf Eng Technol*. 2013;(3-4):3-4.
- Ismayana, M. P., & Adeleke, A. Q. (2020). The Influence of Organizational Culture on Construction Risk Management among Kuantan Malaysian Construction Industry: A Partial Least Square Structural Equation Modeling Approach. *Social Science and Humanities Journal*, 1693-1704.
- Kumaraswamy M, Chan D.(1998), "Contributors to construction delay". *Construct Manage Econom*;16(1):17-29.
- Malik, N. S. A., & Adeleke, A. Q. (2018). The Effect of Organizational Culture on Material Risk among Malaysian Construction Industries. *Journal of Advanced Research in Applied Sciences and Engineering Technology*, 10 (1), 34-40.
- Mei Kei H. Department of Statistics Malaysia Press Release. *Dep Stat Malaysia*. 2018;(June):5-9. DOI:10.1017/CBO9781107415324.004.
- N.D Jamil, A.Q. Adeleke (2018). The relationship between team competency and design risk management among construction industries in Kuantan. *Journal of Advanced Research in Applied Sciences and Engineering Technology*, 10 (1), 77-81.
- Omer, M. S., & Adeleke, A. (2019). Systematic Critical Review of Risk Management in Malaysian Construction Companies. *Journal of Humanities and Social Sciences Studies (JHSSS) Vol, 1*.
- Rahman, N. F. A., & Adeleke, A. Q. (2018). The Relationship between Effective Communication and Construction Risk Management among Kuantan Malaysian Construction Industries. *Journal of Advanced Research in Applied Sciences and Engineering Technology*, 10 (1), 18-24.
- Sabodin, N., & Adeleke, A. Q. (2018). The Influence of Government Regulation on Waste Reduction Among Kuantan Malaysian Construction Industry. *Journal of Advanced Research in Applied Sciences and Engineering Technology*, 10 (1), 72-76.
- Sambasivan M, Soon YW. Causes and effects of delays in the Malaysian construction industry. *Int J Proj Manag*. 2007;25(5):517-526. DOI:10.1016/j.ijproman.2006.11.007.
- Samsudin, N. S. A., Adeleke, A. Q., & Ajibike, W. A. (2020). Effects of Contractors' Delay Factors on Building Project Performance Among Kuantan Malaysian Construction Industry. *Social Science and Humanities Journal*, 1705-1715.
- Sekaran, U. & Bougie, R. (2013). *Research Methods for Business: A Skill Building Approach*. New Jersey: John Willey and Sons. Inc.
- Sekaran, U. (2003). *Research methods for business*. 4th Edn., New York: John Wiley & Sons Inc.
- Sekaran, U. and R. Bougie (2009). *Research methods for business: A skill-building approach*. 5th Edn., United Kingdom: John Wiley & Sons Ltd.
- Subani, N. A., Adeleke, A. Q., & Bamgbade, J. A. (2020). The Role of Organizational Culture on Sustainable Construction among Malacca Malaysian Construction Industry: A Partial Least Square

Approach. *Social Science and Humanities Journal*, 1681-1692.

- Taofeeq, D. M., Adeleke, A. Q., & Hassan, A. K. (2019). Factors Affecting Contractors risk attitude from Malaysia construction industry perspective. *Social Science and Humanities Journal*, 1281-1298.
- Taofeeq, D. M., Adeleke, A. Q., & Hassan, A. K. (2019). The Moderating Role of Government Policy on Contractors' Risk Attitudes in Malaysia Construction Companies. *Social Science and Humanities Journal*, 1261-1280.
- Taofeeq, D. M., & Adeleke, A. Q. (2019). Factor's Influencing Contractors Risk Attitude in the Malaysian Construction Industry. *Journal of Construction Business and Management*, 3(2), 59-67.
- Taofeeq, D. M., Adeleke, A. Q., & Lee, C. K. (2020). The synergy between human factors and risk attitudes of Malaysian contractors': Moderating effect of government policy. *Safety science*, 121, 331-347.
- Taofeeq, D. M., Adeleke, A. Q., & Lee, C. K. (2019). Individual factors influencing contractors' risk attitudes among Malaysian construction industries: the moderating role of government policy. *International Journal of Construction Management*, 1-20.



ORGANIZATIONAL STRUCTURE INFLUENCE ON CONSTRUCTION WASTE MANAGEMENT AMONG PENANG MALAYSIAN CONSTRUCTION INDUSTRY: AN APPROACH VIA PARTIAL LEAST SQUARE STRUCTURAL EQUATION MODELING

A. Kanimoli¹, A. Q. Adeleke*², T. T. Taiwo³

^{1,2}Faculty of Industrial Management, Universiti Malaysia Pahang, Lebuhraya Tun Razak, 26300, Gambang, Pahang, Malaysia

³School of Accounting and Finance, University of East London

*Corresponding author: adekunle@ump.edu.my

Abstract

The construction industry is one of the industries that contribute to the economies of Malaysia and to be considered as a significant element to the Malaysia economy. At the same time, when the number of construction projects increases, the number of waste generated by the construction projects also increases which has many negative impacts on the environment and public health as well. In order to reduce the number of waste generated by construction projects, the waste must be properly handled and there must be effective construction waste management practices in every construction industry. Besides, previous studies have stated that the number of construction waste regarding material waste, buildings waste and so on is increasing day by day. The number of waste is on the rise due to the absence of an effective organizational structure which is an important aspect of construction waste management. To address these issues above, this research paper aims to: 1) to investigate the relationship between formalization and construction waste management in Penang construction industries; and 2) to investigate the relationship between centralization and construction waste management in Penang construction industries. The data were collected from 89 respondents among Penang construction companies. In this research, the PLS-SEM technique was used to assess both the measurement and structural models. The result shows that there is a significant relationship between formalization and construction waste management among the construction companies operating in Penang. Centralized organizational structure and construction waste management was also found to be positively correlated in this study.

Keywords: Organizational Structure, Construction Waste Management, Formalization, Centralization.

1. Introduction

According to Fredrickson, (1986), the framework for the facilitation of communications and efficient work process is the organizational structure of an organization and if there are poor organizational structure and lack of teamwork which lead to unequal distribution of tasks among departments and also directly affect the effective and efficient of construction waste management. Therefore, government policy plays a major role in executing the organizational structure for construction waste management and also the most important factor that influence effective and efficient construction waste management.

Nwufo, (2010) stated that waste management policy which is the enforcement of waste management laws in Nigeria facing g major problem. Based on the investigation, is revealed that waste management policy is not enforced and not really well understood by the employees. In turkey, wastes are generated because of some factors in the construction stage which include unused materials, incorrect materials, improper equipment and so on. Furthermore, in Hong Kong, various policies have been implemented in order to effectively manage the construction waste and Hong Kong also actively trying new construction waste management policies in line with the latest waste management (3R and polluter pays principles) philosophies (Adeleke et al., 2019; Taofeeq et al., 2019; Lu, et al., 2013).

According to Begum et al., (2007), construction waste generation in Malaysia has become one critical issue. This is a result of the rapid development of construction industries in Malaysia which leads to lots of construction waste been generated. Waste management system if not properly handled and managed will results in negative impacts on humans and the environment as well not only in Malaysia but also in any part of the world. The major issue that arises from the construction waste in Malaysia is illegal dumping of waste attitudes of contractors in the construction industry. In order to overcome these issues, Malaysia must start with the waste management hierarchy through specific construction waste regulations and also come out with some disposal strategies as well. One of the effective strategies in implementing effective and efficient construction waste management could be the organizational structure in Malaysia. The organizational structure will influence the effective construction waste management (Abulhakim & Adeleke, 2019; Bamgbade et al., 2019).

In addition, if there is a high demand for construction projects in Malaysia, the amount of construction waste also will increase in Malaysia (Siti & Noor, 2008). Based on a study reported by Rahmat and Ibrahim, (2007) 42% of 46% of illegal dumping of waste in Johor district is from construction waste. Moreover, according to Faridah et. al., (2004), more illegal dumpsite near along the road was discovered based on a study in Seberang Perai, Pulau Pinang. According to Jain, (2012), currently, in Asia, there are minimum construction waste management policies. So, there will be a need for national policies on

waste management in order to overcome construction waste problems. Therefore, organizational structure plays a significant role in implementing effective construction waste management and further enhancing the sustainability of a company, particularly in the construction industry. Thus, every company must have its own organizational structure. So, having a proper organizational structure will allow a company to implement effective and efficient construction waste management (Taofeeq et al., 2019; Hassan & Adeleke, 2019).

2. Literature Review

2.1 Overview of the Malaysian Construction Industry

One of the industries that engender wealth and the growth of the social and economies of the country is construction industries which are considered as the major stimulant to Malaysia economy. There were many types of industries in Malaysia that generates economic wealth towards the nation. However, construction industries contributing a significant effect on the economies of the country. In addition, there were also many Malaysian companies involved in construction sectors that provide economic strength that linked to the construction industry, construction projects provide jobs and also create the infrastructure crucial to keeping the nation moving forward. Nevertheless, the construction industry is one of the most challenge industries because it is risky and also one of the most booming industries in the whole world. Apart from that, according to the Department of Statistics, Malaysia (2019), the value of construction work done of RM36.5 billion in the fourth quarter of 2018 as recorded by Malaysian's construction sector.

Moreover, from the overall economic performance of Malaysia in 2018, 4.8% contributed to the GDP by civil engineering and specialized construction industries. (Department of Statistics, Malaysia). According to Trading Economics, the global macro models and analytics expectations by the end last quarter of 2019, the Gross Domestic Product for construction in Malaysia estimated to be RM14727 million. In addition, the construction sector is one of the top 5 industry in Malaysia which has a direct contribution to the economic performance of Malaysia. In 2018, the construction sector was in fourth place which is 4.8% behind the services sector which contributed 54.8%, the manufacturing sector which was 22.8% and the agriculture sector which was contributed 7.6% to the economic performances of Malaysia (Department of Statistics, Malaysia, 2019). Furthermore, the construction industry divided into two sectors which are non-residential (which including three sub-sectors which are heavy industrial, institutional and commercial engineering) and also residential sector. Therefore, each sector

has its own merits with a varied and rewarding range of projects (Azman & Adeleke, 2018; Bamgbade et al., 2019).

Basically, once the organizational goals were set, which is a way of maintaining the standards, rules, and procedures in guiding the employees in order to achieve the organization's goals is called formalization. (Auh and Menguc, 2007). Furthermore, in order to control the employees from carrying out different activities in the performance of routine work in the construction waste management, the formalization of the organization needs to be established in an organization (Adeleke et al., 2019; Taofeeq et al., 2019; Aiken and Hage, 1971). According to Amanda L. Webster, (2019), the formalized organizational structure concentrated on roles and positions instead of people in the positions. Amanda L. Webster also stated that formalization is a process which is by way of creating a formalized structure and includes the maintenance of the formal structure over time.

Centralized management is an approach by which a company makes the most important of its decisions at the top and focuses power at a single location or with an individual or small group of individuals. (Devra Gartenstein, 2019). Apart from that, a centralized organizational structure confines the managers in decision making and also the chief executive officers (CEO) or directors control the sole decision power in the construction waste management perspective. Thus, the centralized organizational structure gives authority to the managers and also the employees as well to make decisions and also performing their duties. (Hassan et al., 2019; Malik & Adeleke, 2018; Katsikea, et al, 2011).

2.2 Conceptual Framework

This research is conducted using the specified model with clearly defined variables which are dependent and independent variables. Based on the conceptual framework, the independent variables are the formalized organizational structure and centralized organizational structure, and the dependent variable is the construction waste management (waste disposal). Thus, the framework shows the relationship between these variables. Therefore, the relationship between the formalized and centralized organizational structure is deeply related to the construction waste management among construction projects in the construction companies in Penang, Malaysia.

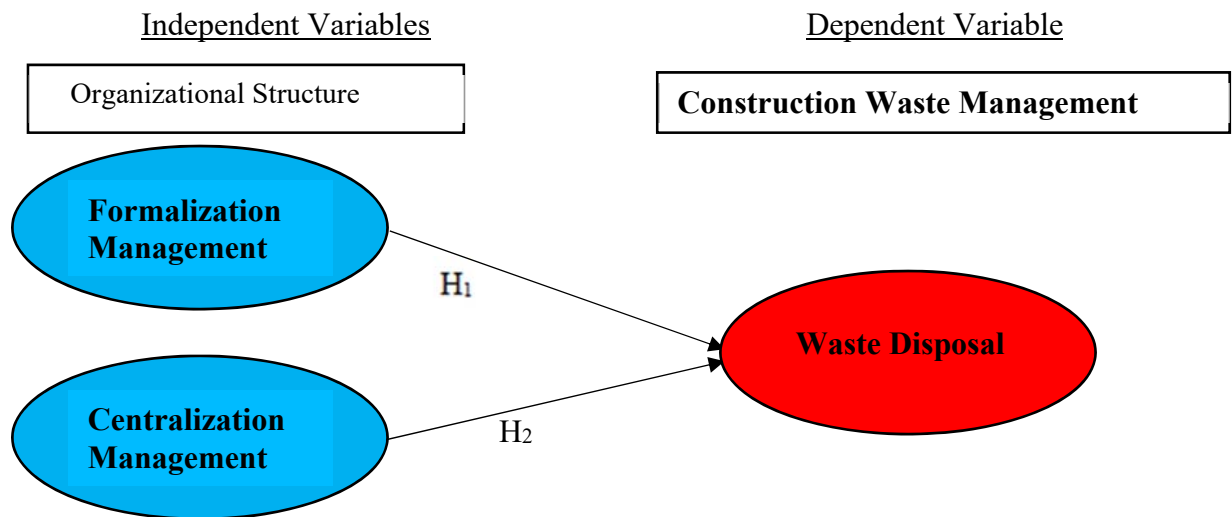


Figure 1: Conceptual Framework

2.3 Relationship between Formalization and Construction Waste Management (Waste Disposal)

In order to guide the employees in the organization, formalized organizational structure established as written description, rules and procedures. The effectiveness of construction waste management influenced by the different types of organizational structure. (Subani & Adeleke, 2020; Subramaniam & Nilakanta, 1996; Duncan, 1976). According to Black's Law Dictionary, 'the organization is hierarchical and bureaucratic' is known as a mechanistic organization which is characterized by highly centralized authority, formalized procedures and practices and also specialized functions which means the workers are working separately with their own assigned tasks.

According to Anderson, (2005), Pertusa Ortega, Zaragoza-Saez and Claver-Cortes, (2010), formal rules and standard policies and procedures control the decision making and working relationships in construction waste management organizations which are known as the formalization. In addition, the establishment of specific rules and procedures for the employees to get the job done based on the organization of construction waste management with a formal structure. (Bamgbade et al., 2019; Omer & Adeleke, 2019; Katsikea et al, 2011). Therefore, it hypothesized thus:

Hypothesis 1: There is a significant relationship between formalization and construction waste management

2.4 Relationship between Centralization and Construction Waste Management (Waste Disposal)

The centralization of sovereignty is established to be an essential problem to the effectiveness of an organization which is a centralized organizational structure. (Aiken & Hage, 1971). This is because previous studies have stated that decentralized and informal organizational structures can help in achieving the effectiveness of construction waste management. Decision-making and the training concerning a functioning department in an organization are known as centralization. (Adeleke et al., 2018; Subramaniam & Nilakanta, 1996). Moreover, according to Bedeian, (1986), the organizational efficiency in construction waste management will be an important subject in the study of organizations in order to determine the effectiveness of an organization.

The mechanistic structure in which the characteristics including centralization of authority, formalization of procedures and specialization of functions which directly improves the organizational efficiency in relation to the construction waste management. Most of the theorists hold to the point that centralization is and the extent to which decision-making for (financial, manpower, planning, and the organization's exceptional instances) is centralized at one point (Adeleke et al., 2016; Bamgbade et al., 2015; Taofeeq et al., 2020).

Hypothesis 2: There is a significant relationship between centralization and construction waste management

3. Methodology

The research design adopted by this study is a cross-sectional and quantitative approach which is one of the famous approaches used by social science researchers for their study. (Sekaran et al., 2001). Besides, the larger sample population is appropriate for quantitative methodology. (Adeleke et al., 2016; Kaya Yilmaz, 2013). By using a well-structured questionnaire to collect feedback from the respondent, the data was collected at single-point-in-time. (Sekaran and bougie, 2013). Therefore, the stratified random sampling technique was employed for sample selection for this study. This research was conducted among Seberang Perai, Penang construction companies and the total number of 89 samples was collected from the sample companies in Seberang Perai, Penang.

3.1 Instrument Design

The data collection technique used in this research is questionnaires to collect data from the respondent to get more information. Questionnaires are a convenient option to be considered when conducting a structured survey which including a combination of online surveys, email-based surveys, and self-

administered survey are the types of surveys used for the data collection for this survey. (Adeleke et al., 2015; Nigel Mathers et al., 2006). SPSS was used for analysing the data for descriptive analysis of the respondent's demographic characteristics which includes position, company's year of existence, gender, company's prime location, company's ownership, work experience, number of full-time employees and company ownership. SmartPLS version 3.0 was also used to analyse the data for the relationship between the independent and dependent variables. Besides, a five-point Likert scale ranging from 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree) and 5 (strongly agree) was also used to measure items of the independent and dependent variable in order to get the feedback from the respondents. Items of the questionnaire were adopted from Kamaruddeen (2011) and were all the English language. But some improvement and modification were done on the items of the questionnaire to ensure the detailed information is provided. Then, all entire questionnaire was translated into Malay to make sure every respondent understands clearly about all items that stated in the questionnaire and the respondent can read and answer the questionnaire with clarity. All the variables in this research are multidimensional as presented in Table 1.

Table 1 Source of measurement

S/N	Constructs	Dimension	Source	Remarks
1	Organizational structure	Formalized and centralized organizational structure	Yusuf Nasidi (2016)	Adapted
2	Construction waste management	Waste disposal	Mohammed Arif, Deepthi Bendi, Tahsin Toma-Sabbagh, (2012)	Adapted

4. Results

4.1 Data Collection and Sample

100 sets questionnaires were distributed to the construction companies in Seberang Perai, Penang. However, 89 sets of questionnaires were returned after the distribution which represents 89.0% for the response rate which is acceptable in this research. Table 2 shows a summary of the demographic characteristics of respondents for this study (Bamgbade et al., 2015).

Table 1. Summary of Demographic Scales of Respondents

Type	Items	Frequency (N)	Percentage (%)
Position	Engineer	29	32.6
	Project manager	15	16.9
	Quantity surveyor	9	10.1
	Contractors	5	5.6
	Site clerk	12	13.5
	Architect	6	6.7
	Design team	6	6.7
	Others	7	7.9
Working experience	1-3 years	49	55.1
	4-6 years	28	31.5
	7-9 years	10	11.2
	>10 years	2	2.2
Gender	Male	62	46.1
	Female	56	53.9
Type of project	Residential building	38	42.7
	Commercial building	22	24.7
	Educational building	11	12.4
	Others	18	20.2
Company ownership	Local	73	82.0
	National	13	14.6
	Others	3	3.4
Company prime location	Local market areas	28	31.5
	Across Malaysia	28	31.5
	Within a few states	23	25.8
	International markets	10	11.2
No. of employees	0-50	17	19.1
	50-100	25	28.1
	100-150	29	32.6
	>150	18	20.2
Company existence	1-3 years	3	3.4
	4-6 years	37	41.6
	7-9 years	17	19.1
	>10 years	32	36.0

4.2. Measurement Model

Before examining the hypothesis, the measurement model and the outer model were tested through the partial least square structural equation modeling (PLS-SEM) technique. Figure 2 shows the model of this research with the structural dimensions below (Rahman & Adeleke, 2018).

