

**The influence of (Environmental, Social, Governance) ESG programs to transform into a green strategy: The moderator role of task environment factors at the Jordanian Commercial Banks**

تأثير البرامج (البيئية والإجتماعية والحوكمة) في التحول الى الإستراتيجية الخضراء: الدور المعدل لعوامل بيئة المهمة في البنوك التجارية الأردنية

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**Thesis Submitted in Partial Fulfillments of the Requirements for Master’s Degree in Business Administration**

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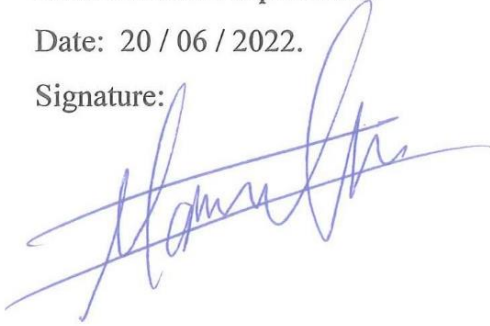
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### Thesis Committee Decision

This thesis entitled “The influence of (Environmental, Social, Governance) ESG programs to transform into a green strategy: The moderator role of task environment factors at the Jordanian Commercial Banks” was successfully defended and approved on (15 / 06 / 2022).

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## DEDICATION

*This study is wholeheartedly dedicated to my grandfather who could not witness this adventure, but his inspiring words still remain during the hurdle times, as I could not have undertaken this journey without his consistent support and encouragements...*

*Thank you for believing in my abilities. May this thesis be a tribute to your belief in me.*

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**Abstract**

This study aimed to investigate the influence of (Environmental, Social, Governance) ESG programs to transform into a green strategy with the existence of task environment factors which are: the market demand and the compliance of the rules as a moderator in Jordanian Commercial Banks. To achieve the goals of this study, the researcher relied on descriptive and analytical approach.

The study dealt with 213 employees who are working in Jordanian commercial banking, where a convenience sample was chosen from the commercial banking sector. Moreover, the questionnaire was study's main tool for collecting data.

Analyzing data was conducted using a set of statistical methods including Cronbach's alpha along with a normality test, standard deviation, exploratory factor analysis, confirmatory factor analysis, multiple regression, interactive hierarchical regression, and process procedures method using SPSS Ver26 software.

The researcher has reached a set of results, the most important of which are (Environmental, Social, Governance) ESG programs has influence on green strategy formulation GSF at Jordanian Commercial Banks. Whereas the task environment factors have influence in improving the impact of (Environmental, Social, Governance programs) on green strategy formulation GSF at Jordanian Commercial Banks.

The research recommended the following:

1. This study recommends the Jordanian commercial banks to participate in activities aimed at protecting the ecosystem and to pay more attention to enhance the individual awareness with social responsibility.

2. The need of the Jordanian commercial banks to adhere to the rules of conduct of Jordanian corporate governance and pay attention to the analysis of the customer's demand that will resulted in enhancing the outputs of their services

**Keywords: ESG, Green Strategy, Business Operation, Shareholders Values, Financial Performance, Market Demand, Regulatory requirements, ESG regulations, ESG rating scores, ESG disclosures.**

تأثير البرامج (البيئية والاجتماعية والحوكمة) في التحول الى الإستراتيجية الخضراء: الدور  
المعدل لعوامل بيئة المهمة في البنوك التجارية الأردنية  
إعداد: مرّح غالب نصر صلاح القضماني

إشراف: الدكتور سمير الجبالي

### الملخص

هدفت هذه الدراسة إلى التحقق من تأثير برامج (البيئية والاجتماعية والحوكمة) في التحول إلى استراتيجية خضراء مع وجود عوامل بيئة المهمة وهي: طلب السوق و المتطلبات التنظيمية كعامل معدل في البنوك التجارية الأردنية. ولتحقيق أهداف هذه الدراسة، اعتمد الباحث على المنهج الوصفي والتحليلي. تناولت الدراسة 213 موظفا يعملون في البنوك التجارية الأردنية، حيث تم اختيار عينة ملائمة من قطاع البنوك التجارية الأردنية. وكان الاستبيان هو الأداة الرئيسية للدراسة لجمع البيانات. وعليه تم تحليل البيانات باستخدام مجموعة من الأساليب الإحصائية بما في ذلك ألفا كرونباخ جنبا إلى جنب مع اختبار الحالة الطبيعية، والانحراف المعياري، وتحليل العوامل الاستكشافية، وتحليل العوامل المؤكدة، والانحدار الهرمي التفاعلي باستخدام برنامج (SPSS Ver 26).