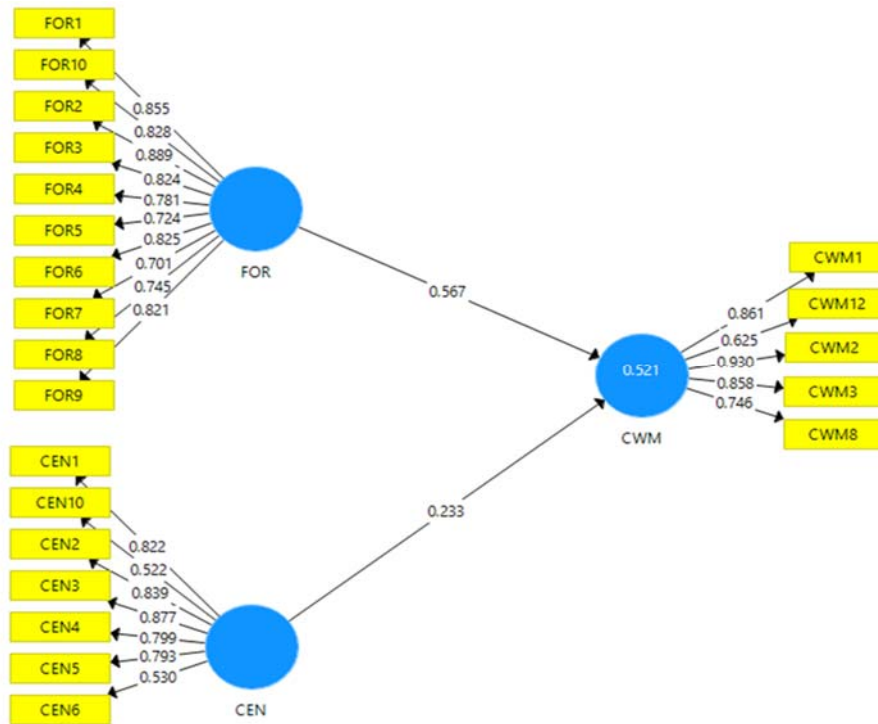


Figure 2: Measurement Model

Table 3 shows the content validity of the measurement used which can be explained in two manners. Firstly, there are high loading in the items on their respective constructs when related to other constructs. Secondly is the loading of the items were significantly loading on their respective constructs affirming the content validity of the measure used in this research (Adeleke et al., 2015; Chow and Chan, 2008).

Table 3 Content validity

	CEN	CWM	FOR
CEN1	0.822	0.429	0.434
CEN10	0.522	0.277	0.172
CEN2	0.839	0.359	0.417
CEN3	0.877	0.369	0.365
CEN4	0.799	0.396	0.434
CEN5	0.793	0.596	0.603
CEN6	0.530	0.299	0.297
CWM1	0.495	0.861	0.577
CWM12	0.435	0.625	0.364
CWM2	0.480	0.930	0.627
CWM3	0.460	0.858	0.683
CWM8	0.341	0.746	0.513
FOR1	0.419	0.611	0.855
FOR10	0.518	0.601	0.828
FOR2	0.499	0.61	0.889
FOR3	0.466	0.497	0.824
FOR4	0.388	0.445	0.781
FOR5	0.275	0.447	0.724
FOR6	0.324	0.581	0.825
FOR7	0.536	0.712	0.701
FOR8	0.427	0.431	0.745
FOR9	0.483	0.488	0.821

The convergent validity is considered to be the extent to which a group of variables converges to measure a specific concept. From that, the convergent validity is significant parts of validity to make sure the construct validity is related. So, to establish the convergent analysis, there are three criteria that were all measured at once, especially the factor loadings, composite reliability (CR) and average variance extracted (AVE). Moreover, all items of loading were tested which is acceptable for all items. Then, its values must be more than 0.5 following the literature of the multivariate approach. Besides, the other criterion is the composite reliability (CR) to examine convergent validity (Sabodin & Adeleke, 2018; Bamgbade et al., 2016).

Table 4 Convergent validity

Construct dimensions	Items	Loading	Composite Reliability	AVE	Cronbach's Alpha
Centralization	CEN1	0.822	0.899	0.567	0.866
	CEN10	0.522			
	CEN2	0.839			
	CEN3	0.877			
	CEN4	0.799			
	CEN5	0.793			
Construction waste management	CEN6	0.530	0.904	0.658	0.866
	CWM1	0.861			
	Cwm12	0.625			
	CWM2	0.930			
	CWM3	0.858			
Formalization	CWM8	0.746	0.947	0.642	0.938
	FOR1	0.855			
	FOR10	0.828			
	FOR2	0.889			
	FOR3	0.824			
	FOR4	0.781			
	FOR5	0.724			
	FOR6	0.825			
	FOR7	0.701			
	FOR8	0.745			
FOR9	0.821				

To the construct validity of the outer model, the discriminant validity is essential. The discriminant validity is compulsory to be tested before the hypothesis is examined through path analysis. The measurement revealed that the degree to which items differ among constructs. Then, the discriminant validity shown that items used different constructs do not overlap. As illustrated in Table 5, the square root of AVE for all constructs was replaced at the diagonal elements of the correlation matrix. Therefore, the discriminant validity of the outer model for this study was confirmed where the diagonal elements in the table were higher than the other elements of the column and row where they are located. From the testing made above for the construct validity of the outer model, it is believed that the obtained results pertaining to the hypotheses testing should be highly reliable and valid (Ismayana & Adeleke, 2020).

Table 5. Discriminant validity

	CEN	CWM	FOR
Centralization	0.753		
Construction waste management	0.545	0.811	
Formalization	0.550	0.695	0.801

The hypothesized relationship is the next part that needed to be examined when the goodness of the outer model was confirmed. Using SmartPLS, the hypothesized model has been examined through the running of the PLS Algorithm. As illustrated in Figure 4.10, the path coefficients were generated. According to Table 6 below, the result shows the hypothesis testing. The result showed that formalized organizational structure (FOR) variable has a significant positive relationship on construction waste management ($\beta= 0.567$, $t = 6.248$, $p = 0.000$). Therefore, the H₁: the effect of formalized organizational structure on construction waste management was supported. Other hypothesis H₂ (Centralized organizational structure) also have significant positive relationship on construction waste management ($\beta=0.233$, $t = 2.222$, $p = 0.013$). So, both variables have a significant relationship on construction waste management among Penang Malaysian construction industries (Samsudin et al., 2020; Jamil & Adeleke, 2018; Taofeeq et al., 2019).

Table 6. Hypothesis testing

Items	Constructs/variables	Beta	S/E	T-value	P-value	Findings
H ₁	Formalization-> Construction waste management	0.567	0.091	6.248	0.000	Supported
H ₂	Centralization-> Construction waste management	0.233	0.105	2.222	0.013	Supported

Cohen (1988) suggested that if the criteria of effect size is less than 0.02 (0.02 = small, 0.15 = medium, 0.35 = high). From Table 7, the effective size of formalization is large and centralization can be considered as small. The formula for calculating effect size is as shown below:

$$\text{Effect size (f)} = \frac{R^2 \text{ incl} - R^2 \text{ excl}}{1 - R^2 \text{ incl}}$$

Table 7. Direct Effect IV-DV

R-squared	Included	Excluded	f-squared	Effect size
Formalization	0.521	0.304	0.4530	Large
Centralization	0.521	0.486	0.0731	Small

5. Conclusion and Implications

This study focused on formalized and centralized organizational structure as an element of organizational structure on construction waste management in Penang Malaysian construction industries. Therefore, the future researcher can be explored to investigate a decentralized organizational structure or any other organizational structure elements on construction waste management and empirically validate the proposed model in this study.

Therefore, this study is important for the stakeholder whose work in construction industries especially the industries without effective construction waste management practices to improve the effective construction waste management and will also be of benefit to the academic world by contributing to the body of knowledge on construction waste management.

The contribution made by this research is both theoretical and practical where the addition of the existing literature about the formalization and construction waste management, centralization and construction waste is the theoretical contribution to this study. Besides, this study is one of the few studies that examine the effects of organizational structure on construction waste management. Practically, this research can be of benefits to the employer such as managers, engineers, quantity surveyors and so on who are working on construction projects in the construction industries.

6. Acknowledgment

Authors of this study acknowledge the research funding from Universiti Malaysia Pahang managed by PNI, [Grant code: RDU190390].

7. References

- Abulhakim, N., & Adeleke, A. Q. (2019). The Factors Contributing to Accident Occurrence on Malaysia Building Projects through Partial Least Square Structural Equation Modeling. *Social Science and Humanities Journal*, 1096-1106.
- Adeleke, A. Q. and Bahaudin, A. Y. and Kamaruddeen, A. M. and Bamgbade, J. A. and M., Waris and Panda, Sitansu and Afolabi, Yakibi Ayodele (2019) An Empirical Analysis of Organizational External Factors on Construction Risk Management. *International Journal of Supply Chain Management (IJSCM)*, 8 (1). pp. 932-940
- Adeleke, A. Q., Bamgbade, J. A., Salimon, M. G., & Lee, C. K. (2019). Project Management Performance and Its Influence on Malaysian Building Projects. *KnE Social Sciences*, 313-329.
- Adeleke, A. Q., Windapo, A. O., Khan, M. W. A., Bamgbade, J. A., Salimon, M. G., & Nawanir, G. (2018). Validating the Influence of Effective Communication, Team Competency and Skills, Active Leadership on Construction Risk Management Practices of Nigerian Construction Companies. *The Journal of Social Sciences Research*, 460-465.
- Adeleke, A. Q., Bahaudin, A. Y., & Kamaruddeen, A. M. (2016, August). Rules and regulations as potential moderator on the relationship between organizational internal and external factors with effective construction risk management in Nigerian construction companies: a proposed framework. In *AIP Conference Proceedings* (Vol. 1761, No. 1, p. 020008). AIP Publishing.
- Adeleke, A. Q., Nasidi, Y., & Bamgbade, J. A. (2016). Assessing the Extent of Effective Construction Risk Management in Nigerian Construction Companies. *Journal of Advanced Research in Business and Management Studies*, 3(1), 1-10.
- Adeleke¹, A. Q., Bahaudin, A. Y., & Kamaruddeen, A. M. (2015). A Partial Least Square Structural Equation Modeling (PLS SEM) Preliminary Analysis on Organizational Internal and External Factors Influencing Effective Construction Risk Management among Nigerian Construction Industries. *Rev. Téc. Ing. Univ. Zulia*, 38(143), 143-55.
- Adeleke, A., Bahaudin, A., & Kamaruddeen, (2015) A Level of Risk Management Practice in Nigeria Construction Industry-From a Knowledge Based Approach. *Journal of Management Marketing and Logistics*, 2(1), 12-23.
- Alvi, M. (2016). A manual for selecting sampling techniques in research.
- Arif, M., Bendi, D., Toma-Sabbagh, T., & Sutrisna, M. (2012). Construction waste management in India: an exploratory study. *ConstructioInnovationon*, 12(2), 133-155.
- Arslan, H., Cosgun, N., & Salgın, B. (2012). Construction and demolition waste management in Turkey. In *Waste Management-An Integrated Vision*: IntechOpen.
- Azman, N. A. S. M., & Adeleke, A. Q. (2018). Effect of Time Overruns on Apartment Building among Kuantan Malaysian Construction Industries. *Journal of Advanced Research in Applied Sciences and Engineering Technology*, 10 (1), 41-47.
- Bamgbade, J. A., Salimon, M. G., Adeleke, A. Q., & Nasidi, Y. (2019). Contractor's Technology Acceptance for Firm Sustainability Performance. *KnE Social Sciences*, 1084-1101.
- Bamgbade, J. A., Nawari, M. N. M., Kamaruddeen, A. M., Adeleke, A. Q., & Salimon, M. G. (2019). Building sustainability in the construction industry through firm capabilities, technology and business innovativeness: empirical evidence from Malaysia. *International Journal of Construction Management*, 1-16.

- Bamgbade, J. A., Kamaruddeen, A. M., Nawari, M. N. M., Adeleke, A. Q., Salimon, M. G., & Ajibike, W. A. (2019). Analysis of some factors driving ecological sustainability in construction firms. *Journal of cleaner production*, 208, 1537-1545.
- Bamgbade, J. A., Kamaruddeen, A. M., & Nawari, M. N. M. (2016). Contractors' Environmental Sustainability: The Roles of Innovativeness and Market Orientation. *Int. J. Sup. Chain. Mgt Vol*, 5(3), 185.
- Bamgbade, j. A., Kamaruddeen, a. M., Nawari, m. N. M., & aziz, z. (2015). Preliminary study on Antecedents of sustainable construction among contracting companies Operating in Malaysia. *Jurnal Teknologi*, 77(4).
- Bamgbade, J. A., Kamaruddeen, A. M., & Nawari, M. N. M. (2015). Innovativeness and Sustainability: Difference and Antecedent Relationship. *Advances In Global Business Research Vol. 12, No. 1, ISSN: 1549-9332*, 708.
- Bedeian, A. G. (1986). Contemporary challenges in the study of organizations. *Journal of Management*, 12(2), 185-201.
- Begum, R. A., Siwar, C., Pereira, J. J., & Jaafar, A. H. (2007). Implementation of waste management anminimizationon in the construction industry of Malaysia. *Resources, Conservation and Recycling*, 51(1), 190-202.
- Daft, R. L. (2015). *Organization theory and design*: Cengage learning. De Silva, N., & Vithana, S. (2008). Use of PC elements for waste minimization in the Sri Lankan construction industry. *Structural Survey*, 26(3), 188-198.
- Duncan, R. B. (1976). The ambidextrous organization: Designing dual structures for innovation. *The management of organization*, 1(1), 167-188.
- Fauziah, S., Simon, C., & Agamuthu, P. (2004). Municipal solid waste management in Malaysia- Possibility of improvement. *Malaysian Journal of Science*, 23(2), 61-70.
- Fredrickson, J. W. (1986). The strategic decision process and organizational structure. *Academy of management review*, 11(2), 280-297.
- Gayakwad, H. P., & Sasane, N. B. (2000). Construction and demolition waste management in India. *Development*, 10, 12.
- Gilpin, A. (1996). *Dictionary of environment and sustainable development*: John Wiley & Sons Ltd.
- Hair, J., Ringle, C., & Sarstedt, M. (2011). PLS-SEM: Indeed a silver bullet. *Journal of Marketing Theory and Practice*. *Journal of Marketing Theory and Practice*, 19(2).
- Hair Jr, J. F., Babin, B. J., & Anderson, R. E. (2010). A GLOBAL P-ERSPECT-IVIE. Hassan, A. K., & Adeleke, A. Q. (2019). The Effects of Project Triple Constraint on Malaysia Building Projects. *Social Science and Humanities Journal*, 1222-1238.
- Hassan, A. K., Adeleke, A. Q., & Hussain, S. (2019). Partial Least Square Structural Equation Modeling: An Approach to the Influence of Project Triple Constraint on Building Projects among Malaysian Construction Industries. *Social Science and Humanities Journal*, 1445-1464.
- Ismayana, M. P., & Adeleke, A. Q. (2020). The Influence of Organizational Culture on Construction Risk Management among Kuantan Malaysian Construction Industry: A Partial Least Square Structural Equation Modeling Approach. *Social Science and Humanities Journal*, 1693-1704.
- Jain, M. (2012). Economic Aspects of Construction Waste Materials in terms of cost savings–A case of the Indian Construction Industry. *International Journal of Scientific and Research Publications*, 2(10), 1-7.

- Jaworski, B. J., & Kohli, A. K. (1993). Market orientation: antecedents and consequences. *Journal of Marketing*, 57(3), 53-70.
- Katsikea, E., Theodosiou, M., Perdikis, N., & Kehagias, J. (2011). The effects of organizational structure and job characteristics on export sales managers' job satisfaction and organizational commitment. *Journal of World Business*, 46(2), 221-233.
- Kulatunga, U., Amaratunga, D., Haigh, R., & Rameezdeen, R. (2006). Attitudes and perceptions of construction workforce on construction waste in Sri Lanka. *Management of Environmental*.
- Lu, W., & Tam, V. W. (2013). Construction waste management policies and their effectiveness in Hong Kong: A longitudinal review. *Renewable and sustainable energy reviews*, 23, 214-223.
- Malik, N. S. A., & Adeleke, A. Q. (2018). The Effect of Organizational Culture on Material Risk among Malaysian Construction Industries. *Journal of Advanced Research in Applied Sciences and Engineering Technology*, 10 (1), 34-40.
- Minks, W. (1994). *The construction contractor's waste management plan: optimizing control and cost*. Paper presented at the Proceedings of the 1st International Conference of CIB-TG16 Sustainable Construction, Tampa, FL, November.
- Nagapan, S., Rahman, I. A., & Asmi, A. (2012). *Construction waste management: Malaysian perspective*. Paper presented at the International Conference on Civil and Environmental Engineering Sustainability (IConCEES), Malaysia.
- Narayana, T. (2009). Municipal solid waste management in India: From waste disposal to the recovery of resources? *Waste Management*, 29(3), 1163-1166.
- N.D Jamil, A.Q. Adeleke (2018). The relationship between team competency and design risk management among construction industries in Kuantan. *Journal of Advanced Research in Applied Sciences and Engineering Technology*, 10 (1), 77-81.
- Ng, L., Tan, L., & Seow, T. (2017). *Current practices of construction waste reduction through 3R practice among contractors in Malaysia: Case study in Penang*. Paper presented at the IOP Conference Series: Materials Science and Engineering.
- Njoroge, B., Kimani, M., & Ndunge, D. (2014). Review of municipal solid waste management: A case study of Nairobi, Kenya. *International Journal of Engineering and Science*, 4(2), 16-20.
- Oluwaleye, M. (2012). Proposal for New Waste Management System in Nigeria. *Seinäjoki University of Applied Sciences*.
- Omer, M. S., & Adeleke, A. (2019). Systematic Critical Review of Risk Management in Malaysian Construction Companies. *Journal of Humanities and Social Sciences Studies (JHSSS) Vol, 1*.
- Peng, C.-L., Scorpio, D. E., & Kibert, C. J. (1997). Strategies for successful construction and demolition waste recycling operations. *Construction Management & Economics*, 15(1), 49-58.
- Pertusa-Ortega, E. M., Zaragoza-Sáez, P., & Claver-Cortés, E. (2010). Can formalization, complexity, and centralization influence knowledge performance? *Journal of Business Research*, 63(3), 310-320.
- Phrasisombath, K. (2009). Sample size and sampling methods. *Faculty of Postgraduate*. Pierce, J. L., & Delbecq, A. L. (1977). Organization structure, individual attitudes, and innovation. *Academy of management review*, 2(1), 27-37.
- Rahim, M., Kasim, N., Mohamed, I., Zainal, R., Sarpin, N., & Saikah, M. (2017). *Construction waste generation in Malaysia construction industry: illegal dumping activities*. Paper presented at the IOP Conference Series: Materials Science and Engineering.

- Rajendran, P., & Gomez, C. P. (2012). *Implementing BIM for waste minimization in the construction industry: A literature review*. Paper presented at the 2nd international conference on Management, Malaysia.
- Rahman, N. F. A., & Adeleke, A. Q. (2018). The Relationship between Effective Communication and Construction Risk Management among Kuantan Malaysian Construction Industries. *Journal of Advanced Research in Applied Sciences and Engineering Technology*, 10 (1), 18-24.
- Reynaldo, J., & Santos, A. (1999). Cronbach's alpha: A tool for assessing the reliability of scales. *Journal of extension*, 37(2), 1-4.
- Saadi, N., & Ismail, Z. (2015). Government Initiatives Pertaining to Construction Waste Minimization in Malaysia. *International Journal of Energy and Environment*, 9, 165-170.
- Sabodin, N., & Adeleke, A. Q. (2018). The Influence of Government Regulation on Waste Reduction Among Kuantan Malaysian Construction Industry. *Journal of Advanced Research in Applied Sciences and Engineering Technology*, 10 (1), 72-76.
- Samsudin, N. S. A., Adeleke, A. Q., & Ajibike, W. A. (2020). Effects of Contractors' Delay Factors on Building Project Performance Among Kuantan Malaysian Construction Industry. *Social Science and Humanities Journal*, 1705-1715.
- Schultz, K. L., McClain, J. O., & Thomas, L. J. (2003). Overcoming the dark side of worker flexibility. *Journal of Operations Management*, 21(1), 81-92.
- Sekaran, U., & Bougie, R. (2016). *Research methods for business: skill-building approach*: John Wiley & Sons.
- Subani, N. A., Adeleke, A. Q., & Bamgbade, J. A. (2020). The Role of Organizational Culture on Sustainable Construction among Malacca Malaysian Construction Industry: A Partial Least Square Approach. *Social Science and Humanities Journal*, 1681-1692.
- Subramanian, A., & Nilakanta, S. (1996). Organizational innovativeness: exploring the relationship between organizational determinants of innovation, types of innovations, and measures of organizational performance. *Omega*, 24(6), 631-647.
- Taofeeq, D. M., Adeleke, A. Q., & Hassan, A. K. (2019). Factors Affecting Contractors risk attitude from Malaysia construction industry perspective. *Social Science and Humanities Journal*, 1281-1298.
- Taofeeq, D. M., Adeleke, A. Q., & Hassan, A. K. (2019). The Moderating Role of Government Policy on Contractors' Risk Attitudes in Malaysia Construction Companies. *Social Science and Humanities Journal*, 1261-1280.
- Taofeeq, D. M., & Adeleke, A. Q. (2019). Factor's Influencing Contractors Risk Attitude in the Malaysian Construction Industry. *Journal of Construction Business and Management*, 3(2), 59-67.
- Taofeeq, D. M., Adeleke, A. Q., & Lee, C. K. (2020). The synergy between human factors and risk attitudes of Malaysian contractors': Moderating effect of government policy. *Safety science*, 121, 331-347.
- Taofeeq, D. M., Adeleke, A. Q., & Lee, C. K. (2019). Individual factors influencing contractors' risk attitudes among Malaysian construction industries: the moderating role of government policy. *International Journal of Construction Management*, 1-20.
- Thompson, V. A. (1965). Bureaucracy and innovation. *Administrative science quarterly*, 1-20.
- Toledo, A. H., Flikkema, R., & Toledo-Pereyra, L. H. (2011). Developing the research hypothesis. *Journal of Investigative Surgery*, 24(5), 191-194.
- Wang, J.-Y., Kang, X.-P., & Wing-Yan Tam, V. (2008). An investigation of construction wastes: an empirical study in Shenzhen. *Journal of Engineering, Design, and Technology*, 6(3), 227-236.