توصلت الدراسة إلى أن (البرامج البيئية والاجتماعية والحوكمة) تؤثر على صياغة الإستراتيجية الخضراء. في حين تؤثر عوامل بيئة المهمة في تحسين تأثير العامل المستقل (البرامج البيئية والاجتماعية والحوكمة) على صياغة الإستراتيجية الخضراء في البنوك التجارية الأردنية.

أوصت الدراسة بما يلي:

1. ضرورة مشاركة البنوك التجارية الأردنية في الأنشطة التي تهدف إلى حماية النظام البيئي وإبلاء المزيد من الاهتمام لتعزيز الوعي الفردي بالمسؤولية الاجتماعية.
2. ضرورة الالتزام بقواعد سلوك حوكمة الشركات الأردنية والاهتمام بتحليل طلب العملاء الذي سيؤدي إلى تعزيز مخرجات الخدمات في البنوك التجارية الأردنية.

الكلمات المفتاحية: ESG ( البيئية والاجتماعية والحوكمة )، الإستراتيجية الخضراء ، عمليات الأعمال ، قيمة المساهمين ، الأداء المالي ، طلب السوق ، المتطلبات التنظيمية، لوائح (البيئية والاجتماعية والحوكمة )، درجات تصنيف و إفصاحات (البيئية والاجتماعية والحوكمة).

## **CHAPTER ONE: Background**

### **1.1 Introduction**

The focus on expanding shareholder wealth, maximizing profitability, and emphasizing on the quantitative profits approach, have all contributed to neglect the company's long-term sustainable health; as a result, Environmental, social, governance (ESG) issues are becoming increasingly significant.

In 2004, the United Nations report "Who Cares Wins" invented the term "Environmental, Social, and Governance." Following that, in 2006, the United Nations Principles for Responsible Investment (UN-PRI) were formally formed the Environmental, social, governance (ESG) framework and listing key variables to examine it. Nowadays, the European Union and many developed countries have become ESG reports required to be disclosed (Gao et al., 2021). It is worth to mention that currently the development component of sustainability is being set out in the United Nations 2030 Agenda.

In comparison to previous decades, traditional organizations are employing more green strategies, because they must respond to environmental problems quickly. Meeting these targets requires transformational change in national economies, to eliminate carbon and to address the social requirements of sustainability as result, the governance dimension allow companies to align business practices to international and nationally determined climate and sustainability target. It is also driven by changing market and consumer/client expectations. Increasingly, consumers expect the products they buy to be climate friendly. In this regard, Intergovernmental Panel on Climate Change (IPCC) was created to provide policymakers with regular scientific assessments on climate change, its implications and potential future risks, as well as to put forward adaptation and



mitigation options. Their assessments summary conclude that every part of the world is affected by climate change, the impacts are more severe than anticipated. Risks will escalate quickly with higher temperatures, causing impacts that are irreversible. Inequity, conflict and development challenges heighten vulnerability to climate risks, and the severity of its impact. Action the change our economic and development behavior, is urgently needed. The response should be in ending economic activity that is changing the composition of the atmosphere (decarbonization) that addressing the factors that make people and business vulnerable. Accordingly, manufacturers engage in green businesses for a variety of reasons, including internal (social responsibility, competitiveness) and external motivation (customers and government pressures or stakeholder pressure) (Hasan, et al., 2019). Based on the aforementioned reasons, the study has brought its two task environment factors, which are market demand and regulatory requirements as moderators variables.

Moreover, green strategy facilitates decisions and transformation initiatives that improve the environment, setting a clear vision and strategy ultimately enables people to make better decisions that align with the enterprise priorities to provide goods and services in the global marketplace. as a consequence, the researcher highlighted the formulation of the green strategy as an important variable, especially today, the trend towards protecting the environment and minimizing the damage resulting from the delivery of services, and through it, also the type of green behavior or performance adopted by the banking sector have all contributed to the emergence of the need for a strategy that is not harmful to the environment. However, green strategy can improve both environmental and financial performance, meaning that businesses can be profitable while pursuing a product-focused green strategy (Olayeni et al., 2021).

Correspondingly, the organizations with outstanding ESG performance tend to earn a variety of short- and long-term benefits. In terms of economic returns and operational performance, a well-coordinated sustainability strategy can provide significant benefits and value over time. Poor ESG performance, on the other hand, can bring immediate financial harm to a firm as well as reputational and strategic concerns that could threaten its long-term position (KPMG, 2018).

Likewise, banks have historically played an important role in a country's economic and social growth through choosing investment projects, managing risks, and determining who has access to capital and what activities are funded. These institutions have a major impact on society and, consequence, on long-term development by fulfilling this function, in this light, there are currently more banks which have classified as socially responsible because they pursue socially responsible practices (Quirós et al., 2019). Noting that ESG it is a factor outside of the control of Jordanian commercial banks which cannot influence but drives change in the bank's business environment.

According to those mentioned earlier, this study sought to investigate the influence of ESG (Environmental, Social, Governance) programs to transform into a green strategy with the market demand and the regulatory requirements as a moderator's task environment at Jordanian Commercial Banks.

## **1.2 Study Purpose and Objectives**

This study seeks to investigate the influence of Environmental, Social, Governance (ESG) programs to transform into a green strategy with the existence of task environment factors which are: the market demand and the regulatory requirements as a moderator in Jordanian Commercial Banks through the following:

- Determine the influence of (ESG) programs on the green strategy formulation (GSF) in Jordanian commercial banks.
- Determine the influence of (ESG) programs on business operation, financial performance and shareholder value.
- Recognize the role of the moderator task environment factors which are the market demand and the regulatory requirements in the relationship between (ESG) programs and green strategy formulation (GSF) in the Jordanian commercial banks.

### **1.3 Study Significance and Importance**

The importance of the study is embodied in an attempt to identify the impact of (ESG) programs on (GSF) with the existence of the market demand and the regulatory requirements as a moderator factor. However, the importance of the study can be represented into two aspects, which are:

#### **First: The scientific significance**

As far the research knows, studying the dimensions of ESG are becoming a recent trend in every business discussion especially after the COVID-19 pandemic. Accordingly, this research contributes to enrich the Arab library in general and the Jordanian in particular by increasing the number of studies in the influence of (ESG) practices to transform into (GSF). Hence, it represents a specialized theoretical knowledge in the field of study.

#### **● Second: The practical significance**

This study also provides an overview of the trends with an orientation framework based on scientific foundations and field studies that would help the researchers to

understand the current trends and enable future authors as well to conduct their studies more effectively.

Moreover, the study presents the components of the (ESG) and link it with the green strategy, taking into consideration the task environment factors as a moderator that would consider as a guideline for upcoming research agenda.

#### **1.4 Study Problem Statement**

Over the course of a decades, companies have been always trying to build a strategy that contribute to sustain their business operations, in order to leverage the financial performance, that would result in maximizing the shareholder value.

Through the journey to achieve their aspirations, the researcher has notice there is a gap between the strategic initiatives that the Jordanian commercial banks are taken and with the results that appear in reality, taking into consideration the pressure on the companies to pay attention to the environmental, social, and governance (ESG) issues that continues to mount.

The key argument is that over the last decade, a frequent claim has been that the traditional strategic models need to be reformed in order to address climate change, biodiversity losses, water scarcity, etc., while at the same time addressing key social and economic challenges. hence the growing importance of to govern these challenges under one control system has added to this challenge which resulting an urgent need go for the green business strategies.

Based on multiple academic research that take positive account of many shareholders and investors who expect a high financial performance in the future for a company who have high ESG rating scores (Hartzmark and Sussman, 2019). Hence, others assume that ESG practices contribute to enhance social capital and shareholder trust which might

increase the willingness to make a future investment which lead to increase the overall growth options (la Fuente et al., 2021). on the other hand, the recent evidence argues that shareholders who are attempting to increase the performance by moving their direction for the companies with high ESG rating are likely to be disappointed (Cornell, 2021).

The discrepancy in perspectives and research results, however, have encouraged the researcher to search more in the influence of the independent variable, which is Environmental, Social, Governance (ESG) programs on the dependent variable which is green strategy formulation (GSF). As a result, the research questions and hypotheses are built duly.

### **1.5 Study Questions**

This study has tried to examine the following questions derived from problem statement.

#### **The first key question:**

**Q1.** Is there an influence of (Environmental, Social, Governance) ESG programs on green strategy formulation GSF at Jordanian Commercial Banks?