- Yuan, H. (2008). Construction and demolition waste management model based on system dynamics. *Master's thesis, Shenzhen University, Shenzhen.*
- Yusuf, N., Kamaruddeen, A. M., & Bahaudin, A. Y. (2016). Moderating effect of government policy on the relationship between organizational structure and construction waste management. *Rev. Téc. Ing. Univ. Zulia*, 39(1), 88-100.
- Zikmund, W. G., Babin, B. J., Carr, J. C., & Griffin, M. (2013). *Business research methods*: Cengage Learning.



ADVANTAGES AND DISADVANTAGES OF THE FOUR METHODS OF TAX TREATMENT OF CORPORATE MONETARY AND IN-KIND DONATIONS: A THEORETICAL STUDY OF INTELLECTUAL ENRICHMENT IN THE FIELDS OF TAXATION AND CORPORATE PHILANTHROPIC RESPONSIBILITY

Younis A. Battal Saleh

B.Sc.-M.Sc.-CPA-CEA

Public Accountant, Expert Accountant and Consultant for Court of Appeal in Benghazi-Libya
Lecturer and Researcher in Training Department in HRM of General Electricity Company of
Libya "GECOL" In Benghazi-Libya.

P.O. Box 18202 Benghazi-Libya –North Africa

younisbattal1968@yahoo.com

Abstract

This theoretical study attempted to answer the following question: What are the methods of tax treatment of corporate donations and which method is optimal?. By using new distinctive terms and idioms, this study identified and classified all methods that are expected to be used and that can be used (or actually used) for the tax treatment of corporate monetary and in-kind donations into four main methods, according to the researcher's vision and perception. Those methods are:(1) Method of society's rights and then government's rights (tax exemption in the sense of deduction)" donations as if they are operating expenses; (2)Method of society's rights and then government's rights (tax exemption in the sense of restoration" return\ recovering\ retrieval ") " donations as if they are indirect taxes"; (3) Method of government's rights and then society's rights" donations as if they are not granted";(4) Method of government's rights and then corporation's rights in government's rights" donations as if they are loans. The study also identified the advantages and disadvantages of each of the four methods, especially with regard to legal imbalances, economic impacts and the extent of harmony with the content of the idea of corporate social responsibility. By comparing the advantages and disadvantages of these methods, this study recommends the adoption of the method of government's rights and then corporation's rights in government's rights" donations as if they are loans" by legislative bodies in all countries of the world due to the abundance of its advantages. This method is optimal. Given the importance of this method, This study has drawn up a draft law for this method, which could be used as a guide by the legislative bodies, if a decision is made to adopt this method.

Keywords: Corporate philanthropy" Corporate social responsibility." Taxation.

JEL Classification: M14, H71.

1. Introduction

Usually, the tax treatment of corporate monetary and in-kind donations- in any country, stems primarily from the decision-makers' opinion and law- makers' view about corporate philanthropy. Through this vision, they can identify tax treatment that fits their vision of corporate donations provided by corporations. Such treatment is often associated with a reduction in taxable income. This is the usual treatment in most countries of the world. Definitely will not be the only treatment. Those donations can also be addressed through a reduction in the value of the income tax or a complete disregard for such contributions when determining income tax. In order to achieve a kind of comprehensiveness in this study. It will be necessary to envision all the expected visions of corporate donations. According to the researcher, the visions about corporate donations (interpretation of their meaning and content) cannot exceed one of the following four scenarios: Donations as if they are operating expenses or donations as if they are indirect taxes or donations as if they are not granted or donations as if they are loans. Based on this perception, by using new distinctive terms and idioms, possible methods for the tax treatment of corporate monetary and in-kind donations can be classified into four main methods: Method of society's rights and then government's rights (tax exemption in the sense of deduction)" Donations as if they are operating expenses"; Method of society's rights and then government's rights (tax exemption in the sense of restoration "return\ recovery\ retrieval") " donations as if they are indirect taxes"; Method of government's rights and then society's rights" donations as if they are not granted"; Method of government's rights and then corporation's rights in government's rights" donations as if they are loans."

It should be noted that, the prevailing economic conditions in society may directly affect the identification and selection of tax treatment that is appropriate to these circumstances. Economic conditions may be a logical justification for the adoption of any one of the above treatments or for modification of existing laws. Economic conditions may force the government to amend their tax law in the field of treatment of corporate monetary and in-kind donations and grant more tax incentives to donor corporations to urge them to make more contributions to the communities in which they work.

1.1. Highlight The Problem

The problem in this study is intertwined and very interconnected. As a regulatory measure, the researcher divided the problem into two parts: The first part includes the economic and legal effects of tax incentives in return for corporate donations. Also, the impact of those incentives on the content of the corporate social responsibility idea ; The second part includes a statement of how to evaluate the most common method used in the field of tax treatment of corporate monetary and in-kind donations (deducting donations from taxable income).

1.1.1.The First Part Of The Problem

This section aims to draw the attention of legislative bodies, economists and specialists in corporate social responsibility to the legal imbalances and economic effects resulting from the granting of tax incentives to corporations for their monetary and in-kind contributions to their communities in which they operate. As well as the impact statement of these incentives on the content of the idea of corporate social responsibility.

As is well known, tax treatment of corporate donations is part of the corporate income tax law. Accordingly, the amendment to the income tax law includes a change in the income tax rate applicable to corporations (increase or decrease) or change in the method of tax treatment of corporate donations (by using another method or change the rate of donation deduction in the method actually used) or that the amendment includes income tax rate and the method of tax treatment for corporate donations together. In general, any amendment to the income tax law affects government revenues from taxes, whether the adjustment in the rate of income tax or in the method of tax treatment of corporate donations. These amendments are often the result of the prevailing economic conditions in the country during a period of time.

As a result of the deteriorating economic conditions in many countries. That deterioration accompanied by population explosions, the inability of governments in most of those countries to face their burdens and obligations due to lack of financial resources, the need of those countries to promote economic development and infrastructure in their communities, and with the perception of contemporary societies of the importance of the social role of corporations in the communities in which they work, it was observed in the last few years that, governments in most countries of the world have developed and amended the tax treatment laws for corporate

monetary and in-kind donations for economic purposes. The striking thing about these amendments is that they contain more tax incentives to encourage corporations to provide more support to their communities in which they operate, by raising discount rates" deduction rates of those contributions from taxable income." The obvious effect of these amendments "tax incentives" is an increase in the amount of tax savings earned by the donor corporations and a decrease in state revenues from taxes. In this regard, the researcher raises three questions on a high degree of importance are:(1) Does granting tax incentives " tax exemptions" to donor corporations contribute to enhancing legal imbalances in the field of tax justice and equity in rights among stakeholders?. (2) What are the negative and positive economic effects resulting from the granting of tax incentives to donor corporations?. (3) Is granting tax incentives " tax exemptions" to donor corporations consistent with the content of the corporate social responsibility idea?.

1.1.2. The Second Part Of The Problem

This section includes a statement of how to evaluate the most common method used in the field of tax treatment of corporate monetary and in-kind donations (a deduction of the donations from taxable income)by comparing it with all other methods that can be used in the tax treatment of corporate donations, that have been determined by visualizing all expected visions on those donations. In order to achieve this end, all the advantages and disadvantages of all these methods should be determined according to appropriate criteria. In this regard, the researcher raised a set of important questions are:(1) What are all the expected visions about corporate donations that emanates from them tax treatment methods for those donations and, what are the logical justifications upon which these visions depend?.(2) Is there a real harmony between the expected visions of corporate donations and the tax treatment methods derived from those visions? .(3) What are the comparison criteria that can be used to identify the advantages and disadvantages of possible tax treatment methods resulting from these visions and perceptions?.(4) What is the optimal tax treatment method that can effectively contribute to the promotion of economic development and infrastructure of the state, reduction the legal imbalances and the achievement a kind of harmony with the content of the corporate social responsibility idea?.(5) What is the method of tax treatment that can contribute to achieving a real harmony between corporate economic responsibility and corporate philanthropic responsibility?.

Corporate donations can be seen from several angles. Each angle represents a particular perception. These visions are derived from how to interpret the meaning and content of those donations by others (economists; jurists; specialists in financial matters), depending on the analysis of the effects that such donations can produce. Donations can be envisioned **as if they are operating expenses**. The idea of this perception stems from the following justification: In the modern era, in developed countries, donations contribute indirectly to improving the economic performance of corporations by gaining the loyalty and satisfaction of employees, consumers, investors and the community, especially in communities that recognize the importance of corporate social responsibility. Donations are the price of survival and continuity of corporations in those communities in which they operate as a result of the depletion of their resources and the export of miscellaneous damage to those communities. In contemporary societies, such expenditures (voluntary contributions) are becoming increasingly necessary without them those corporations will not be able to enhance their position in the markets of these communities" as one of the requirements of competitive advantage acquisition." These expenditures will not contribute to the increase in the number of units produced by corporations - such as production expenditures, but may contribute to the increase in the volume of sales (or maintain the same market share) as a result of consumer loyalty to their products. Those consumers are aware of the importance of the growing social role of corporations in the communities in which they work" the importance of corporate philanthropy in contemporary societies," and thus they support these corporations by buying their products. Donations can be envisioned **as if they are indirect taxes**. The idea of this perception stems from the following justification: The government uses the money earned from corporate taxes to finance public sector expenditures in order to provide services to its citizens, as well as to finance various development programs, including the strengthening of infrastructure in the country, that benefit the public interest. Donations made by corporations to their communities also contribute to the promotion of economic and social development in their countries and contribute to solving many social issues of certain communities in their societies. These donations have a positive impact in field of the service of the common good. Therefore, donations can be considered as indirect taxes provided by corporations to their communities without mediation the government in the process of receiving and re- spending. Ignoring these expenditures may create a state of double taxation, which includes two types of taxes are contributions "indirect taxes" and income taxes "direct taxes." Ignoring means paying two kinds of taxes "direct and indirect." Donations can be envisioned **as if they are not granted**. The idea of this perception stems from the following justifications:

Donations are expenditures that have nothing to do with the economic activity of corporations. In other words, they do not contribute directly to achieving the profit. Donations are voluntary activities and are not economic activities. These charitable acts should be completely ignored when determining taxable income. Not to ignore these expenditures will contribute to harming the government by reducing its tax revenues. Corporate Social Responsibility (CSR) does not mean giving benefit to a party at the expense of another. Corporate social responsibility means achieving justice among all stakeholders. As is known, donations are often given to non-profit organizations or charities, with the aim of providing assistance to specific communities or to addressing special issues. In this case they are not to support the vital expenditures of the government. When donations are made to nonprofit organizations or charities, the claim that these donations should be ignored will be justified. Those charitable acts - in these areas, must be borne by donor corporations and not the government. Justice must be achieved in rights among the donor corporation, the government, and the beneficiaries of such donations. The interest of the donor corporation and the beneficiaries of the donation should not be at the expense of the government. As a result of these contributions, the corporation may gain the tax savings resulting from those contributions and government will bear the burden of the decline in the volume of its income from taxes, so this result will be considered unfair to the government. As well as, Donations may be the entrance to pass many unethical practices and behaviors. Ignoring those donations will prevent those practices and behaviors. Donations can be envisioned **as if they are loans**. The idea of this perception stems from the following justifications: Taxes represent government rights in corporate profits. Any obligations paid by the corporation on behalf of the government must be returned to corporation by reducing the value of taxes due to the government. The non-return of these contributions to donor corporations means covering up the government's failure to manage its affairs, including the search for financial resources other than taxes (corporate donations may contribute to the emergence of a surplus in the state budget. This surplus does not reflect the effectiveness and efficiency of the government in the management of state affairs. It will hide behind it a fake performance) . Corporations must not bear the failure of governments to develop their annual revenues from the diverse sources. Spending on public sectors and government bodies and strengthening the infrastructure of the state is the competence of the government, it is not the competence of corporations. That spending must be financed from taxes or sources other than corporate donations. Although the financing of public sector institutions and the strengthening of the infrastructure in the state in order to improve the public services provided to citizens is a part of the burden, obligations and responsibilities of the

government - which must be financed from its annual revenues, but corporate donations can be one of the sources of government revenues that can be used to finance those expenditures. Sometimes the governments are unable to finance their public institutions "public spending", in addition to financing the process of strengthening the infrastructure in the country. For this reason, these governments resort to stimulate corporations to make more financial contributions to them by using the tax incentive system. These incentives are only evidence of the need for the funds (donations). The corporate donations used to support government spending are only the payment of government obligations on behalf of the government. In this sense, why are not corporate donations considered voluntary loans?. Accurate analysis will show that there is a hidden lending relationship. Pay with your right hand " donations" and take with your left hand" tax incentives." Commitment vs. commitment. The sacrifice by governments of a portion of their tax revenues for donor corporations suggests that there is a lending process that disappears behind those donations. There is a commitment to donate and there is an obligation to give incentives. This is very similar to the lending process, even if the full amount is not recovered.

Another justification to support this perception is that governments are not non-profit organizations or charities that are funded by corporate donations. Therefore, those donations must be returned to donor corporations and considered as loans. Donations should be given to organizations and institutions that do not have financial resources, and that rely on the charity of others. This does not mean that governments should not accept corporate donations. The intended meaning of this perception lies in tax treatment and not in the acceptance or non-acceptance of such donations by the government. Those donations should be seen as loans, that should be returned to donor corporations.

Based on these visions and perceptions, the researcher identifies all tax treatment methods that cannot exceed the following four methods: Method Of Society's Rights And Then Government's Rights (Tax Exemption In The Sense Of Deduction)" Donations As If They Are Operating Expenses; Method Of Society's Rights And Then Government's Rights (Tax Exemption In The Sense Of Restoration"Return"). Donations As If They Are Indirect Taxes"; Method Of Government's Rights And Then Society's Rights" Donations As If They Are Not Granted"; Method Of Government's Rights And Then Corporation's Rights in Government's Rights" Donations As If They Are Loans."

The most used method in most countries of the world is the tax treatment that allows the deduction of corporate donations from taxable income" with the difference in discount rates among those countries." Method of society's rights and then government's rights (tax exemption in the sense of deduction)" donations as if they are operating expenses." This method motivates corporations to make donations because it allows the granting of tax incentives to donor corporations. The questions posed by the researcher, is this law or tax treatment optimal or not?. In other words, does this method contribute to the promotion of economic development and infrastructure in the country?. Does this method suffer from legal imbalances?. Is this method in tune with the content of CSR idea?. These questions can only be answered after evaluating all the methods that are expected to be used and that can be used (or actually used) for the tax treatment of corporate monetary and in-kind donations by studying their economic effects, legal imbalances and their impact on the content of the idea of corporate social responsibility. And to this end, the idea is to visualize all the methods that are expected to be used and that can be used (or actually used) for the tax treatment of corporate monetary and in-kind donations that could be used in comparison processes. Here, the following question can be raised, what criteria can be used in the comparison process?. The problem raised by this theoretical study in this part lies in the following questions: What are the legal imbalances associated with the tax treatment methods of corporate donations?. What are unethical practices can be passed through these methods?. What are the economic effects that these methods can produce?. Do specialized legislative bodies in the field of issuing corporate income tax laws take into account the impact of tax treatment of corporate monetary and in-kind donations on the real content of the idea of CSR when making laws or not?. In other words, Are the laws issued by legislative bodies" enacted legislation in the area of tax treatment for donations" in line with the content of the CSR idea?. How can this be explained" compatibility between tax treatment methods and the content of the idea of CSR?. Do the laws aim to encourage corporations to incur such expenditures without taking into account the content of the CSR idea or are they to consolidate the CSR's high principles such as achieving justice in rights, combating of immoral behaviors and the rejection of opportunism. etc.?. Where all tax treatment methods have an impact on the core of CSR idea, but with an interpretation and philosophy differ from one method to another. The specialized legislative bodies in the field of issuing corporate income tax laws in all countries of the world must be aware of the impact of laws"enacted legislation in the field of tax treatment of corporate monetary and in-kind donations" on the content of the CSR idea. These bodies must be fully informed of the impact of

their laws" enacted legislation" on the content of the CSR idea. To achieve this, these bodies can rely on the content of the controversy that will be raised by the researcher in this study.

1.2. Objectives of The Study

The objectives of this theoretical study can be defined in the following points:

(1) Identification of potential" possible" methods that can be used for tax treatment of corporate monetary and in-kind donations; (2) Defining the advantages and disadvantages "positive and negative effects" of the methods of tax treatment for corporate monetary and in-kind donations. In other words, to identify the legal imbalances, the economic effects resulting from these methods and the extent of the harmony of these methods with the content of the idea of corporate social responsibility; (3) The differentiation among tax treatment methods for corporate monetary and in-kind donations and determining the optimal method according to legal and economic considerations. That optimal method that can also safeguard the content of the idea of corporate social responsibility and develop it.

1.3. The Importance Of Studying

By specifying all the advantages and disadvantages of all tax treatment methods for corporate monetary and in-kind donations, the legislative bodies and economists in any country can know the shortcomings of the methods used to address such donations in their countries. The results of this theoretical study will contribute to providing the opportunity for legislative bodies and economists in different countries of the world to evaluate the laws in force to address the corporate donations and then choose the appropriate method for the conditions of their countries. Where knowledge of the economic effects and legal imbalances of all methods of tax treatment, as well as the unethical practices and behaviors that can be passed through these methods by the donor corporations, and the extent of harmonization of tax treatment methods with the content of the idea of corporate social responsibility will help in determining the optimal method to adopt it as a law in the state.

1.4. Methodology Of The Study

This study focuses on identifying the advantages and disadvantages that can be inferred from the tax treatment methods of monetary and in kind donations, which can be relied upon to generate controversy, and that can contribute to justifying support or rejection of any of these methods. To achieve that, the method used in the analysis and dialectical dialogue will be relying

on hypothetical numbers of the income statements that can simulate reality, which can be treated according to the methods used in the process of calculating corporate income tax in the case of monetary and in kind donations, and comparing the results to identify and deduce the advantages and disadvantages of these methods. The researcher selected three criteria for comparison are: Economic impact; Legal imbalances; The extent of closeness to, or distance from the content of the idea of corporate social responsibility. Through these criteria, the advantages and disadvantages of each method can be identify

2. LITERATURE REVIEW

2.1. The Corporate Social Responsibility (CSR)

The idea of CSR is nothing new. The new is the evolution that has occurred in the content of its thought over time. Social Responsibility of corporations - which means the need to conduct business in a socially responsible manner, evolved from an era of philanthropic initiatives to an era of strategies and policies that meet the needs and ambitions of the communities in which they operate. CSR was no more than philanthropic initiatives by employers to help workers and the poor. And with the emergence of trade unions and social pressures, corporations began to pay attention to improving working conditions. With the emergence of competition among corporations and consumer protection organizations, corporations have been and continue to pay great attention to the consumer protection. And with the growing phenomenon of environmental pollution which is caused by industrial processes, and the emergence of environmental protection organizations, As well, political and social pressures, corporations have begun to contribute seriously to environmental protection. Last but not least, and with the emergence of sustainable development ideas, corporations have become aware of the importance of achieving their objectives in accordance with the requirements of sustainable development, which takes into account the rights of living of present and future generations on Planet Earth.

The charity provided by the employers to the poor and their employees in the past centuries has had a great impact on the emergence of CSR thought. Among the general public, there is still confusion between the concept of Philanthropic responsibility and CSR; the first is considered one of the components of the second, it contributed to its development. Development does not only include the concept of CSR, but also encompassed the concept of philanthropy - as one of its components, to transform from a mere practice into an effective strategy.

From philanthropy to strategic philanthropy: This notion contends that organizations should find social needs that align with their particular expertise (or core competencies). For example, it would seem to make little sense for a computer manufacturer to spend funds on building homeless shelters. This is not to suggest that the computer manufacturer should not engage in philanthropy, but rather that when it does so, it should engage in an activity or issue closer to its area of expertise. Companies that focus on the causes in their area of expertise will almost certainly be more efficient at addressing social needs (Wyk, 2011:65).

There are many definitions of CSR with similar meanings. In this study, the researcher has developed a definition that includes almost all those meanings. **The researcher defines CSR** in its general sense as follows: Corporate Social Responsibility (CSR) means exercising economic activities (by corporations) with legal guidance and ethical behavior, when achieving their desired goals that ensure the growth and continuity for them. Taking into account compliance with the following requirements: Contributing to the continuation of life and improving its quality, and achieving prosperity on the planet Earth for present and future generations; not to inflict material and moral damage on others, and serious interaction with them to achieve common interests, and belief that they are a important and irreplaceable part to ensure the process of their continuation and achievement of their objectives; Commitment to everything that makes life organized in the environment in which they work.

2.2. Corporate Philanthropic Responsibilities

If a company is able to meet all of its other responsibilities (Economic, Legal and Ethical), it can begin meeting philanthropic responsibilities. Philanthropic responsibilities are responsibilities that go above and beyond what is simply required or what the company believes is right. They involve making an effort to benefit society - for example, by donating services to community organizations, engaging in projects to aid the environment or donating money to charitable causes (Scilly,n.d).

The philanthropic responsibilities are the voluntary responsibilities of the enterprise. They reflect the current expectations of the public towards the enterprise. These volunteering activities are animated only by the desire of the enterprise to involve itself in community activities which are not imposed or requested by law and which generally are not to be expected from an enterprise,

in an ethical way. The public expects that an enterprise should involve in philanthropic actions and thus this category becomes a part of the social agreement between the enterprise and the society. Such activities can include donations of goods and services, volunteering activity, the involvement of the enterprise or of its employees in the community or of the stakeholders. Philanthropy includes those corporate actions which answer to the society's expectations, according to which the enterprises are good corporate citizens. This includes the efficient commitment in actions or programs of promoting the welfare or the human good will (Grigore, 2010: 170; Carroll, 2016: 4).

The researcher defines Philanthropic responsibility as a component of CSR as follows: it is a set of the initiatives that includes philanthropic "material and non-material donations" that contribute to improving the quality of life within the communities in which they operate, which is voluntarily provided by corporations without any legal coercion, in response to the aspirations of contemporary societies and their urgent desires to develop the role of corporations to be the ideal partner who will bear part of their worries and problems due to the inability of governments - in most countries of the world, to meet all the needs of their contemporary societies and achieve all their aspirations.

2.3. Population Explosion And Increasing Government Burdens

In modern times, and in light of the population explosion in most countries of the world, and the scarcity of economic resources and the growing burden of the government in the face of contemporary challenges, foremost of which are to achieve the economic well-being of their communities, improve the standard of living of their citizens, and enhance the security and integrity of their lands. Governments are no longer able to finance all development projects, strengthen infrastructure, meet contemporary challenges, meet the aspirations of their people at the same time, and with the same economic resources available. It was necessary to have a reliable partner, which could contribute to shoulder part of the burden of those governments. That partner is the private sector "corporations", by adhering to its social responsibility towards the community in which it operates, as a result of the depletion of its economic resources and the damage to its material and moral components by that sector in order to achieve its economic gains. Therefore, both corporations and governments should contribute to the achieving well-being and improving the quality of life of their communities. No one can achieve this alone.

2.4. Classification Of The Corporate Social Expenditures

The researcher used a legal compulsion and accountability criterion in the classification process (Is there a legal accountability about them in the event of spending stopping or no?). Therefore, for the purposes of this study, the researcher classified the social expenditures into two types are: (Saleh, 2018:84-85).

2.4.1. Mandatory Social Expenditures (MSEs)

There is a legal accountability about them in the event of spending stopping. There are some social expenditures incurred by corporations - in some areas of social activities, as a result of legal commitment to a prevailing law and regulations in the state. Therefore, all corporations will incur those expenditures, no option for rejecting. These expenditures cannot be avoided as a result of accountability and legal compulsion. Also, stop the spending will expose the corporation to penalties and fines and in many cases to stop the activity, such as the contribution of Libyan corporations in the payment of subscriptions of the social security for employees (In Libya, corporations and staff contribute to the payment of those subscriptions, for the benefit of staff, according to the Libyan social Security Act.), salaries for families of the missing people and dead in the wars, expenditures to treat work-related injuries and medical insurance, protection expenditures of the environment and consumer, and security and safety of employees expenditures, etc. Therefore, **the researcher defines the MSEs as follows:** MSEs are mandatory, cannot be avoided, there is a legal accountability about them in the event of stop the spending, can directly affect corporation economic performance through the penalties and fines or stop of the activity.

2.4.2. Non - Mandatory Social Expenditures (N-MSEs)

This type can be classified into two types: (A) **N-MSEs in areas unrelated to interact with the community:** This type may affect the loyalty of consumers and workers, and then on the economic performance of the corporation. There are some social expenditures incurred by the corporations - in areas of CSR (workers, environment, consumer), without any legal compulsion and accountability (this depends on the nature of the industry, the environment in which the corporation operates and the prevailing laws).Those expenditures can be avoided. Also, stopping of the spending will not expose the corporation to penalties and fines or stopping

of the activity, but they may affect the corporate economic performance, through the change in the level of consumer loyalty to the corporation ' s product - where consumer is one of important stakeholders of the corporation, and a loyalty of the employees to the corporation, especially in developed countries and in the presence of competition in our modern age, such as expenditures of the improvement of the working environment, product development, transport means, training of workers and staff, child custody, and free food and drinks for workers, etc. Therefore, the researcher defines the N-MSEs in areas unrelated to interact with the community as follows: N-MSEs are necessary, not voluntary and not mandatory, can be avoided, there is no legal accountability about them in the event of stopping of the spending, may indirectly and directly affect the economic performance of the corporation in the presence of market competition (in the market of labor, goods and services) through the change in the level of consumers and employees loyalty - at present, the consumer becomes more aware of issues of CSR, and consumers ' decisions are becoming increasingly influenced by the extent of corporation's commitment to its social responsibility. Also, a loyalty of the employees to the corporation has a direct impact on its economic performance. According to Keeler, competition is the primary driver for corporations to be more socially responsible (Keeler 2002 : Kasipillai and Rachagan ,2012:1).This is as a result of the competition in the market of labor, goods and services. In the modern era - especially in developed countries- consumer loyalty depends largely on the extent of the corporation's commitment to its social responsibility. Where the consumer has become more aware of the issues of social responsibility, such as boycotting the products that are not environmentally friendly. As well as, the completion of the business has become dependent on the skill and knowledge of the workers, in order to earn their loyalty and maintain them as part of a working system, corporations incur social expenditures such as free food and drinks for the workers, etc. (B) N-MSEs in the areas of interaction with the community (Corporate Philanthropy): This type is voluntary and similar to government spending in the field of public services. Corporations incur this kind of expenditures in order to contribute to the improvement of the quality of life in the community and to assume the role of government in this area. This type is intended in this study. There are some social expenditures incurred by the corporations- in the area of interaction with the community, without any legal compulsion. These expenditures can be avoided. Also, stopping of the spending will not expose the corporation to penalties and fines or stopping the activity, such as the expenditures of contribution in educating people in the area, contribution in cleaning public gardens and helping of poor families, etc. Therefore, the researcher defines the N-MSEs in this area as follows: N-MSEs are non-mandatory, can be avoided, there is no a legal

accountability about them in the event of stopping of the spending. Mostly, they affect the corporate economic performance through the acquisition of some incentives and tax benefits or other economic benefits- especially in the developed countries, through the satisfaction of society and government, and loyalty of consumers there. Where consumers and communities who are aware of the importance of the social role of corporations. In developing and poor countries, where there is the high level of ignorance among people, the spread of poverty and the deterioration of living conditions, the researcher believes that the consumer will be interested in the quality and price of the goods without regard to the extent of the corporation's commitment to its social responsibility. While in developed countries, there may be interest by consumers in such matters. Where consumer loyalty may affect the corporation's economic performance. The impact of social responsibility on profitability remains the subject of debate among scientists until this moment. Absolutely, this depends on the environment in which the corporation operates and the extent of consumer understanding and awareness. Regardless of any other benefits (competitive advantage, tax incentives, etc.) which can be achieved and are difficult to measure and trace, the users of the financial statements and reports will care about the actual figures paid and not the positive effects that are difficult to track them. Therefore, classification into two types - mandatory and non-mandatory, is a logical proposition for the purposes of this study. Tax savings are related to expenditures that do not result in legal sanctions against the corporation in the event of stopping of the spending, regardless of their impact on economic performance. For example, the tax authority does not pay special attention to the free meals expenditures of the corporation's employees, despite its importance to the employees and the positive effects of the corporation, although they are not mandatory, but they are not related to interaction with society issues, they may be more related to the economic performance of the corporation. While the tax authority is interested in charity (corporate philanthropy), because it embodies the real interaction between corporation and society, when determining the tax incentives.

2.5. Corporate Philanthropy" Corporate Giving / Corporate Donation"

Philanthropy is a term connected with the American tradition of charitable giving. At first it was associated with a person- philanthropist, but today the term corporate philanthropy is more developed, meaning business sector's voluntary giving (Mihaljević and Tokić , 2015 : 804). Philanthropy stems from the Greek word which means love of humanity. Popular interpretations today refer to private initiatives for public good (J. W. Gardner) or initiatives directed at the improvement in the quality of human life (Robert Bremner). Colloquially, philanthropy is most

commonly used interchangeably with charitable giving. – WINGS (John et al., 2017: 136). Corporate philanthropy is the act of corporations donating a portion of their profits or resources to various non-profit organizations (Madrakhimova, 2013:125). This definition may be consistent with the laws in some countries that require the payment of donations to nonprofit organizations to prevent fraud and deception. This definition is limited, it excludes direct donations to poor people, completion of some public projects such as building schools and hospitals, etc. as well as non-material help for the public good" volunteer work ", unless the laws of the State so require, where the public interest so requires. Here, nonprofits will play the role of mediator. Another definition is: The use of discretionary financial and human resources for primarily public benefit, while recognizing that impact might also accrue for the company's shareholders and employees (John et al., 2017: 133). **The researcher defines corporate philanthropy (corporate giving or corporate donation)** as follows: It is all material donations" money, assets and goods" and non-material "services ", which are provided to nonprofit organizations or the poor and the needy or for the public good to improve the quality of life in the community. This may result in the achievement benefits for corporations such as exemptions and tax incentives, in addition to enhancing the competitive advantage. There is increasing interest by corporations in their philanthropic responsibility, especially in developed countries, where many studies have shown that corporate giving has been on the rise in recent years. For example, a study on corporate donations in the United States in 2005 has shown that 62 biggest companies in the U.S. gave \$8.4 billion last year, an increase of 14% from 2004. Also, 87% of the companies surveyed indicated that they have an employee volunteer program, with 44% of them offering paid time off to employees who volunteer (Man, 2006:1; Perry, 2006). The global survey of CSR spending over the period 2011 – 2013 by Dattani et al. (2015) revealed that the top 10 most generous companies worldwide gave US\$ 17.7 trillion towards CSR spending annually. An estimated 28 percent of this sum (nearly US\$5 trillion) was in the form of grants rather than in-kind donations or volunteering (John et al. ,2017 : 18).

2.5.1. What Might Be Hidden Behind The Corporate Monetary And In-Kind Donations?

Donations may be a stone for more than a bird "more than a purpose." They may hide behind them many unwanted behaviors, in addition to legitimate purposes. The purpose of the donation

depends on the intentions of the donor. In general, donations can be a tool to achieve the following purposes:

2.5.1.1. Embezzlement "Collusive Embezzlement"

Donations may be used as a means of embezzlement through the collusion of both the management of the corporation and the recipient of the donations" a charity\ charitable organization". This unethical behavior occurs as a result of the following factors: (1) Separation of ownership from management; (2) A malicious administration manages the affairs of the corporation; (3) Weak internal and external control systems; (4) Excessive trust given to management.

2.5.1.2. Tax Evasion

It can be achieved through subsidies received by individuals, charities and NPOs for false declarations of charitable donations. Taxpayers in many developed countries can deduct donations to charities from their income tax and reduce their tax liabilities by reporting higher cash or gift donations (e.g. clothes, cars) to charities than they have actually made, and thus evade income tax (Nell, n.d.:7). Donations of the corporations may be one of the tools of economic crimes such as tax evasion and smuggling of money, etc. In Russia, the law was far imperfect, as stated by many educated people in the issues of taxation. In the early 2000s, the government began to deal with this state of affairs as a result of the abolition of many benefits for donors. Before a period of directing up to 5% of their income to charity, this legislation establishes that donation by firms and organizations can only occur at the expense of net profit. The Ministry of Finance has decided that companies providing charitable activities through the provision of free services or delivery of goods are exempted from VAT, but payments to the state treasury is not reduced. In order to avoid the transfer of funds through bogus charities against government charity, double taxation was introduced. According to the Tax Code of the Russian Federation, donation recipients have to pay income tax, but people can avoid it if they obtain grant in the field of education, science, culture and art (Madrakhimova, 2013: 128). On 5 December 2015, Al-Sharq Al-Awsat published an article entitled" Donations by America's billionaires: Are they donations or tax avoidance?". This article discussed the suspicions surrounding the America's billionaires, the policy of "giving by the right hand and taking by the left hand" and the economic benefits that will be gained by those billionaires (Al-Kholi,2015).

2.5.1.3. Political Gains

The donation for the purpose of political gains is an acquisition of the influence of the government and its administrative agencies, and use that influence in order to pressure the government to make decisions in favor of the donor corporations. Philanthropy may be a way for political businessmen to gain power, where their charitable work will help to show them as good men who are good at managing their country's affairs. Bertrand et al in their study in 2018 in the USA, their empirical results implied that 8.8 percent of corporate charitable giving is politically motivated.

2.5.1.4. Tax Incentives

In many countries, charitable contributions benefit from a favorable tax treatment that may take the form of a deduction from taxable income or of a tax credit. Recently, these tax incentives have been further promoted by the governments of several European countries, as a way to increase private funding for fields like education, research and culture (Fack and Landais, May 2010:117). "Charitable giving by individuals and businesses is an important source of funding for nonprofit organizations. These charitable donations are influenced by various factors. For donors in the state of Michigan." Some of the more common reasons to give to nonprofits are to help others, to support an organization or cause they believe in, and felt it is morally obligatory to contribute." While these factors vary for each individual or business, research indicates that tax implications influence the size of the donation. Donors receive economic benefit from a reduction in the amount of paid taxes. The motivation to reduce taxes by contributing to a nonprofit is known in economic terms as a tax incentive. The most common tax incentives are either tax deductions or tax credits, as in USA (Enders, n.d). In developed countries, governments have recognized the importance of donations to charities or nonprofit organizations in solving many social problems and also to encourage corporations to continue their noble activities. Many tax-related laws have been reformed and improved in those countries, while in other countries - especially in developing countries - claims are still increasing the need to amend the tax laws to be consistent with charity. The United Kingdom, the United States, Canada and Australia, since the beginning of their income tax regimes, have all permitted a deduction or tax credit for gifts to certain public purpose organizations. In the last decade all these countries have used policy measures such as nonprofit fundraising capacity building, publicity campaigns and tax

incentives to encourage philanthropy (Lyons and Passey 2006 ;McGregor-Lowndes et al, 2006:496).

2.5.1.5. Competitive Advantage

Increasingly, philanthropy is used as a form of public relations or advertisement to promote a company's image or brand through cause related marketing or other high-profile sponsorships—arguing that “social and economic goals are not inherently conflicting, but integrally connected (Porter and Kramer, 2002: 1). Whereas, philanthropy can be a source of competitive advantage (Porter and Kramer, 2002: 1; Henderson and Malani, 2008: 7).

2.5.1.6. Improving The Quality Of Life

Corporate philanthropy is a key component of a corporation's broader social responsibility, and includes cash gifts, product donations, and employee volunteerism. It serves as a major link between the corporation and its communities. Corporations support their communities in numerous ways—foundation giving, providing local volunteers, donating goods and services, and even pro bono assistance (without charge). Corporations work hard to help improve the quality of life in their communities and have a strong sense of responsibility to the people in their communities (JA Worldwide\online). Donations provided by corporations to non-profit organizations are often used to achieve the following goals: (1) Contributing to solving the social problems of certain categories of people within communities such as orphans, elders, alcoholics and drug abusers, etc.(2) Economic assistance to the poor and needy within communities.(3) Combating some negative phenomena within societies and correction of deviant behaviors.(4) Supporting public attitudes and issues that are in the interest of society.(5) Supporting public awareness and educational programs on some issues within societies.(6) Combating all types of pollution "environmental / moral / noise, etc ." resulting from economic and technical developments.(7) Completing some other projects such as construction, maintenance and development which are in the interest of society. Certainly, these achievements will contribute to improving the quality of life within these communities.

2.5.1.7. Distracting The Attention Of The Public Opinion On A Particular Issue

Through charitable donations and using excessive media propaganda, some corporations try to distract the public opinion about some of the scandals and immoral practices they have

committed, or due to the nature of harmful products produced by those corporations" such as the tobacco and alcohol industry," or as a result of environmental damage caused by those corporations, , in order to alleviate the anger of the public towards those corporations in an attempt to convince the public that they are good citizens, their benefits for the society " financial support provided by them " are more than their harms.

2.5.1.8. To Reduce Or Avoid Losses Resulting From Obsolescence Or Expiration Of Inventory

When the inventory (products/ machines/ materials, etc.) expiration date is close to completion, or when the inventory is outdated due to the emergence of new models "as in clothes," corporations will try to get rid of it with the least amount of economic losses, by donating the stock and achieving tax savings.

2.6. INCOME TAX AND CSR

Income tax is a key source of funds that the government uses to fund its activities and serve the public. That funds of the taxes are part of the revenues of the state government, without that funds the government cannot manage the state affairs. As is well known, the government uses that funds to pay staff salaries in the public sector, constructing of the schools, hospitals, roads , bridges, and parks, etc. Therefore, corporations must be committed to supply" pay " the values of taxes to the tax administration" tax authority." That commitment comes from the reality of the legal responsibility of corporations to the community and its institutions. Also, non-compliance with tax laws and tax evasion by corporations means facing sanctions in accordance with the law of the State's economic crimes." Academics have advocated including the paying of taxes in CSR. For example, the American professor Avi-Yonah adamantly maintains that companies bear a social responsibility that includes loyally paying taxes. He also argues in favor of companies refraining from business transactions whose sole objective is to minimize taxes" (Avi-Yonah,2014; Svernlöv, 2016:8). On the contrary, in recent years, there have been calls for the development of tax laws on corporate income in many countries of the world. This calls for the need to change the Laws to conform to the strengthening requirements of the idea of practice of CSR by corporations through the creation of a system of incentives to achieve tax justice among the corporations and contributes to encouraging corporations to adopt the idea of social responsibility. For example, Jordanian Al Rai newspaper published an article on 18 - 11- 2014 under the title" The private sector calls for legislation to stimulate the adoption of the idea

of CSR."Also, there were some actual initiatives in many countries aimed at reforming tax systems, for example, tax reform in France in 2003 about incentives for corporate giving \ corporate philanthropy (Lordemus,2013 :16). The Sudaress website published an article in 2013 under the title "Donations for Taxes". This article was an invitation to the Sudanese government to develop the tax code to encourage taxpayers to donate as is the case in the United States. This article stressed the need to find a law that allows deducting the contributions of corporations and businessmen from the taxes imposed on them(Sudaress,2013). In order to encourage taxpayers to contribute to charity and community service. In 2017, the Sultanate of Oman carried out tax reforms "Amendment to the Tax Code" under Royal Decree No. 9/2017. Those reforms included tax treatment of donations. In kind donations are as costs, that must be deducted when determining taxable income. Those amendments were as incentives for donors (Ministry of Finance \ General Secretariat of Taxation "Sultanate of Oman",2017).

2.6.1. Content Of The Idea Of CSR

The idea of CSR includes many lofty principles, including but not limited to the following: The fight against all forms of corruption, fraudulent practices and unethical behaviors such as tax evasion, deception and fraudulence "Pay with your right hand and take with your left hand." Achieving justice in rights among all stakeholders. CSR means promoting freedoms and rights, supporting human and economic development, and contributing to improving the standard of living, economic well-being and infrastructure development in societies. The corporations ' purpose of the commitment to social responsibility should be to enhance their competitive advantage by gaining the satisfaction and loyalty of society and government, consumers, investors, etc. Corporations take their resources from the communities in which they operate, and often those communities are affected by the damage produced by those corporations. Corporations will be obliged to compensate those communities. Donations and loans are part of that compensation. It is not within the content of the idea of CSR to gain economic benefits out of the scope of the competitive advantage. If this problem" defect " occurs, the CSR will lose its meaning and lofty principles.