The following questions can be derived from the key question above:

Q1.1 Is there an impact of (Environmental, Social, Governance) ESG programs on the business operation at Jordanian Commercial Banks?

Q1.2 Is there an impact of (Environmental, Social, Governance) ESG programs on the financial performance at Jordanian Commercial Banks?

Q1.3 Is there an impact of (Environmental, Social, Governance) ESG programs on the shareholders' Value at Jordanian Commercial Banks?

#### **The second key question:**

**Q2.** Does the existence of task environment factors which are (regulatory requirements and market demand) have changed the influence of both (Environmental, Social, Governance) ESG programs and green strategy formulation GSF (business operation, financial performance, shareholders) at Jordanian Commercial Banks?

## **1.6 Study Hypotheses**

In order to examine the relationships between the study variables the following hypotheses can be proposed:

**H0<sub>1</sub>: (Environmental, Social, Governance) ESG programs have no influence on green strategy formulation GSF at Jordanian Commercial Banks at ( $\alpha \geq 0.05$ ).**

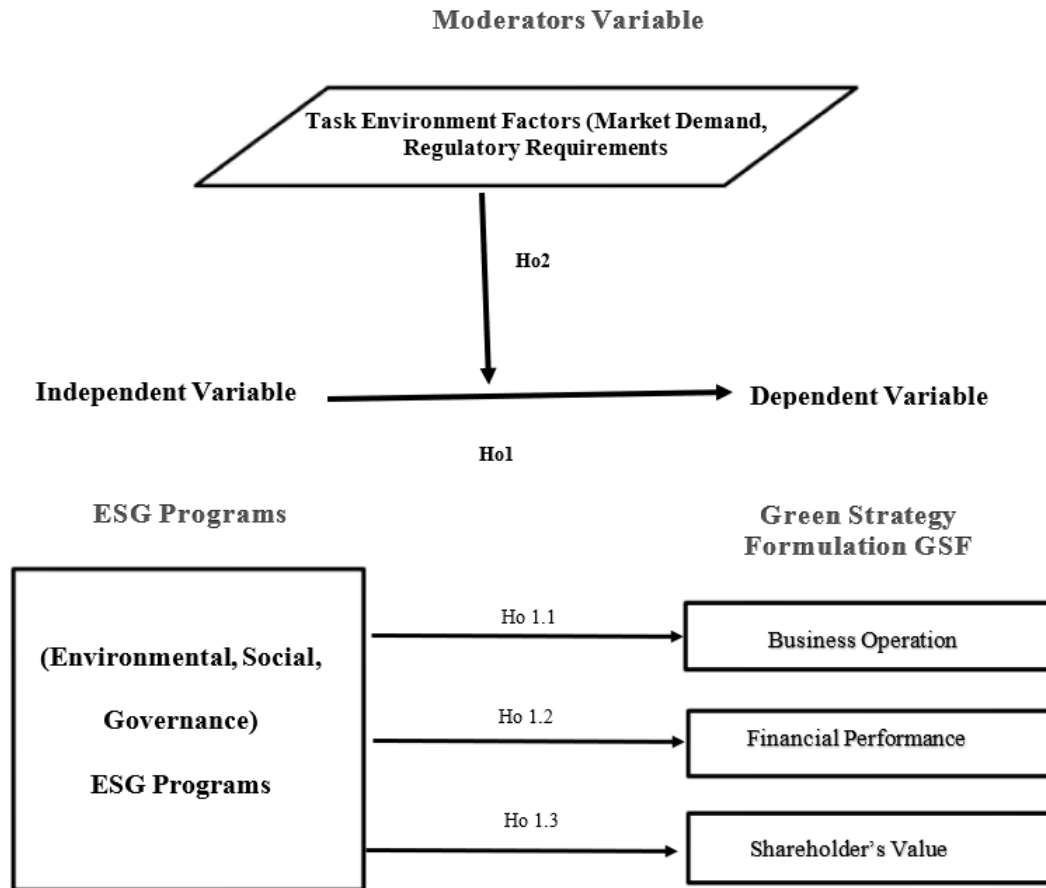
H0<sub>1.1</sub>: (Environmental, Social, Governance) ESG programs have no influence on the business operation of the Jordanian Commercial Banks at ( $\alpha \geq 0.05$ ).