2.7. Tax Treatment Methods Of Corporate Monetary And In-Kind Donations:

Corporate income tax laws differ from country to country, especially with regard to how the tax treatment of monetary and in-kind donations incurred by corporations. In fact, all tax laws in this area cannot be studied for all countries of the world. According to the researcher's vision and perception, all laws (the tax treatments of monetary and in-kind donations) could not go beyond one of the following four scenarios: (1) Method Of Society's Rights And Then Government's Rights (Tax Exemption In The Sense Of Deduction). Donations As If They Are Operating Expenses;(2)Method Of Society's Rights And Then Government's Rights (Tax Exemption In The Sense Of Restoration "Return") . Donations As If They Are Indirect Taxes"; (3) Method Of Government's Rights And Then Society's Rights. Donations As If They Are Not Granted (Saleh,2019:1-15) ; (4) Method Of Government's Rights And Then Corporation's Rights In Government's Rights. Donations As If They Are Loans.

2.7.1. Method Of Society's Rights And Then Government's Rights (Tax Exemption In The Sense Of Deduction). Donations As If They Are Operating Expenses.

This method is one of the most widely used methods in most corporate income tax laws. It is widely used in many countries of the world. This method is used as a tool to motivate corporations to make more and more donations. This is the only method through which tax incentives can be given to donor corporations. According to this method, corporate monetary and in-kind donations are considered as expenditures which must be deducted from revenues (according to the deduction rate: where the rate of deduction varies from state to state) to determine taxable income. Tax exemption, according to this method is in the sense of deduction" reduction," and not in the sense of restoration" return." The value of such donations shall not be excluded from the total expenditures value "in accordance with the granted tax exemption rate", with no any tax exemptions in the sense of restoration"return." This method allows deducting the value of monetary and in-kind donations from the value of revenue to determine the value of taxable income and the value of the tax invoice, if certain conditions are met in those donations, according to the tax law in force in the State. In other words, deduction of community rights" donations" from revenue and then deduction of income tax" government's rights" from that residual income. The intended tax exemption is to reduce the value of the tax invoice by reducing taxable income by the value of monetary and in-kind donations.

2.7.2. Method Of Society's Rights And Then Government's Rights (Tax Exemption In The Sense Of Restoration "Return") . Donations As If They Are Indirect Taxes.

This method is one of the proposed scenarios "perceptions," as a method that can be used in the area of tax treatment of corporate donations. Here the exemption is in the sense of restoration "return" and not in the sense of deduction "reduction." This method is similar to the previous method and the difference between the two methods lies in the interpretation of the meaning of tax exemption. For this method, corporate monetary and in-kind donations are considered as indirect taxes that must be returned to the donor corporation by reducing the value of the tax invoice by the value of those donations- according to certain conditions, with a view to returning those donations to donor corporations to avoid double taxation. According to this method, community rights" value of donations " must be deducted from the value of the income tax" the tax invoice"- "according to the deduction rate", what remains of the value of that invoice will be considered as the rights of the government. The intended tax exemption is to refund "return" the value of the donations to the donor corporation before paying the tax invoice to the tax authority. (The deduction of donations must be from the value of the tax invoice "income tax" and not from the value of the revenue "or taxable income").

2.7.3. Method Of Government's Rights And Then Society's Rights. Donations As If They Are Not Granted.

According to the principle of non-confusion" non-mixing" between the rights of stakeholders "government and society." This method pays no attention to monetary and in-kind donations, and it does not grant any tax exemptions. According to this method, donations are deducted from income after tax" Shareholders' equity or distributable income". As taxable income and income tax would be calculated without taking into account such donations. Those donations are deducted from the distributable income after determining the tax value or tax invoice.

2.7.4. Method Of Government's Rights And Then Corporation's Rights In Government's Rights. Donations As If They Are Loans.

This method is similar to the method of society's rights and then government's rights (tax exemption in the sense of restoration "return": donations as if they are indirect taxes) ,however, the difference between the two methods lies in the interpretation of the nature of the donation, the method of return(how to return donations to donor corporations), the expected vision on voluntary contributions and the philosophy of understanding their meanings. According to this method, donations must be made by corporations in the areas of government spending and not in the area of assistance of nonprofit organizations and charities. As for the return of donations

to donor corporations, donations must be returned in full to the donor corporations in installments, that must be deducted from annual income taxes of donor corporations. Donations, according to this method, can be considered as loans to support the government that must be returned to the donor corporations in batches" in installments."

2.8. Tax Exemption, Tax Saving And The Real Sacrifice

2.8.1. Conditions For Recognition Of Corporate Monetary And In-Kind Donations And Granting Tax Exemption.

Most legislative bodies in most countries of the world try to develop their texts and articles in the field of income tax law, specifically in the area of corporate donations treatment, to limit the use of those donations as a means of tax evasion or other illegal purposes, and to achieve a kind of tax justice among taxpayers. As a result, most legislative bodies in the field of taxation have designed a package of procedures and conditions under which the donation process is recognized, as well as to grant tax exemption for such contributions. What distinguishes these conditions is that they are almost identical in the tax systems in most countries of the world. To obtain the recognition of donations and the granting of tax exemption in exchange for those contributions, tax systems in many countries of the world require certain conditions, for example: **In accordance with the tax law of the Arab Republic of Egypt**(Income Tax Law No. 91 of 2005 and its amendments).(1) Contributions paid to the Government, local government units and other public legal persons are recognized regardless of their amounts as the deductible cost (of taxable income) ; (2) Donations and subsidies paid to accredited Egyptian NGOs," scientific institutions, scientific research institutions and hospitals" subject to government supervision, must be deducted (of taxable income) according to the following conditions; (3) That such contributions and subsidies have already been paid;(4) These donations and subsidies shall be paid to Egyptian charitable societies, which shall be recognized in accordance with the provisions of the laws governing them; (5) The value of these contributions shall not exceed 10/110 of the net adjusted tax profit of the Company (the amount of contributions paid or 10/110 of the net adjusted tax profit, whichever is less). Any donations or other subsidies than the foregoing are not recognized as deductible costs such as donations to the poor of the neighborhood or to an unrecognized charity or victims of Afghanistan or to the Mujahideen/ fighters of Palestine , etc. (

Egyptian Tax Authority). **According to the tax law of the Syrian Republic**(Law No. 24 of 2003 on Income Tax), Article 7 provides that: Expenditures/ donations that can be deducted from non-net profits are voluntary contributions paid by taxpayers to officially recognized public or private entities" according to official receipts" to achieve public benefits , Provided that both donors and the recipient have an accounting system and regular books accepted by the income tax departments, not exceeding 3% of net profits(General Commission For Taxes And Fees). **The Irish tax system** contains a range of incentives aimed at facilitating and encouraging charitable giving by individuals and companies, which help to ensure that charities receive the maximum benefit from public and private donations. Tax relief is available for donations by both individuals and companies provided: there is a donation of money or of shares, stock or debentures of a class quoted on a recognized stock exchange, the recipient is either an "eligible charity" or another approved body, there is no arrangement that the donation can be repaid, neither the donor nor anyone connected with the donor benefits from the donation, the donation does not depend on and is not conditional upon the acquisition of property by the charity otherwise than by way of a gift from the donor, an individual donor is resident in Ireland (corporate donations may be made by branches of foreign companies in Ireland), and the minimum donation in any year to any one eligible charity or approved body is €250(Charitable giving guide,2017:5). **In accordance with the Canada Revenue Agency**, A gift is a voluntary transfer of property for which the donor receives no benefit in return. For there to be a gift, the following conditions must be met: the donor transfers ownership of property (cash, or gifts in kind such as goods or land) to a registered charity; the transfer is voluntary; and no benefit is provided to the donor, or a person selected by the donor, unless the benefit is of nominal value (Canada Revenue Agency,n.d.:7).

Here it should be noted that, there is a difference between tax exemption in the sense of reduction and tax exemption in the sense of restoration\ return. In the first status: Exemption means the inclusion of the value of donations in the list of expenditures to be deducted from the value of revenues to determine the taxable income from the point of view of the tax authority. In the second status: Exemption means the reduction of the value of the tax invoice at the value of such donations or part thereof," the exemption is in the sense of restoration\ return, not a reduction, it means calculating taxable income and determining the value of the tax invoice while ignoring donations at this stage, and then reducing the value of the invoice by the amount of that donations or part of them." It is a very rare condition, or it does not exist\use in fact, but will remain one of

the proposed treatment methods, which may serve as an incentive for taxpayers to continue to incur such expenditures. In fact, most countries in the world have designed a package of conditions that must be met in order to recognize the validity and integrity of the donation activities, as a precautionary measure against corruption. They also design set of the conditions for the granting of tax exemptions for such contributions, which are often different from one country to another in accordance with the tax laws of each country.

2.8.2. The Difference Between Net Accounting Income And Net Tax Income"Taxable Income"

Net accounting income represents the result of the corporation's activity over a specified period (accounting period), which is calculated according to accepted and recognized principles, assumptions and accounting methods. While net tax income or taxable income represents the corporation 's income for that period in accordance with the applicable tax laws in the country. It is for the purpose of determining the value of the tax invoice payable. Net accounting income is often adjusted to meet calculation requirements of the income tax according to the IRS's view and tax law in the country.

2.8.3. Tax Saving And The Real Sacrifice:

Social expenditures" donations " incurred by the corporations - which seek to achieve the profits- at the end of the accounting period are treated as other expenditures for the purpose of determining the value of the taxable income- in accordance with the traditional accounting approach - where donations contribute to reducing the value of the income tax that will be paid to the fiscal administration according to the law and tax regulation used in the State. Also, the non-mandatory social expenditures (in the field of corporate philanthropy) may contribute to achieving some tax reliefs (tax exemptions) for corporations. This incentive will lead to a reduction in the value of income tax- which must be paid to the IRS. As it's known, donations are financial amounts incurred by the corporation for the purpose of contributing to the achievement of the social benefits for other parties in the society - within the framework of mutual benefits and the corporation. Thus, these expenditures will not contribute to producing the income nor achieving any directly economic benefits to these corporations such as the contribution of other expenditures (general and administrative expenditures, distribution and sale expenditures, manufacturing expenditures, etc.). Although social expenditures" donations" differ from the

other expenditures incurred by the corporations in terms of the goal of the spending process, however, the accounting treatment of these expenditures in the income statement - for the purpose of determining taxable income - is not different from the treatment of other expenditures, according to the traditional accounting approach and the method of society's rights and then government's rights (tax exemption in the sense of deduction). As it is shown in the income statement, those expenditures are excluded from the value of revenues (income statement for the purpose of determining the taxable income and economic performance). Generally, this treatment lead to a reduction in the value of taxable income resulting from such expenditures incurred by the corporation during the accounting period, and then a decrease in the value of the income tax paid to the fiscal administration. If the corporation did not incur any non-mandatory social expenditures" donations" during the ended accounting period, the value of the taxable income and the value of the income tax paid to the fiscal administration would be higher than the value of the taxable income and the value of the income tax paid to the fiscal administration in case the corporation incurred non-mandatory social expenditures during the ended accounting period. That is to say that, according to the hypothetical comparison, the corporation which incurs non-mandatory social expenditures will pay an income tax less than what will be paid, if it does not endure non-mandatory social expenditures. As a result of this, the corporation achieves a tax saving as a result of decreasing in the value of the taxable income resulting from the value of the non-mandatory social expenditures" donations."

Tax saving is (The value of the tax must be paid to the fiscal administration under the assumption that the corporation did not incur any non-mandatory social expenditures" donations during the ended accounting period) – (The value of the tax must be paid to the fiscal administration in the case that the corporation incurred non-mandatory social expenditures" donations" during the ended accounting period). Tax saving resulting from donations can be defined as follows: It is the amount of the decrease in the value of the income tax paid by the corporation to the fiscal administration on a definite financial period as a result of incurring non-mandatory social expenditures during that period. Also, it can be defined as the difference in value resulting from comparing the value of the income tax paid to the fiscal administration – under the assumption, that the corporation did not incur any non-mandatory social expenditures during the ended accounting period –with the value of the income tax paid to the fiscal administration in the case that the corporation incurred non-mandatory social expenditures during the ended accounting

period. The hypothetical comparison method is used to indicate the paid amounts with the right hand and the collected amounts with the left hand. (Saleh, 2018:85). **The Real Sacrifice** is the difference between the value of monetary and in-kind donations and the value of tax savings.

The Real Sacrifice = The Monetary And In-Kind Donations - Tax Savings.

2.8.4. Types Of Tax Exemption For Donations

It is often misunderstood the meaning of tax exemption in exchange for monetary and in-kind donations. The tax exemption may be for the purpose of reduction "in taxable income" or for the purpose of restoration "return" through the final tax invoice, which is calculated without taking into account any donations" - according to the legal text. Both "reduction and restoration" return" contribute to the reduction of the value of the tax invoice payable. But they differ in meaning and method of calculation. As a result of this similarity, the researcher sees the need to define the difference between the two terms in order to remove the state of ambiguity. As the deduction means a reduction in the value of taxable income by the amount of donations or part of them. In other words, donations (or part thereof) are treated as other expenditures in the statement of income to determine the net accounting income, which represents the taxable income. While restoration" return" means reducing the value of the tax invoice" which is calculated without taking into account any donations" by the value of such monetary and in-kind donations(or part thereof). To address the exemption in the sense of restoration" return," according to this method, donations are deducted directly from the value of the income tax" from the value of the initial tax invoice without the need to deduct donations from revenue or the value of taxable income" (The final tax invoice, which is calculated without taking into account any donations = the initial tax invoice" income tax" - donations or part of them). For example, assuming that: A corporation submitted its following financial data to the IRS for the payment of income tax for the fiscal period of last year. Revenue \$ 100,000; Total expenditures \$ 20,000; Monetary donations to government organizations \$ 10,000. What is required: A statement of how to calculate the value of tax exemption in the sense of deduction and tax exemption in the sense of restoration" return." Value of taxable income. Knowing that, donations are deducted in full; Income tax rate is 20%. What is required can be determined in the following two tables No.1 and No.2.

2.8.4.1. First: Tax exemption in the sense of deduction "deducting the value of donations from the value of revenues."

A statement	Assuming that the corporation did not incur any donations during the past year	The tax exemption in the sense of deduction, under the assumption that the corporation incurred donations during the past year
Revenues	\$100000	\$100000
Expenditures	\$20000	\$20000
Donations		\$10000
Taxable income	\$80000	\$70000
Income Tax "Tax invoice value"	\$16000	\$14000
Tax savings(\$16000-\$14000)		\$2000
A real sacrifice(\$10000-\$2000)		\$8000

Table (1): How to calculate the tax exemption in the sense of deduction and also determine the value of tax savings and real sacrifice.

2.8.4.2. Second: Tax exemption in the sense of restoration" return." Deducting the value of donations from the value of income tax" the value of the initial tax invoice."

The tax exemption in the sense of restoration"return"	
A statement	Value
Revenues	\$100000
Expenditures	\$20000
Taxable income	\$80000
Income tax before deducting the donations" the value of the initial tax invoice"	\$16000
Donations	\$10000

The value of the final tax invoice	\$6000
------------------------------------	--------

Table (2): How to calculate the value of the tax exemption in the sense of restoration" return."

Through the data listed in the two tables above, it can be said that, the income tax "tax invoice value" is \$ 14,000 when the tax treatment method is tax exemption in the sense of deduction " reducing the taxable income value by the value of donations , thus reducing the value of the tax invoice." While in the second case, the income tax "tax invoice value" is \$ 6,000 when the tax treatment method is tax exemption in the sense of restoration"return," reducing the income tax value by the value of donations, thus reducing the value of the tax invoice."

2.9. Advantages And Disadvantages Of The Four Methods Of Tax Treatment Of Corporate Monetary And In-Kind Donations

All previous methods have advantages and disadvantages. Especially in the field of achieving tax justice and equity in rights among stakeholders. To adopt one of these methods to be used in the treatment of monetary and in-kind donations in any country depends on the point of view of the legislative body and its philosophy about donations and the extent of its understanding of the idea of CSR and economic conditions prevailing in the state.

2.9.1. Comparison Criteria

To determine the advantages and disadvantages of tax treatment methods, one must first find a set of logical criteria. These criteria will be used to infer"conclude" the advantages and disadvantages of those methods. The researcher has identified three criteria that can be used in comparison operations for evaluation purposes and for extracting advantages and disadvantages of those methods. Those criteria are:

2.9.1.1. Economic Impact

This criterion refers to the extent to which the tax treatment method of corporate monetary and in-kind donations contributes to the promotion of economic development and infrastructure development in the country in an effective manner. As well as a statement of the positive or negative impact on government revenues from taxes, the market value of the shares of the donor corporations and shareholders' equity.

2.9.1.2. Legal Imbalances

This criterion refers to the legal imbalances that can be produced by the tax treatment method of corporate monetary and in-kind donations such as double taxation, failure to achieve tax justice among corporations and failure to achieve justice in rights among all stakeholders affected by such treatment "government, society, investors, etc."

2.9.1.3. The Extent Of Closeness To, Or Distance From The Content Of The Idea Of Corporate Social Responsibility

This criterion refers to the extent of harmony between the tax treatment method of corporate monetary and in-kind donations and the content of the idea of social responsibility and its supreme principles. In other words, the contribution of the method of tax treatment in reducing or preventing the phenomenon of tax evasion, the practice of unethical behavior, and opportunistic behavior by corporations. As well as, achieving justice in rights.

The idea of CSR has come into existence in order to create a greater role for corporations in their communities, and fruitful interaction between those corporations and their communities in which they operate. Those communities, through which such corporations obtain their economic resources, market their products, on the other hand, those corporations are exporting their damages to those communities. That role, that transcends the barriers of their traditional role of maximizing profits and gains. This does not mean that corporations will not achieve any economic benefits by adhering to their social responsibility, on the contrary, corporations can achieve economic benefits by adhering to their social responsibility, but the only way to reach that goal is through gaining the competitive advantage, which can be created by that commitment. Competitive advantage can be achieved through the loyalty and satisfaction of employees, consumers, society, government and investors. That loyalty and satisfaction can be gained through a corporate commitment to their social responsibility. In the modern era, workers, consumers, society, government and investors have become more aware of the importance of corporate commitment to their social responsibility, where they have an influential role in the issue of the economic gains that corporations seek to achieve through competitive advantage.

They have become the pillars of competitive advantage, through which economic gains are achieved.

CSR means not waiting for any economic benefits, except for those benefits that are achieved by competitive advantage. The competitive advantage is to promote the economic situation of corporations, and any other gains that CSR can achieve them, should not be on the list of corporate aspirations. CSR is not a means to achieve the economic gains outside the competitive advantage.

CSR means devotion, the sincerity of the intentions, and great loyalty in commitment, not pretending the commitment for misleading propaganda purposes in accordance with the policy of giving with the right hand and taking with the left hand through a detestable opportunistic behavior. CSR does not mean providing benefits to a particular community at the expense of another community. In other words, not to provide benefits to a particular sect "group" that would cause damage to another sect.

CSR means achieving justice in rights. CSR means keeping away from opportunistic behavior. CSR means not to exploit legal gaps to achieve economic gains. CSR means not to deceive public opinion, even if it is legally permissible. Where data and information should be disclosed in accordance with transparency standards. CSR is a thought that embraces all lofty meanings that oppose all unethical behaviors and practices and tools that contribute to the spread of those behaviors and practices.

2.9.2. What Is New About Corporate Philanthropic Responsibility?

One of the common mistakes in the field of CSR is that people are used to understanding CSR in the field of interaction with the community as donations to charities and nonprofit organizations without waiting for the restoration of those expenditures by the donor corporations or with some positive achievements "such as tax incentives." The content of the idea of corporate philanthropic responsibility means contributing to the achievement a real revolution in the field of economic development and infrastructure within society, the method used to achieve that end is not important, as long as it is legitimate. Loans are a type of financial contribution that corporations

make to their communities in which they operate, which can be included in the list of corporate philanthropic responsibilities. Financial assistance in the form of loans contributes to creating a harmony between corporate economic responsibility (safeguarding the economic resources of the donor corporation) and corporate philanthropic responsibility (contribution to the creation of real economic development and infrastructure development in the communities in which they operate).

The content of the corporate social responsibility idea is still under development. It does not mean stagnation but rather the search for the best trends that corporations can take in order to fulfill their social responsibility towards their communities. Accordingly, it is possible to say that governments and legislative authorities - in any country in the world, must look for the best ways to make corporations truly contribute to the development of their communities in which they operate and at the same time maintain their economic potential. This means the necessity to create a kind of harmony between the corporate economic responsibility and the corporate philanthropic responsibility. One of the common misconceptions about the concept of corporate social responsibility is to consider donations as the only evidence to prove that corporations interact with the issues and aspirations of the communities in which they operate. The interaction between corporations and the community can be in the form of loans rather than donations that weaken the economic capabilities of corporations. If this the perception "scenario" happens which refers to adopting the idea of lending instead of the idea of giving or donation, it can be said that, there is a state of harmony between the corporate economic responsibility and the corporate philanthropic responsibility. Where the growth of the corporation 's economy is a growth of the state economy or society. The content of the idea of corporate social responsibility (CSR) means the effective contribution of corporations to the creation of real economic development and the enhancement of infrastructure in the communities in which they operate, regardless of the method or approach taken to achieve this the purpose. This argument raised by the researcher may be a cornerstone for developing the concept of corporate interaction with the aspirations and issues of the societies in which they operate- in the future. The contribution of corporations "financial assistance" may be in accordance with the approach of giving or lending approach. In the second case, it can be said that corporations are committed to their economic responsibility (strengthening their economic potentials), at the same time,they are committed to their philanthropic responsibility towards their societies. Adopting the idea of lending instead of the

idea of giving or donation means commitment to CSR in a rational way. The new in the field of corporate philanthropic responsibility lies in changing the policy of interaction with society " transition from donation policy to lending policy." The new policy aims to create a kind of harmony between corporate philanthropic responsibility and corporate economic responsibility. This change should be supported by the development of income tax laws. Especially in the area of tax treatment of corporate spending in the field of interaction with the aspirations of the community to support economic development and infrastructure.

2.9.3. A Hypothetical Example

This is a hypothetical example for the purpose of explaining how the tax treatment of monetary and in-kind donations. Certainly, the results and their effects (negative and positive) will vary according to the rates of deduction or restoration "return" that may be high or low, according to the legal texts and the vision of the legislative bodies in the state. In order to explain the content of the idea of tax treatment and create a meaningful dialogue about it, the researcher assumes that the rates of deduction or restoration "return" are 100 percent. If the deduction rate falls" decreases" below 100 percent in the Method Of Society's Rights And Then Government's Rights (Tax Exemption In The Sense Of Deduction). It means that the tax treatment will include the two methods "treatments " are the Method Of Society's Rights And Then Government's Rights (Tax Exemption In The Sense Of Deduction) and Method Of Government's Rights And Then Society's Rights." Without a doubt, the impact" results" of a method of tax treatment of donations will be affected by the discount rate" exemption rate", amount of taxable income before deducting donations, and amount of donation"

Assuming that there are three corporations specialized in the manufacture of milk are "X, Y, Z ". The three corporations have the same market share, the same economic power, and they use the same technology in manufacturing processes. The following table " as in table No(3)" represents the data and information taken from the financial statements and accounting books of those corporations.

A Statement	Corporations
-------------	--------------

	X	Y	Z
Revenues	\$600000	\$600000	\$600000
Expenses Without Donations	\$200000	\$200000	\$200000
Donations Recognized By The Tax Authority	\$50000	\$150000	
Number of shareholders "Number of shares"	1000	1000	1000
Manpower "Number of Employees"	200	225	230

Table (3) The data and information taken from the financial statements and accounting books of three corporations.

For the sake of the accuracy of the comparisons and the logical arguments that will be raised, the researcher will assume the consistency" symmetry" of data and information regarding the value of revenues and expenses without donations and the number of shareholders. It is the policy of the three corporations to distribute half of the profits after taxes to shareholders. The income tax rate is 30% of the taxable income. In the case of tax incentives, assume that contributions are fully deducted if the method used is" Method Of Society's Rights And Then Government's Rights." Also, assuming that donations are deducted from income tax in equal installments over five years if the method used is the Method Of Government's Rights And Then Corporation's Rights In Government's Rights. The donations were to support the government in order to develop the country's infrastructure. Through the data and information mentioned above, it is possible to determine the impact of different methods of tax treatment on the government, society, corporations, shareholders and the content of the idea of corporate social responsibility," in other words, the determination of the advantages and disadvantages of tax treatment methods," depending on the language of the numbers, as in table No (4):

Effect Of Tax Treatment Methods

Income Taxes Under The Assumption That There Are No Voluntary Contributions			
A Statement	Corporations		
	X	Y	Z
Revenues	\$600000	\$600000	\$600000
Expenses	\$200000	\$200000	\$200000
Taxable Income	\$400000	\$400000	\$400000

Income Tax Payable To The Tax Authority	\$120000	\$120000	\$120000
Net Income After Taxes	\$280000	\$280000	\$280000
Increase In Value Of Assets	\$140000	\$140000	\$140000
Distributable Income " Profit "	\$140000	\$140000	\$140000
Distributed Earnings Per Share	\$140	\$140	\$140
DONATIONS AS IF THEY ARE OPERATING EXPENSES			
Method Of Society's Rights And Then Government's Rights			
(Tax Exemption In The Sense Of Deduction)			
Revenues	\$600000	\$600000	\$600000
Expenses	\$200000	\$200000	\$200000
Donations Recognized By The Tax Authority	\$50000	\$150000	
Net Accounting Income	\$350000	\$250000	\$400000
Net Tax Income "Taxable Income "	\$350000	\$250000	\$400000
Value Of Tax Invoice"income tax"	\$105000	\$75000	\$120000
Distributable Income " Profit "	\$122500	\$87500	\$140000
Increase In Value Of Assets	\$122500	\$87500	\$140000
Distributed Earnings Per Share	\$122.5	\$87.5	\$140
Tax Savings Resulting From Donations	\$15000	\$45000	
The Real Sacrifice" The Real Value Of Donations "	\$35000	\$105000	
Compulsory Partnership			
Government Share	\$15000	\$45000	
Share Of The Corporation	\$35000	\$105000	
DONATIONS AS IF THEY ARE INDIRECT TAXES			
Method Of Society's Rights And Then Government's Rights			
("Tax Exemption In The Sense Of Restoration" Return")			
Revenues	\$600000	\$600000	\$600000
Expenses	\$200000	\$200000	\$200000
Net Accounting Income	\$400000	\$400000	\$400000
Taxable Income	\$400000	\$400000	\$400000

Value Of Tax Invoice" Income Tax ""Before The Amendment"	\$120000	\$120000	\$120000
Donations Recognized By The Tax Authority	\$50000	\$150000	
The Value Of The Final Tax Invoice	\$70000	(\$30000)	\$120000
Income After Tax Adjustment" Revenues-(Expenses+ The Final Value Of The Tax Invoice)"	\$330000	\$400000	\$280000
Distributable Income " Profit "	\$165000	\$200000	\$140000
Increase In Value Of Assets	\$165000	\$200000	\$140000
Distributed Earnings Per Share	\$165	\$200	\$140
Refunds In The Future "Tax Exemptions"		\$30000	
DONATIONS AS IF THEY ARE NOT GRANTED			
Method Of Government's Rights And Then Society's Rights			
Revenues	\$600000	\$600000	\$600000
Expenses	\$200000	\$200000	\$200000
Net Accounting Income	\$400000	\$400000	\$400000
Taxable Income	\$400000	\$400000	\$400000
Value Of Tax Invoice" Income Tax "	\$120000	\$120000	\$120000
Donations	\$50000	\$150000	
Income After Tax And Donations	\$230000	\$130000	\$280000
Distributable Income " Profit "	\$115000	\$65000	\$140000
Increase In Value Of Assets	\$115000	\$65000	\$140000
Distributed Earnings Per Share	\$115	\$65	\$140
DONATIONS AS IF THEY ARE LOANS			
Method Of Government's Rights And Then Corporation's Rights In Government's Rights			
Revenues	\$600000	\$600000	\$600000
Expenses	\$200000	\$200000	\$200000
Net Accounting Income	\$400000	\$400000	\$400000
Taxable Income	\$400000	\$400000	\$400000

Value Of Tax Invoice" Income Tax ""Before The Amendment"	\$120000	\$120000	\$120000
Donations Recognized By The Tax Authority" annual installment"	\$10000	\$30000	
The Value Of The Final Tax Invoice	\$110000	\$90000	\$120000
Income After Tax Adjustment" Revenues-(Expenses+ The Final Value Of The Tax Invoice)"	\$290000	\$310000	\$280000
Distributable Income " Profit "	\$145000	\$155000	\$140000
Increase In Value Of Assets	\$145000	\$155000	\$140000
Distributed Earnings Per Share	\$145	\$155	\$140
Refunds In The Future "Tax Exemptions"	\$40000	\$120000	

Table (4) Methods of tax treatment of monetary and in-kind donations.

2.9.4. Advantages And Disadvantages Of Tax Treatment Methods For Monetary And In-Kind Donations:

Through the results shown by the calculations in the hypothetical example above, and the nature of these methods, a set of advantages and disadvantages can be devised for each method of tax treatment for monetary and in-kind donations. Some disadvantages and advantages can be observed through the numbers in the previous table, and others that will depend on the depth of the logical arguments that will be raised by the researcher.

2.9.4.1. Firstly: Donations As If They Are Operating Expenses: Method Of Society's Rights And Then Government's Righ (Tax Exemption In The Sense Of Deduction).

If the value of tax incentives increases, the value of the economic gains of the donor corporations will increase and the value of the government's tax revenues will decrease by an amount of those gains. Therefore, the level of gains and damages will depend on the amount of these incentives.

The Disadvantages Of This Method

(1) This method contributes to reducing state tax revenues. This decline in revenue may confuse the government in the completion of its plans and programs in the field of promoting economic

development and infrastructure in the country, in addition to continuous spending on its institutions and government bodies. Donations may be given to charities and non-profit organizations, and thus will not contribute directly to supporting the plans and programs of economic development and strengthening of infrastructure in the country. The benefits of these donations will be intended to support a particular community, such as orphans and the poor, and will not have public benefits that benefit all members of society. According to the researcher's view, donations should be given as support to the government "for government-funded institutions and bodies, and development programs in the country." Donations to charities and non-profit organizations contribute to the reduction of government revenues from taxes without having a significant impact on the promotion of economic development and infrastructure in the country. Donations should not be made in a random way. Donations must be subject to government guidance and control. Funding of charities and non-profit organizations must be through other communities within the community, such as employees in the public and private sectors, in accordance with the social solidarity approach within contemporary societies.

(2) This method contributes to creating what can be called a mandatory "Compulsory" partnership between the government and the donor corporations. Donations will be funded by government and donor corporations. The amount of decline in the value of government revenues from taxes (tax savings achieved by the donor corporations) will represent the amount of the government's contribution to those donations, which may be granted to charities and non-profit organizations, which may not directly contribute to the promotion of economic development and infrastructure in the state due to the reduction of government revenues from taxes. In addition, this partnership may contribute to creating confusion in the planning of public expenditure in the state and thus change the fiscal policies of government spending.

(3) This method contributes to achieving the tax savings for the donor corporations. This method may be used as a tool to reduce economic losses in inventory by donating obsolete inventory "obsolete stock" or inventory whose validity period is nearing completion, in order to achieve tax savings that contribute to reducing the amount of economic damage resulting from the obsolete inventory and the validity or expiration dates of the product "validity of inventory usage in the coming period." This method may also be a means of tax fraud, "tax evasion" or collusive

embezzlement, especially in the case of donation to charities and non-profit organizations.

(4) This method does not contribute to the achievement of tax justice among corporations. It does not achieve fair economic growth for corporations. This method is unfair to shareholders, as it adversely affects shareholders' equity. By deducting the value of donations from the value of taxable income, the value of distributable income to shareholders will decrease. This method may also contribute to a reduction in the market value of the shares of the donor corporations. This method may contribute to the negative or positive impact on the market value of the shares of the donor corporations, depending on the rate of deduction of donations.

(5) This method generates tax savings and therefore the value of donations does not represent real sacrifice incurred by corporations in the context of their interaction with the issues and aspirations of the communities in which they operate.

(6) This method is incompatible with the meanings and contents of the CSR, one of the most important of which is the realization "achievement" of justice in rights among all stakeholders. According to this method, of the most affected parties are the government through the contribution of this method to reduce their tax revenues, and investors by reducing the distributable income due to those donations.

As for the advantages, taking into account the interest of donor corporations without regard to the interest of other parties "stakeholders", donor corporations can achieve economic gains (tax savings) that contribute to enhancing the economic performance of those corporations. Because of these economic gains, this method is considered stimulating for corporations to continue their charitable activities in the communities in which they operate.

2.9.4.2. Secondly: Donations As If They Are Indirect Taxes: Method Of Society's Rights And Then Government's Rights (Tax Exemption In The Sense Of Restoration" Return").

The Disadvantages Of This Method

In addition to defects No.1 and No. 3 mentioned in the previous method, an additional set of defects that accompanies this method can be identified as follows:

(1) If the restoration" return" rate is less than 100%, this method will contribute to creating a mandatory partnership between the government and the donor corporations. Donations will be funded by government and donor corporations.As well as, the amount of decline in the value of government revenues from taxes (resulting from contributions made by donor corporations) will represent the amount of the government's contribution to those donations, which may be granted to charities and non-profit organizations, which may not directly contribute to the promotion of economic development and infrastructure in the state. As the reduction in government revenues from taxes will not contribute to the promotion of economic development and infrastructure of that country. In addition, this partnership may contribute to creating confusion in the planning of public expenditure in the state and thus change the fiscal policies of government spending.

(2) This method does not contribute to the achievement of tax justice between donor and non-donor corporations. It does not achieve fair economic growth among corporations. This method is unfair to shareholders, as it adversely affects shareholders' equity. By deducting the value of donations from the value of tax invoice" income tax "before the amendment", the value of distributable income to shareholders will increase. This method may also contribute to the increase in the market value of the shares of the donor corporations and reduction in the market value of the shares of the non-donor corporations. This method may contribute to the negative or positive impact on the market value of the shares of the donor and non-donor corporations, depending on the rate of deduction of donations.

(3) This method may contribute to the atrophy and the disappearance of the idea of CSR or loss of the true meaning of the CSR in the field of interaction with the issues and aspirations of society. Especially if the rate of return of donations is 100%" or that the ratio is sufficiently close to the ratio of100%" (The donations will be refunded), as if those who incur those donations are the governments and not the corporations. This method is incompatible with the meanings and contents of the CSR, one of the most important of which is the realization" achievement" of justice in rights among all stakeholders. According to this method, the only aggrieved party is the

government, through the contribution of this method to reduce their tax revenues.

(4) According to this method, if the value of the returned contributions is less than the actual value of those contributions, the result will be the emergence of what is known as the concept of real sacrifice of voluntary contributions (Total donations – recovered"Restored\Returned" donations = real sacrifice). In addition to the emergence of what is known as the phenomenon of double taxation.

(5) According to this method, shareholders' equity is affected by the amount of restored " returned" donations. When the return"restoration\retrieval" rate decreases, shareholders' equity will decrease and vice versa. This method may contribute to the negative or positive impact on the market value of the shares of the donor corporations, depending on the rate of return" restoration " of donations. The increase in stock returns resulting from tax treatments does not reflect the real economic performance of corporations. These gains may contribute to an economically unjustifiable increase in the market value of the shares of the donor corporations, and thus make the wrong investment decisions.

As for the advantages, this method achieves the same advantages as in the previous method.

The Method Of Society's Rights And Then Government's Rights "Tax Exemption In The Sense Of Deduction And Tax Exemption In The Sense Of Restoration" Return" Is Inconsistent With The Content Of The Idea Of CSR, For The Following Reasons:

According to the researcher's point of view, the accurate analysis of this method" Tax Exemption In The Sense Of Deduction" conceals behind it a state of compulsory partnership. CSR is a commitment based on voluntarism in most of its areas. According to this method, donations are voluntarily incurred by corporations, while the government is obliged by law to bear"incur" part of those donations "tax savings resulting from those donations". The researcher believes that this method compels the government to contribute to these donations in a mandatory, non-voluntary

manner. Where the real sacrifice incurred by corporations- which is less than the real value of donations, means that part of the monetary and in kind donations will be incurred by the government. This mandatory partnership can be inferred through the tax savings that corporations earn as a result of donations, and the decrease in the value of government revenues from taxes resulting from such contributions. CSR does not mean forcing other parties to take part in corporate compliance with their social responsibility towards the communities in which they operate. The tax laws that permit this, are in fact distorting the true meaning of CSR. In the case of "Tax Exemption In The Sense Of Restoration" Return", if the restoration" return" rate is less than 100%, this method will contribute to creating a mandatory partnership between the government and the donor corporations.

The idea of CSR did not appear to exist for economic gain outside the competitive advantage, and it did not come into existence to promote opportunistic behavior and exploit legal loopholes. If this happens, the CSR will lose its true meaning and will deviate from its noble and lofty goals and motives. This method contributes to achieving the tax savings and economic gains-outside the competitive advantage, thus it is incompatible with the content of the CSR idea. As the positive effects of CSR must be achieved through the competitive advantage that can be earned by corporations through their serious commitment to their social responsibility. Those gains" outside the competitive advantage " distort the content of the CSR idea. In other words, those gains will contribute to blurring "obliterating" the supreme meanings of the CSR, make the CSR just a means for economic profits and seizing opportunities through legal loopholes.

CSR is the performance of activities and the achievement of goals in an ethical behavior. The CSR should be above the level of suspicion and uncertainty. CSR as a modern idea is antagonistic to the opportunistic behavior. The CSR is not a means of exporting the administrative failure to other parties, and is not a means of reducing the economic losses of corporations through the exploitation of legal gaps. This method may be a means to achieve that (to export the administrative failure; to reduce the economic losses). This method may be exploited by corporations to get rid of obsolete inventory or inventory whose validity period is nearing completion through the donation to government agencies and bodies or charities, not to interact with the issues and aspirations of the community, but to reduce the economic losses of those

corporations. Where the government will bear the consequences of administrative failure of corporations and erroneous decisions regarding inventory by allowing tax authority to deduct the value of that inventory from the value of corporations' revenue or from income tax "initial tax invoice" by type of tax exemption. "Taxable income or income tax" "initial tax invoice" will be reduced by the value of that inventory and this treatment will result in a reduction in the value of the tax invoice or the value of the final tax invoice."

CSR is the performance of activities and the achievement of goals in an ethical behavior that fights fraud and circumvention and concealment of information. One of the messages and visions of CSR is an opposition of the fraudulent conduct. CSR is not a means of circumventing and deception. This method, in the absence of a comprehensive disclosure of donations "not to disclose the tax savings and real sacrifice" can contribute to misleading public opinion about those donations. This method conceals what is known as the tax savings and real sacrifice, which are unknown by many people. This is contrary to the principle of transparency in the presentation of data and financial information related to corporate social performance.

One of the contents of the CSR idea is to achieve justice in the field of the rights among all stakeholders. Adopting this method is unfair to the government. It contributes to reducing government revenues from taxes. As well as, this method does not contribute to the achievement of tax justice among corporations. This method also does not achieve tax justice among investors in the corporations.

The idea of CSR is to achieve the goals of the organization in an ethical behavior. It fights corruption and opposes all avenues and factors that contribute to the practice of immoral behaviors. This method is a means for the tax evasion, collusive embezzlement and the export of administrative failure to others "issue of inventory referred to previously."

CSR is an idea above all suspicions. It did not emerge to exist to be within the circle of suspicion and interpretation of intentions by the public and evaluators. The adoption of this method does not reflect the hidden intent behind the incurring of monetary and in kind donations by corporations. Are these donations aimed at interacting with the issues and ambitions of society or are they for the purpose of achieving economic gains outside the framework of competitive

advantage?. As a result, it is not possible to judge the extent of corporations understanding of the true meaning of their social responsibility towards their societies, as well as to judge the level of their dedication and loyalty to those communities in which they operate.

CSR does not mean to cause harm to the any of the stakeholders. CSR does not mean support for a party and at the same time harming another party. According to this method, the aggrieved party is the government. This method contributes to the reduction of government revenues from taxes and thus reducing its financial ability to meet its obligations.

2.9.4.3. Thirdly: Donations As If They Are Not Granted: Method Of Government's Rights And Then Society's Rights.

The Disadvantages Of This Method

(1) This method does not achieve tax justice among corporations. As well as, it is unfair to shareholders, as it adversely affects shareholders' equity. Whereas the value of the distributable income will decrease due to the deduction of the value of donations from the value of income "profit" after taxes. This method may contribute to the emergence of so-called double taxation, if donations are considered indirect taxes "according to the vision of the legislature for such donations." AS well as, shareholders will incur such donations as well as tax on distributions.