H0<sub>1.2</sub>: (Environmental, Social, Governance) ESG programs have no influence on the financial performance of the Jordanian Commercial Banks at ( $\alpha \geq 0.05$ ).

H0<sub>1.3</sub>: (Environmental, Social, Governance) ESG programs have no influence on the shareholders' value at the Jordanian Commercial Banks at ( $\alpha \geq 0.05$ ).

**H0<sub>2</sub>: The task environment factors do not moderate the influence of the ESG programs and the green strategy formulation GSF at ( $\alpha \geq 0.05$ )**

## 1.6 Study Mode



**Sources:** The model is developed based on the following previous studies: for independent variable (Bahadori et al., 2021; Velte, 2019). For dependent variable (Olayeni et al., 2021; F. Larcker et al., 2019; Niccolò et al., 2020; Dai, et al., 2017). For the moderator variables (Baldini et al., 2018; Anamika et al., 2022).

## 1.7 Study Terms

First, the definition of ESG (Environmental, Social, Governance):

- Environmental dimension: include the company's energy consumption and waste output, the resources it requires, and the effects for living beings, as a result, it refers to carbon emissions and climate change, because every company uses energy and resources; every firm has an impact on the environment and is influenced by it. (Henisz et al.,2019).
- Social dimension: Examine the company's relationships and reputation with people and institutions in the communities where you can do business. As a result, it covers labor relations as well as diversity and inclusion. Noting that every business operates in a larger, more diversified society (Henisz et al.,2019).
- Governance dimension: is the company's internal system of processes, controls, and procedures for governing itself, making successful choices, adhering to the law, and meeting the needs of external stakeholders. Every company, which is itself a legal creation, requires governance (Henisz et al.,2019).

The procedural definition of ESG (Environmental, Social, Governance) programs:

This means evaluating companies and countries based on their awareness of sustainability issues, the practices they follow to contribute positively to their physical environment, society, and people's relations, and the degree of compliance to the systems, procedures, and controls required to meet the governance dimension.



Second, the definition of a green strategy:

A green strategy for a company, whether public or private, government or commercial, is one that supports the company's existing business, operations, and asset strategies, which are frequently well-articulated. (Olson, 2008).

The procedural definition of green strategy:

The long-term planning and adoption practices to minimize the harm that affect the environment by using practices that are environmentally friendly.

## 1.8 Study Limitations

**Place limits:** The spatial limits for this are to study Jordanian Commercial Banks located in Jordan.

**Time limits:** This study is expected to be completed by the second quarter of 2022.

**Topic limits:** The study presents ESG as an independent variable, and the GSF as dependent variable, with its sub variables which are (business operation, financial performance, shareholders value), taking into considerations other task environment factors that might have an influence on the relationship between two variables as well.

## 1.9 Study Delimitations

There are two major delimitations in this study that could be addressed in future research, which are:

The study is applied to banking sectors working in Jordanian Commercial Banks. And the topic has limited scientific literatures research which affect the ability to source for more information about the study.

## **CHAPTER TWO: Theoretical Framework and Previous Studies**

### **Introduction:**

This chapter includes definition of ESG, Corporate Social Responsibility sustainability and green strategy. Moreover, it includes previous studies. Finally, it summarizes what differentiate this study from previous ones and an introduction of the Jordanian Commercial Banks.

### **2.1 ESG Programs**

Despite the concept of ESG has existed for decades since 1950s, it was not until the early 2010s that ESG issues were gradually taken seriously by the companies (Gao et al., 2021). However, Environmental, Social and Governance or (ESG) in short, is a common term used in Corporate Social Responsibility (CSR) of a company. It is worth to mention that terms such as “sustainability”, “corporate responsibility”, “corporate governance”, “socio-environmental governance”, and “environmental, social, and governance (ESG)” became commonly used as synonyms for CSR (Bahadori et al., 2021). In this research paper will be tackle CSR issues through focusing on (ESG) programs.

Thus, Environmental refers to the firm’s contributions concerning the natural environment that focus on the reduction in waste and pollution, greenhouse gas emissions, and climate change, whereas, Social responsibility means fair and beneficial business practices for labor, respect for human rights, the establishment of a safe environment, and service to the community , and the Governance refers to the proper management of the company in addition to economic prosperity (Yen Chang et al., 2021).

The overall definition states that greater attention should be paid to the interests of non-investor stakeholders and that by investing in initiatives and programs to promote the interests of these groups, the corporation will create long-term value that is larger, more sustainable, and more equitably shared among investors and society (F. Larcker et al., 2019).