(2) This method does not achieve any tax savings, so the value of donations will represent the value of the real sacrifice incurred by the corporation. This method reflects the real sacrifice incurred by corporations to fully fulfill their commitments towards the rights of society" donations " and government's rights" income tax ". The value of donations without any tax savings and the value of taxes paid without any tax exemptions. As a result, this may contribute to the reluctance of corporations to continue to make donations.

(3) This method does not contribute to the achievement of tax justice among corporations. This method is unfair to shareholders, as it adversely affects shareholders' equity, when ignoring the value of donations to determine the value of the tax invoice payable to the tax authority.

Advantages of this method

(1) According to this method, donations cannot be used as a means of tax evasion, but this method may be a means of embezzling the corporation 's money by corrupt administrations" collusive embezzlement" in case of separation of ownership from the administration. " This method prevents the use of donations as a means to pass some unethical and opportunistic behaviors by corporations."

(2) This method cannot be used as a means of deceiving the public" public opinion" regarding the value of donations made to societies. This method does not contribute to achieving the tax savings, which can contribute to reducing the amount of real sacrifice incurred by corporations. Voluntary contributions will represent the value of true sacrifice. This method is opposed to embrace the policy of circumventing public opinion" The policy of giving "granting" money with the right hand and retrieving the money granted with the left hand."

(3) This method reflects the true intentions of corporations regarding contribution to the development of the communities in which they operate. The obligation of corporations to pay donations, with the use and adoption of this tax method to treat the donations by the tax authority" IRS" will reflect the optimum level of corporate dedication" sincere intentions" to fulfill their social responsibility toward their societies.

The Method Of Government's Rights And Then Society's Rights Is Consistent With The Content Of The Idea Of CSR, But Not Ideally, For The Following Reasons:

This method will put corporate monetary and in kind donations above the level of suspicions. The sincere intention of corporations to develop their communities and their serious commitment to their social responsibility in the societies in which they operate can be confirmed when this method is adopted by the legislative bodies and applied by the tax authority, and with the continuation of corporations in the donation activities. This situation will reflect the desired ideal position of CSR in the community, especially as corporations realize that no economic gains are made outside the competitive advantage.

This method is consistent with the content of the CSR idea with regard to the achievement of justice in rights" justice in the distribution of rights ". Justice here is in the sense not to harm a party in return for the benefit of another party. The deep meaning of the CSR will impose on

corporations the need to achieve justice in the field of financial rights between the parties of stakeholders "society and government " in the case of donations to governmental and non-governmental bodies. Accordingly, government revenues should not be affected by donations paid by corporations. In light of the terrible population explosion and the increase in the burden of government, this method will contribute to support the government in meeting its obligations towards its society without any financial bottlenecks due to the decrease in revenue from direct taxes as a result of these unexpected donations. As the continuation of corporations to make donations despite the application of this method by the tax authority in the State reflects an idealism degree about CSR within the community. Here, it should be noted that both society and government are independent parties in the stakeholder group and both represent an area of CSR areas. Based on this it can be said that, the method of tax treatment that favors a party at the expense of another party will be a breach of CSR's content that calls for the achievement of justice in the distribution of rights.

Regarding equity among investors in corporations or justice among corporations (working in the same field - they have the same market share and economic power), " justice in the distribution of profits or with respect to the rights of the owners ", as noted above, this method does not achieve justice among corporations ,and among investors in corporations (because there are some corporations incur those donations and others do not incur), the researcher believes that this issue can not impede adoption of this method for the following reasons: (1) In the presence of the conscious investor , the conscious consumer and active pressure groups in society, corporations will be forced to assume their social role(providing charitable donations). Therefore, the differences among corporations will be close"converging" ; (2) A comprehensive disclosure of the relationship among donations, distribution of profit among shareholders and taxes can contribute to the evaluation of the corporate economic performance in a logical manner by current and prospective investors, thus, according to the researcher's view, this relationship will have no effect on the market value of the shares of the corporations that incur those donations in the presence of aware investors of the importance of CSR in the society; (3) Donations may enhance the competitive advantage of corporations, and thus improving the economic performance of these corporations in the future, and then redeeming any reductions in the rights of owners in the future; (4) The decrease in the amount of income available for distribution as a result of these contributions can be considered a sacrifice offered by investors as a separate entity or an

independent entity of the corporation to enhance the idea of social solidarity in society and achieve economic development in the country.

CSR means transparency and non-circumvention and this method is fully consistent with this matter. The tax treatment of monetary and in kind donations by using this method will reflect the real sacrifices incurred by corporations towards both the society - through donations in the context of interaction with its issues and aspirations" without achieving any economic gains outside the framework of competitive advantage," and the government through taxes paid without any deductions for those contributions. It is also known that this method does not achieve any tax savings for the benefit of corporations. As a result, there will be no chance of circumventing and deceiving the public about the disclosure" comprehensive disclosure" of such donations. As well as, the policy of circumvention by using the concept of " give by right hand and take by the left hand," which is permitted by law as in other methods. The policy of circumvention cannot be achieved by this method. This method contributes to the promotion of noble and great principles of corporate social responsibility. Donations cannot be used as a way of practicing unethical behavior if this method is adopted, except for collusion embezzlement.

2.9.4.4. Fourthly: Donations As If They Are Loans Method Of Government's Rights And Then Corporation's Rights In Government's Rights.

There are many advantages that this method can offer such as :This method contributes to reducing the impact of legal imbalances in the field of rights to the lowest possible level, unlike the previous methods; This method contributes to strengthening of economic development and infrastructure in the country in a more effective and clear way"under the assumption that, donations will be made to accomplish those purposes, according to the vision on which this method depends" ; This method also contributes to increasing the rate of flow of corporate donations to the public treasury of the state and the growing of the social role of corporations; This method safeguards the content of the idea of corporate social responsibility and contributes to the achievement of an unparalleled harmony between corporate philanthropic responsibility and corporate economic responsibility (by preserving the economic resources of the corporation and contributing to the development of the society in which it operates, at the same time); This

method contributes to the development of the concept of corporate philanthropic responsibility by moving from the traditional role(donation approach) to the modern role(lending approach).

As for the Disadvantages, if the texts of this law and its articles are not selected in a professional manner and defined in a smart way, and with the influx of large amounts of corporate donations to the State Treasury and the government is committed to returning"pay" installments of those donations to donor corporations, It will be expected that the government will be subjected to financial bottlenecks in future periods due to the decrease in the amount of tax revenues.

The Method Of Government's Rights And Then Corporation's Rights In Government's Rights Is Consistent With The Content Of The Idea Of CSR, Contribute To The Development Of The Concept Of Corporate Philanthropic Responsibility.

Under the assumption that, donations will be provided to promote economic development and infrastructure in the country- according to the vision on which this method depends, this method will reflect the desired social role of corporations. This method will reflect the real social interaction of corporations with the communities in which they operate. This method safeguards the content of the idea of corporate social responsibility and contributes to the achievement of an unparalleled harmony between corporate philanthropic responsibility and corporate economic responsibility (by preserving the economic resources of the corporation and contributing to the development of the society in which it operates, at the same time); This method contributes to the development of the concept of corporate philanthropic responsibility by moving from the traditional role(donation approach) to the modern role(lending approach).

3. The Bill" Preliminary Draft Law"

Corporation As If It Is A Loaner For Government: Optimal Tax Treatment Of Corporate Monetary And In-Kind Donations

Through the previous presentation, it is clear that the Method Of Government's Rights And Then Corporation's Rights In Government's Rights "Donations As If They Are Loans" is much more advantageous than the other three methods. Given the importance of this method, the researcher proposed a bill dealing with the tax treatment of monetary and in-kind donations, which can achieve the following benefits and advantages: Reducing economic damage to donor corporations" impact on market value of shares" ; The protection of the content of idea of

corporate social responsibility by considering that donations are as subsidies to the community " great harmony between corporate economic responsibility and corporate social responsibility" ; Encouragement of taxpayers to make more donations; To come close to achieving justice in rights between governments and communities looking for greater prosperity; Approaching" getting closer" to a large extent of the case of achieving full tax justice among investors in donor corporations; Eliminating all negative phenomena associated with donation operations through the subjection of those donations to strict control; The Prevention of double taxation.

The Bill" Preliminary Draft Law"

Corporation As If It Is A Loaner For Government" Donations As If They Are Loans"

Optimal Tax Treatment Of Corporate Monetary And In-Kind Donations

Article (1): Corporate monetary and in-kind donations should be in areas that are subject to government spending in the state such as "supporting government institutions, programs of economic development and infrastructure of the state. These donations are voluntary, and are not compulsory. **Article (2):** Donations are refunded by deducting them from income tax payable to the tax authority, and not from any other government financial resources. **Article (3):** Corporate monetary and in-kind donations are under the supervision and control of government in the country. The Ministry of Finance is an intermediary between donor corporations and governmental institutions, organizations and other ministries that benefit from these donations. **Article (4):** The Ministry of Finance in the State must adhere to the expenditure of voluntary contributions in the fields specified by the donor corporations. The Ministry of Finance is not allowed to spend voluntary funds" cash and non- cash donations" for purposes not specified by the donor corporations. **Article (5):** The value of donations is deducted from income tax payable to the tax authority in equal installments over five years. This means ignoring the contributions when determining the value of taxable income. **Article (6):** The support of charities and non-profit organizations is through corporate employees. With the mediation of the Ministry of Finance in the State concerning the receipt and distribution of the values of donations to charities and non-profit organizations, according to a specific policy. The donation is \$ 3 per month from the salary of each employee works for the company. Corporate responsibility is to transfer those amounts to the Ministry of Finance monthly. These donations are mandatory. **Article (7):** Not to include staff contributions in the list of expenses to be deducted from the revenues of the corporation "ignore those contributions when determining the taxable income." **Article (8):** Ignoring any donations made by corporations, contrary to what is specified in Article (1) when determining

the value of the income tax payable or when determining the value of donations that must be deducted from income tax payable to the tax authority. **Article (9):** After 5 years, the corporation will have recovered the value of those donations. Provided that the income of the donor corporation in those years shall not be less than the income in the year of donation" installments are not deducted in the year in which income is less than income in the year of donation." Ignoring this issue may confuse the government when estimating its tax revenues in future periods. This is what can be called a corporation as if it is a loaner for government. **Article (10):** All donation activities must be supported by official documents. **Article (11):** In-kind donations must be estimated at the cost of manufacture or purchase. **Article (12):** Obsolete inventory" goods" and fixed assets should be estimated at market value. **Article (13):** Donations made by the donor corporations are in two areas: In the field of promotion of economic development and infrastructure; In the field of spending on government institutions, bodies and organizations. With the need to create a kind of the balance between the two areas.

3.1. Interpretation Of Preliminary Draft Law " Method Of Government's Rights And Then Corporation's Rights In Government's Rights."

According to this law, corporate monetary and in-kind donations are for the benefit of public institutions, bodies, organizations and public sector corporations (affiliated to the government ministries), which are funded by the government, which are concerned with providing public services to the general public in the country and also interested in economic development programs and infrastructure development. These donations can be considered as loans to the government that must be recovered or deducted from government revenues. Specifically from the annual taxes levied on those donor corporations over five years. Donations are refunded by deducting them from income tax payable to the tax authority, and not from any other government financial resources. These donations will be under the supervision and control of the State Government. The Ministry of Finance is the authority authorized to receive and disburse such donations in the fields desired" specified" by the donor corporations. This does not mean that corporations are not allowed to donate to charities and non-profit organizations recognized by the government, but these contributions will be ignored when determining income taxes payable to the tax authority. This type of donations is the responsibility of corporate employees to realize the principle of collective responsibility in building contemporary societies. This law aims at supporting governments in the field of economic development and strengthening the

infrastructure in the country through corporate donations. This law will encourage corporations to donate in the areas of economic development and infrastructure enhancement in the state and makes corporations abandon the support of charities and non-profit organizations that are often in favor of a particular denomination or program and not for the benefit of the general public. The Ministry of Finance in the State is not allowed to spend the funds donated by corporations, except in areas that are specified by those corporations and as they wish. The role of the Ministry of Finance is the mediation between the donor corporations and the governmental bodies and institutions that benefit from such contributions. The role of the Ministry of Finance is a supervision in order to organize of charitable activities. The tax treatment of corporate donations is as follows: For monetary and in-kind donations allocated for economic development and infrastructure enhancement or to cover the expenses of the government or its ministries in certain areas" such as supporting government institutions and bodies" must be deducted from the income tax payable to the tax authority in equal installments over five years, while other donations to charities and nonprofit organizations should be completely ignored. This law does not motivate corporations to donate to charities and nonprofit organizations. The support of charities and non-profit organizations is the responsibility of all employees working in the state in the public sector and the private sector. The support of these charities and non-profit organizations in societies must be provided by all employees in the state in order to promote the spirit of social solidarity and the principle of collective responsibility in building and developing the contemporary societies. Staff contributions should be disregarded when determining income tax payable to the tax authority. These donations must be submitted to the Ministry of Finance, which should be distributed to these charities and non-profit organizations according to a specific policy. All monetary and in-kind donations must be supported by official documents such as payment vouchers, official receipt vouchers, etc. In-kind donations must be estimated at the cost of manufacture or purchase to prevent manipulation and fraud. Donations of obsolete inventory"goods" and fixed assets should be estimated at market value to prevent opportunistic behavior that companies may exercise in order to achieve economic gains to cover up for their failure to manage their economic affairs. A kind of balance must be created between donations in the field of promotion of economic development and donations in the field of spending on government institutions, bodies and organizations to avoid any financial bottlenecks that the government may face in order to meet its future public expenditures(those bottlenecks resulting from its lower revenues). Especially as the government will be committed to returning donations to donor corporations. If all donations are to promote economic development and infrastructure

with the government's commitment to return donations to donor corporations, the government could face future financial bottlenecks.

Advantages of this method:

Adoption Of This Law Will Contribute To Achieving The Following Benefits:

(1) In The Field Of Economic Development And Infrastructure Enhancement. According to this law, corporate donations are as loans that must be deducted from the income tax payable to the tax authority. Corporations according to this law will be as if they are lenders to the government. This feature will contribute to increasing the volume of corporate donations and thus provide enormous funds to the government to complete economic development programs and plans and strengthen infrastructure within the country. As all corporate donations will be spent in the areas of economic development and strengthening the state infrastructure.

(2) Regarding the compulsory Partnership between the government and the donor corporations. This law will prevent the state of compulsory partnership between the government and the donor corporations. That partnership imposed by the Method Of Society's Rights And Then Government's Rights, resulting from tax savings achieved" generated" by this method for donor corporations.

(3) Double Taxation. According to this law, corporate donations are as loans that must be deducted from the income tax payable to the tax authority. This law will prevent double taxation, as well as unjustified amplification of income taxes payable, in case the donations are as non-refundable expenditures.

(4) To Promote The Idea Of Social Solidarity Within Societies. This law reinforces the idea of social solidarity within societies. Corporations through their contributions" loans" will support economic development programs and plans and strengthen infrastructure in the country, while employees working in the private sector and the public sector through their contributions will support charities and non-profit organizations. Building contemporary societies is a collective responsibility. Corporations will be in their interest to donate to government bodies, institutions and ministries because they realize that they will recover the value of these donations" loans" by reducing the amount of taxes imposed on them, and will therefore give up donation to charities

and nonprofit organizations, and leave room for employees in the state to take full responsibility towards them.

(5) All Donation Activities Are Under Government Supervision And Control. The Ministry of Finance in the State will receive all donations from corporations and provide them to the beneficiaries "governmental bodies, institutions and ministries" as desired by the donor corporations" and therefore all donations will be subject to government control. With this procedure, all the negative aspects associated with the donation activities will disappear.

(6) This Law Will Prevent unethical Practices and behaviours Associated With Charitable Activities Such As Tax Evasion, Money Laundering, Etc. Donations may be a stone for more than a bird "more than a purpose." They may hide behind them many unwanted behaviors in addition to legitimate purposes. The purpose of the donation depends on the intentions of the donor. In general, donations can be a tool to achieve the following purposes: embezzlement, tax evasion, political gains for economic purposes, tax incentives, distracting the attention of the public opinion on a particular issue, to reduce or avoid losses resulting from obsolescence or expiration of inventory, etc. This law will make all corporate donations be subject to strict control which will disappear with it all negative manifestations.

(7) This Law Preserves The Content Of The Idea Of Corporate Social Responsibility. This law does not undermine the freedom of corporations in the field of donations, but regulates its procedures and directs them on the right track. CSR here means contributing to economic construction of societies, as well as maintaining the economic capabilities of corporations "commitment to economic responsibility as well as a commitment to social responsibility towards the communities in which they operate" by supporting economic development and strengthening infrastructure for them. The retrieval of donations does not imply prejudice to the essence of the idea of CSR. Giving money to the government as donations- that can be considered as loans, which are deducted from government revenues from taxes in convenient installments means safeguarding the corporation's finances and supporting communities at the same time. This can be called the harmony between corporate social responsibility (in the economic field) and corporate social responsibility in the field of interacting with the aspirations of the communities in which they operate. This law is against all the immoral practices and manifestations of

corruption practiced by some corporations, this goal is fully consistent with the content of the idea of corporate social responsibility and its noble principles.

(8) Developing The Concept Of Corporate Philanthropic Responsibility. The proposed bill will contribute to the development of the concept of Corporate Philanthropic Responsibility" changing the philosophy of donations through the shift from the policy of giving to the policy of lending." This proposed law is an attempt to develop the concept of corporate social responsibility by creating a kind of harmony between corporate economic responsibility and corporate philanthropic responsibility. The contribution of corporations to the development of their societies through the promotion of economic development and infrastructure development can be achieved without causing economic damage to those corporations, investors and other stakeholders. These objectives can be achieved by creating a harmony between the economic and Philanthropic responsibilities of corporations without affecting the social performance of those corporations. The support provided by companies can be transformed from the policy of monetary and in-kind donations "donations given and not returned" to the policy of financial support as if it is a loan "loans given and returned." There will be no negative effects on the economic strength of corporations or on economic development programs and plans, and the development of infrastructure in the state or even state tax revenues.

(9) There Is No Significant Impact On The Government's Annual Revenues From Taxes. If this law is adopted, there is no significant impact on the government's annual revenue from taxes. Given that corporate donations- which are considered as loans in this law, will not be deducted from tax income payable to the tax authority at once time but over five years. Thus, the reduction in government's annual revenue from taxes will be little.

(10) This Law Achieves Justice In Rights Among Government, Donor Corporations And Society. The three parties will benefit from this law. According to this law, there is no losing party. Communities will benefit from the gains that will be made by the economic development programs and plans, and the public services that will be provided by the state's advanced infrastructure, which will be financed through corporate donations. Governments will receive financial support from donor corporations to perform their functions and complete of their

development plans and programs. Donor corporations will recover their funds after five years and therefore they will not lose anything. They will gain consumer loyalty and the satisfaction of the communities in which they operate. Thus, these contributions may contribute to enhancing their competitive advantage.

(11) Reducing Economic Damage To Donor Corporations" Impact On Market Value Of Shares." Adoption of this law does not result in achieving tax savings" economic gains" as in other tax treatments "other laws." Not deducting donations from taxable income as in other laws and deducting them from income tax payable to the tax authority - in accordance with this law, will reduce economic damage to donor corporations" impact on the market value of shares" unlike other tax treatments that result in tax savings that vary their values among donor corporations, according to the amount of the donation value, and then the difference in the value of the real sacrifice among the donor corporations. If the value of the donation is high, the value of the tax savings will increase and the value of the real sacrifice will decrease. This will affect the earnings per share. Approaching" getting closer" to a large extent of the case of achieving justice in rights among investors in donor corporations. According to this law, the difference in the earnings per shares of the donor corporations will not be great" will be converging" and thus reduce the damage to the interests of shareholders and the market value of the shares of the donor corporations, that are produced by other tax treatments. In other words, the differences will be less than the differences produced by other tax treatments. The researcher will explain this issue in the language of numbers by using the data mentioned in the previous hypothetical example. Distributed earnings per share for the three corporations are(\$145-\$155-\$140). These values are convergent" the differences are non- significant." Therefore, there will be no impact on the market value of the shares of these corporations due to dividends.

(12) Positive Change In Government Spending Policies. This law will encourage corporations to donate in the areas defined by this law, and governments will receive huge amounts of money from donor corporations. This huge amount of money will make the governments rearrange their policies in the field of government spending and adjust their budgets, especially in the areas of economic development and strengthening the infrastructure in those countries.

(13) Advance Knowledge" Foreknowledge\Prior Knowledge." This law will help the government to know the amount of decline in its tax revenues in future periods (by knowing the amount of annual installments to be returned to the donor corporations and quarterly activity results for those corporations,) and then take all early measures to address any deficit in the budgets.