It is worth to mention that the adoption of effective CSR practices can be accelerated by the success of industry leaders. However, due to budget constraints, small and medium-sized businesses may spend less R&D on ESG programs, particularly those that require a significant investment. Industry leaders will be in a better position to decide effective CSR initiatives as a result of this, small and medium-sized businesses will benefit from the spillover impact. Furthermore, government or non-governmental organizations might contribute in the strengthening of industrial associations by hosting workshops or seminars to enhance collaboration among companies dealing with comparable ESG concerns (Xie et al., 2017). On the other hand, companies with better ESG profiles attract shareholders who are more likely to remain with them in the long run. These long-term investors shift their portfolios more slowly, allowing them to potentially capture the value created by corporate ESG programs (Starks, et al., 2018).

## **2.2 ESG Rating /Scores**

ESG rating scores are provided by several agencies such as The Thomson Reuters Corporate Responsibility Ratings, which are objective standard for assessing and comparing companies' social responsibility and are joined by a number of similarly conceived rating systems. These ratings provide a quantitative grounding for the purposes of both research and investing, whether aiming at the whole of ESG or at the individual ESG components (Blank, 2016). Consequently, low scores can

negatively impact the company in terms of borrowing as well as investors trust in future performance (Khalid, 2021).

Another example on the entity that delivers ESG scoring reports is Bloomberg's ESG group which has produced the ESG database in early 2008, however, Bloomberg's product includes over 9,000 companies from over 70 countries. It includes up to 10 years of historical data as well as broad coverage. ESG Disclosure Scores contain 900+ dimension that cover a wide range of sustainability topics and its database includes detailed ratings ranging from 0 to 100 for each of the environmental, social, and governance classifications (Almeyda & Darmansyah, 2019).

It is worth to mention there is no common process for evaluating companies, despite the development of sustainability indices and ESG agencies. This is due to the fact that each index and agency weights analysis dimension differently. Considering these variances, most indices and agencies use a combination of positive and negative dimension based on an adapted Stakeholder Model and a set of global standards to score organizations. Because each index and agency express the results in a different structure, there are also variances between the scoring systems. Furthermore, the risk measurement information offered by ESG agencies is limited and inconsistent. In terms of enhancing the implementation of responsible corporate policies, ESG agencies are becoming increasingly important. However, there are some parts of the company valuation process and dimension that can be improved, such as the transparency of the method and dimension, as well as the homogenization of evaluation scales, risk definitions, etc. (Olmedo et al., 2010).

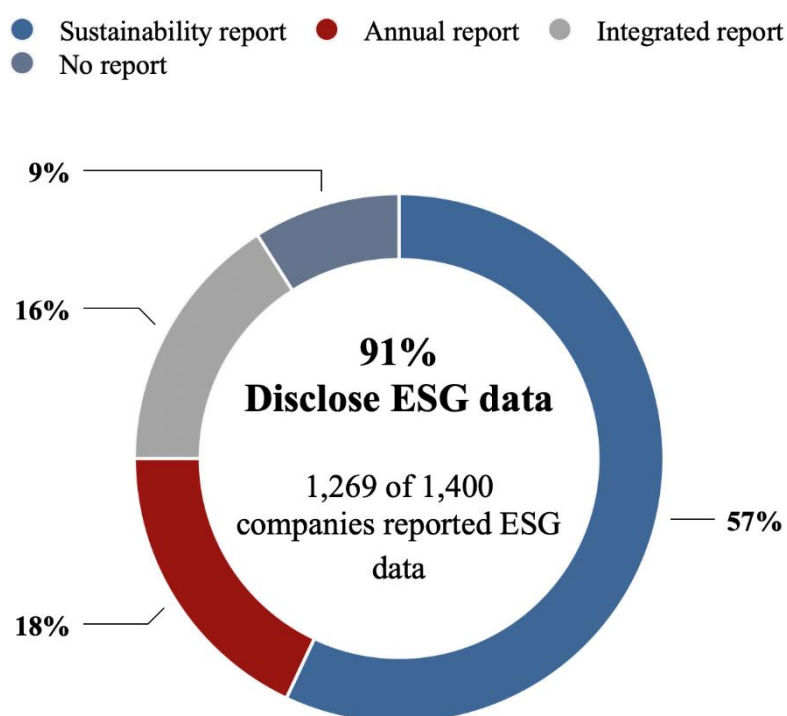
## 2.3 ESG Disclosures

Companies historically have viewed performance and statements as a voluntary undertaking, largely devoid of legal or market risk. As a result, management have oversight of a company's environmental, social, and governance programs and reports often operated free from legal department oversight or interference (Hackett et al., 2020).