The Disadvantage Of This Method And How To Avoid It.

In case of adoption and application of this law" method of government's rights and then corporation's rights in government's rights" there will be concerns about the decline in government revenues from taxes in future periods because of the accumulation of contributions under the policy of returning these contributions to the donor corporations (the return" recovery of funds" of the installments of those contributions "loans" to the donor corporations). This decrease results in the possibility that the government will be unable to meet its obligations in the area of government spending on its institutions and bodies (In the worst of circumstances, the only drawback expected when applying this law "tax treatment method" is the reduction of government revenues from taxes in future periods. To put it more clearly, what is the extent to which this law contributes to the creation of financial bottlenecks, which may face the government in fulfilling its obligations towards its institutions and bodies. Especially since this law adopts a policy of returning donations to donor corporations). Factors that may contribute to the occurrence this imbalance are: A significant reduction in revenues of donor corporations in future periods; Lack of reasonable balance between donations In the field of promotion of economic development and infrastructure and donations in the field of spending on government institutions, bodies and organizations. The researcher believes that articles 13;9;4;3;2 will contribute to preventing this problem.

In the case of growth of the revenues of the donor corporations from year to year there will be no significant impact on the state revenues from taxes. As that increase in revenue would be accompanied by an increase in taxes. But in the worst circumstances. In order to avoid this problem, the following guidelines must be observed:

Relocation of the surplus in the budget for the past year as a reserve in the current year's budget to face any decrease in the state revenues from taxes in the current year as a result of the

return"restoration" of the contributions "donations" to the donor corporations or because of the decrease in revenues of those corporations.

Formation of a reserve in the budget to meet any reduction in the state revenues from taxes as a result of the return of the values of donations "loans" to the donor corporations or because of the decrease in revenues of those corporations.

Donations" loans " must be authorized by the government and in areas that need financial support through the contribution of corporations.

The government should determine the value of the donation" loan " that the donor corporations should make. It is desirable that the values should be small and equal to avoid the negative impact of a decrease in state revenues from taxes as a result of the decline in the revenues of those donor corporations in the future.

Failure to accept any donation requests from corporations regarding the financing of a specific project in the event of obtaining sufficient funding for its completion by corporations.

It is preferable to use the quarterly system in determining the income of the donor corporations after deducting the instalments of the donations that should be returned to those donor corporations. To avoid any financial bottlenecks and try to address them early.

The rate of donation in the field of spending on government institutions, bodies and organizations should be higher than the donation in the field of promotion of economic development and infrastructure. That rate depends on the number of corporations in the state.

4. What Can Be Considered Logical Answers To The Questions Of This Study

Through the previous presentation, the researcher can identify short answers to all the questions raised in this study as follows:

Does Granting Tax Incentives " Tax Exemptions" To Donor Corporations Contribute To Enhancing Legal Imbalances In The Field Of Tax Justice And Equity In Rights Among Stakeholders?.

Yes, it does. Tax incentives do not contribute to achieving tax justice between donor and non-donor corporations; Tax incentives do not contribute to achieving equity in rights among stakeholders, especially between government and society as independent parties in the stakeholder package; Tax incentives do not contribute to achieving equity in rights between shareholders in donor corporations and non-donor corporations; Tax incentives contribute to the creation of a compulsory partnership between government and donor corporations.

What Are The Negative And Positive Economic Effects Resulting From The Granting Of Tax Incentives To Donor Corporations?.

The negative and positive economic effects resulting from the granting of tax incentives to donor corporations are: Enhancing the economic performance of donor corporations by compared to the situation where those donations are ignored "by compared to the tax treatment method that ignores those donations"; The reduction of government revenue from taxes; Tax incentives contribute to enhancing the market value of the shares of donor corporations by compared to the situation where those donations are ignored. Tax incentives urge corporations to donate and thus promote economic development and infrastructure in the country.

Is Granting Tax Incentives " Tax Exemptions" To Donor Corporations Consistent With The Content Of The Corporate Social Responsibility Idea?.

No, it is not. Tax incentives are destructive to the content of the idea of corporate social responsibility. Tax incentives promote the policy of "give by right hand and take by the left hand." This policy is rejected according to the lofty meaning of CSR.

What Are All The Expected Visions About Corporate Donations That Emanates From Them Tax Treatment Methods For Those Donations And, What Are The Logical Justifications Upon Which These Visions Depend?.

Donations as if they are operating expenses(Donations contribute indirectly to improving the economic performance of corporations by gaining the loyalty and satisfaction of employees, consumers, investors and the community, especially in communities that recognize the importance of corporate social responsibility. Donations are the price of survival and continuity of corporations in those communities in which they operate as a result of the depletion of their resources and the export of damages to them.); Donations as if they are indirect taxes (The

government uses the money earned from corporate taxes to finance public sector expenditures in order to provide services to its citizens, as well as to finance development programs and strengthen the infrastructure in the state, that benefit the public interest. Donations made by corporations to their communities also contribute to the promotion of economic and social development in their countries and contribute to solving many social issues of certain communities in their societies. These donations have a positive impact in field of the service of the common good. Therefore, donations can be considered as indirect taxes provided by corporations to their communities without mediation the government in the process of receiving and re- spending.); Donations as if they are not granted (Donations are expenditures that have nothing to do with the economic activity of corporations. In other words, they do not contribute directly to achieving the profit. Donations are voluntary activities and are not economic activities. These charitable acts should be completely ignored when determining taxable income. Not to ignore these expenditures will contribute to harming the government by reducing its tax revenues. Corporate Social Responsibility (CSR) does not mean giving benefit to a party at the expense of another. Corporate social responsibility means achieving justice among all stakeholders. As is known, donations are often given to non-profit organizations or charities, with the aim of providing assistance to specific communities or to addressing special issues. In this case they are not to support the vital expenditures of the government.); Donations as if they are loans (Taxes represent government rights in corporate profits. Any obligations paid by the corporation on behalf of the government must be returned to corporation by reducing the value of taxes due to the government. The non-return of these contributions to donor corporations means covering up the government's failure to manage its affairs, including the search for financial resources other than taxes. Corporations must not bear the failure of governments to develop their annual revenues from the diverse sources. Spending on public sectors and government bodies and strengthening the infrastructure of the state is the competence of the government, it is not the competence of corporations. That spending must be financed from taxes or sources other than corporate donations. Although the financing of public sector institutions and the strengthening of the infrastructure in the state in order to improve the public services provided to citizens is a part of the burden, obligations and responsibilities of the government - which must be financed from its annual revenues, but corporate donations can be one of the sources of government revenues that can be used to finance those expenditures. Sometimes the governments are unable to finance their public institutions "public spending", as well as funding the process of strengthening the infrastructure in their countries. For this reason, these

governments resort to stimulate corporations to make more financial contributions to them by using the tax incentive system. These incentives are only evidence of the need for the funds "donations." The corporate donations used to support government spending are only the payment of government obligations on behalf of the government. In this sense, why are not corporate donations considered voluntary loans?. Accurate analysis will show that there is a hidden lending relationship. Pay with your right hand " donations" and take with your left hand" tax incentives." The sacrifice by governments of a portion of their tax revenues for donor corporations suggests that there is a lending process that disappears behind those donations. There is a commitment to donate and there is an obligation to give incentives. This is very similar to the lending process, even if the full amount is not recovered).

Is There A Real Harmony Between The Expected Visions Of Corporate Donations And The Tax Treatment Methods Derived From Those Visions?.

Yes, there is. Donations as if they are operating expenses (donations are deducted from taxable income). Donations as if they are indirect taxes(donations are deducted from income tax at a certain percentage, for once at the end of the year). Donations as if they are not granted (donations are completely ignored). Donations as if they are loans (the total value of donations is deducted from income tax in annual installments).

What Are The Comparison Criteria That Can Be Used To Identify The Advantages And Disadvantages Of Possible Tax Treatment Methods Resulting From These Visions And Perceptions?.

There are three criteria that can be used to identify the advantages and disadvantages of possible tax treatment methods for the purposes of differentiation" comparison" among those methods. Those standards are: Economic impact; Legal imbalances; The extent of closeness to, or distance from the content of the idea of corporate social responsibility.

What Is The Optimal Tax Treatment Method That Can Effectively Contribute To The Promotion Of Economic Development And Infrastructure Of The State, Reduction The Legal Imbalances And The Achievement A Kind Of Harmony With The Content Of The Corporate Social Responsibility Idea?.

The method of government's rights and then corporation's rights in government's rights effectively contribute to the promotion of economic development and infrastructure of the state, reduction the legal imbalances and the achievement a kind of harmony with the content of the corporate social responsibility idea.

What Is The Method Of Tax Treatment That Can Contribute To Achieving A Real Harmony Between Corporate Economic Responsibility And Corporate Philanthropic Responsibility?.

The method of government's rights and then corporation's rights in government's rights safeguards the content of the idea of corporate social responsibility and contributes to the achievement of an unparalleled harmony between corporate philanthropic responsibility and corporate economic responsibility (by preserving the economic resources of the corporation and contributing to the development of the society in which it operates, at the same time); This method contributes to the development of the concept of corporate philanthropic responsibility by moving from the traditional role(donation approach) to the modern role(lending approach).

5. Recommendations

The researcher recommends the need to adopt the method of government's rights and then corporation's rights in government's rights due to the many advantages. This method contributes to achieving the following benefits: Promoting economic development and infrastructure in the country in a more effective way; Developing the concept of corporate philanthropic responsibility and shifting from donation approach to lending approach and then creating a kind of harmony between corporate philanthropic responsibility and corporate economic responsibility in order to maximize the social role of corporations in the communities in which they operate(Creating an effective social role for corporations by developing a real and productive interaction between the corporations and their communities); Minimize legal imbalances in the fields of tax justice and justice in the rights to the lowest level.

Regarding the method of government's rights and then corporation's rights in government's rights. In order to achieve the purpose of the law of this method, which is to increase the volume of the flow of funds to the State Treasury to implement the plans and programs of economic development and infrastructure enhancement, governments should identify all projects to be implemented in future periods, and that need funding and support from the private sector in that country. In this regard, the government can rely on propaganda and advertising programs. The

need to issue the articles of this law in a professional manner to avoid any problems that this law may cause in future periods such as financial bottlenecks.

6. Conclusion

From the point of view of the legislative bodies and according to their philosophy and vision, corporate monetary and in-kind donations can reflect one of the following scenarios" perceptions": Donations are considered as expenditures that should be included in the expenditure list in the income statement; Donations are considered as indirect taxes that must be deducted from income tax; Donations are expenditures that should be disregarded when determining the value of the income tax; Donations are considered as loans to the government and must be returned to the donor corporations. Based on these perceptions, tax treatments emerge to reflect the tax law. In other words, tax treatments (tax laws) adopted by governments are a reflection of these perceptions.

This theoretical study showed the disadvantages of the methods of tax treatment of monetary and in-kind donations and their negative effects in the field of achieving tax justice among the taxpayers, "the donor and non-donor corporations." In addition to not achieving tax justice among the investors in the donor and non-grant corporations, and the double taxation issue accompanying those tax treatments if donations are considered as indirect taxes. The study also showed that one of these treatments" the method of society's rights and then government's rights" does not achieve justice in rights between governments and communities as independent parties in the stakeholder package. As well as, this study pointed out that one of these treatments" the method of government's rights and then society's rights " preserves the content of the idea of corporate social responsibility, but not ideally, and this method may prevent the negative phenomena associated with donation activities such as tax evasion, etc. While the method of government's rights and then corporation's rights in government's rights includes many disadvantages. For this reason, this method is ideal. As a result of this deficiency in those three laws" tax treatments", this study proposed a draft law for the tax treatment of monetary and in-kind donations by using the method of government's rights and then corporation's rights in government's rights (as a perfect method) as an initiative that can contribute to overcoming these tax problems and the negative phenomena associated with corporate donations. The draft law proposed in this study depends to a large extent on argument and logical justifications. The search for a wonderful approach through which real and productive interaction can be created between corporations and their communities in which they operate is still ongoing. This

approach, which can contribute to the achievement of huge achievements in the field of economic development and infrastructure in the country will remain a concern for all those interested in the field of corporate social responsibility. The researcher believes the method of government's rights and then corporation's rights in government's rights will contribute to achieving this end.

7. REFERENCES

- Al-Kholi, Asma (5 December 2015). Donations by America's billionaires: Are they donations or tax avoidance? ".Al-Sharq Al-Awsat. <https://aawsat.com/home/article/511811/>
- Al Rai Newspaper . (2011 ,18November). The private sector calls for legislation to stimulate the adoption of the idea of CSR . From .[http:// alrai.com/ article/ 681515 .html](http://alrai.com/article/681515.html)
- Avi-Yonah, R, (2014). Just Say No: Corporate Taxation and CSR, Public Law and Legal Theory Paper series no. 402 University of Michigan. from file:/// C:/Users/ ECS-K/Downloads/SSRN-id 2423045.pdf
- Bertrand, Marianne, Bombardini, Matilde, Fisman, Raymond and Trebbi, Francesco . (2018) . Tax-Exempt Lobbying: Corporate Philanthropy As a Tool for Political Influence . January 11, 2018. from [https:// law.yale. edu/system /files/area/ workshop /.../ leo18_fisman.pdf](https://law.yale.edu/system/files/area/workshop/.../leo18_fisman.pdf)
- Canada Revenue Agency: Charities Directorate (n.d.). Tax Advantages of Donating to Charity. [https:// www.cchwebsites. com/content /pdf/tax_ forms/ca/en/ rc4142 _en .pdf](https://www.cchwebsites.com/content/pdf/tax_forms/ca/en/rc4142_en.pdf)
- Carroll, Archie B. (2016). Carroll's pyramid of CSR: taking another look. International Journal of Corporate Social Responsibility. 1:3.pp1-8. [https://jcsr .springeropen .com /track/pdf/ 10.1186 /s40991-016-0004-6](https://jcsr.springeropen.com/track/pdf/10.1186/s40991-016-0004-6)
- Dattani, P., Still, A., and Pota, V. (2015). Business backs education: Creating a baseline for corporate CSR spend on global education initiatives. Business backs education. Retrieved September 23, 2016, from [http://businessbackseducation.org/ research/](http://businessbackseducation.org/research/)
- Egyptian Tax Authority (n.d). Income Tax Law No. 91 of 2005 [http:// www . incometax.gov.eg](http://www.incometax.gov.eg).
- Enders, Bob (n.d). Tax Incentives: An Economic Basis for Charitable Giving. from [https://www.learningtogive.org/resources/tax-incentives-economic-basis-charitable - giving](https://www.learningtogive.org/resources/tax-incentives-economic-basis-charitable-giving).
- Fack, Gabrielle and Landais, Camille (May 2010). Are Tax Incentives for Charitable Giving Efficient? Evidence from France. American Economic Journal: Economic Policy 2 (May 2010): 117–141.
- General Commission For Taxes And Fees in Syria (n.d). Income Tax Law No. 24 of 2003. [http://www.syriantax. gov.sy/print_ details.php?page= show_ det &id =149](http://www.syriantax.gov.sy/print_details.php?page=show_det&id=149)
- Charitable giving guide (2017). Helping to maximise donations to the wider community September 2017. [https://www.pwc.ie /publications/2017 / charitable-giving-guide.pdf](https://www.pwc.ie/publications/2017/charitable-giving-guide.pdf)
- Grigore, Georgeta (2010). Ethical and Philanthropic Responsibilities in Practice. Annals of the University of Petroșani, Economics, 10(3), 2010, 167-174. [https:// www.upet.ro/ annals / economics /pdf/2010/20100317.pdf](https://www.upet.ro/annals/economics/pdf/2010/20100317.pdf)

- Henderson, M. Todd and Malani A. (2008). Corporate Philanthropy and the Market for Altruism. The Law School The University Of Chicago, John M. Olin Law and Economics Working Paper No. 399.
- JA Worldwide (n.d.). Giving Back—Corporate Philanthropy and Social Investing, Session 10.from <https://www.juniorachievement.org/documents/20009/1187253/HighSchool10.pdf>
- John, Rob , Chia, Audrey and Ito, Ken.(2017). Corporate Philanthropy in Asia Innovations that Unlock the Resources of Business for the Common Good. Entrepreneurial Social Finance in Asia: Working Paper No. 5 Asia centre for social entrepreneurship & philanthropy.NUS.from <https://bschool.nus.edu.sg/Portals/0/images/ACSEP/Publications/acsep-working-paper-no5-e-book.pdf>.
- Kasipillai, Jeyapalan and Rachagan, Shanthi (2012). Tax Incentives and Corporate SocialResponsibility International congress on Innovation and Regional Economic Development which took place on the 2nd – 4th December, Hefei,China.
- Keeler, D.(2002). Spread the love and make it pay. *Global Finance* , 5:16, p. 20 -25.
- Lordemus , Samuel (2013) . Evaluating the efficiency of the tax incentives toward corporate philanthropy. Master's thesis. Paris School of Economics. The University of Paris 1 . Panthéon Sorbonne.
- Lyons, M. and Passey , A. (2006) 'Need Public Policy Ignore the Third Sector ? Government Policy in Australia and the United Kingdom', *Australian Journal of Public Administration*, 65
- M. Scilly(n.d.). Four Types of Corporate Social Responsibility.From: <http://smallbusiness.chron.com/four-types-corporate-social-responsibility-54662.html>
- Madrakhimova, Firuza S.(2013). Corporate Philanthropy. *Global Conference On Business And Finance Proceedings* . Volume 8 . Number 2,pp125-132.Online :http://old.uona.edu/UoNA/files/literature/3231.2634_ISSN-1941-9589-V8-N2-2013_c.pdf
- Man ,Theresa L.M. (September 18,2006). Corporate Giving : A Tax Perspective. Paper available online: www.carters.ca/pub/article/charity/2007/tlm_corpgiving.pdf
- McGregor-Lowndes, Myles, Newton, Cameron and Marsden, Stephen (2006).Did tax incentives play any part in increased giving?. *Australian Journal of Social Issues*.22 Dec.2006. 41, (4) ,495-509
- Ministry of Finance \ General Secretariat of Taxation "Sultanate of Oman"(2017). Amendment to the Tax Code" under Royal Decree No. 9/2017.https://tms.taxoman.gov.om/portal/ar/web/taxportal/news/-/asset_publisher/V05zDAqSoMrz/content/id/83184
- Mihaljevic, Marija and Tokic, Ivana (2015). Ethics and Philanthropy in the Field of Corporate Social Responsibility Pyramid. *Interdisciplinary Management Research*, Josip Juraj Strossmayer University of Osijek, Faculty of Economics, Croatia, vol. 11, pp 799-807.
- Nell,Christopher(n.d.). Tax Evasion and Charitable Giving—An Experimental Approach.From :<https://pdfs.semanticscholar.org/bec2/dd7713c3dcc4ef4c43b49494a06098b710bc.pdf>
- Perry, Suzanne (2006). Giving by Companies Rose 14% Last Year, Study Finds” *The Chronicle of Philanthropy*, June 15, 2006; Fleishman-Hillard Research and National Consumers League: “Rethinking Corporate Social Responsibility” (Fleishman-Hillard Research and National Consumers League, 2006) (online: <http://www.csrresults.com>).

- Porter, Michael E and Kramer, Mark R. (2002).The Competitive Advantage of Corporate Philanthropy, Harv. Bus. Rev. 80(12): 56-68
- Saleh,Younis A. Battal(May 2018).Arguing about the tax saving and real sacrifice resulting from the hypothetical comparison of non-mandatory social expenditures : A theoretical study to enrich and develop disclosure of the corporate philanthropy and income tax law. Journal of Business & Economic Management 6(5): 79-89.
- Saleh,Younis A. Battal(2019). Tax Treatment Methods of Corporate Monetary and in-Kind Donations and the Extent of their Compatibility with the Content of the Idea of Corporate Social Responsibility: A Justified View. Austin Journal of Business Administration and Management .3 (1):1-15.file: /// C:/ Users/ECS-K/Downloads/ fulltext _ ajbam-v3-id1034 %20 (6). pdf
- Sudaress (2013). Donations for Taxes.<https://www.sudaress.com/alintibaha/29759>
- Svernlöv,Carl (2016). Corporate Social Responsibility and Corporate Taxation .from https://www.svensktnaringsliv.se/migration_catalog/Rapporter_och_opinionsmaterial/Rapporter/corporate_social_report_webbpdf_666655.html/BINARY/Corporate_Social_report_webb.pdf
- Wyk, LJ Van(2011). Corporate Social Responsibility (Csr): A Theoretical Overview. Chapter Three .From http://dspace.nwu.ac.za/bitstream/handle/10394/8531/Van_Wyk_LJ_Chapter_3.pdf?sequence=4