For this time being, companies are investing a noticeable effort in order to achieve the goals of its ESG programs, accordingly they have been disclosing non-financial indicators as a proof that they are progressing process towards the pursuit of ESG goals. As a result, organizations and companies publish every year their annual sustainability report along with the Corporate Responsibility report to make aware all the shareholders about the effort in place to maintain transparent information (Raggi, 2012).

From a company's perspective, ESG disclosure represents sharing information in the annual report that is related to certain operations, activities, and programs deemed to affect both the public and general stakeholders (N. Nirino, et al., 2020). Similarly, ESG disclosure improves a company's image, increases awareness of its products and services, and, most significantly, strengthens connections with diverse stakeholders (Alsayegh et al., 2020). However, improving short-term earnings would be better served by issuing reports and disclosing information. Pro-ESG initiatives, on the other hand, would lower risks and boost future profitability if a company wants to focus on long-term earnings. Developing a financial portfolio and ensuring a suitable and balanced distribution of disclosure and action would assist businesses in developing an optimal financial strategy (Yoo & Managi, 2021).

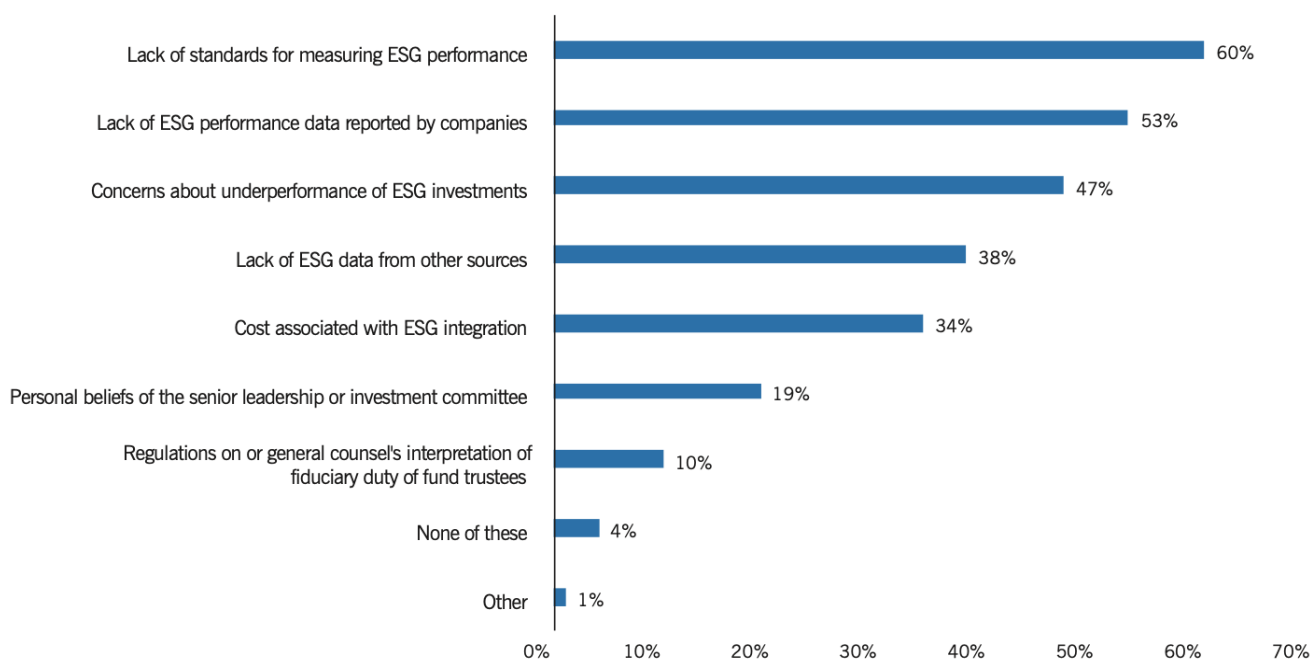
For this time being, non-financial reporting is become the second most important component of business reporting, after financial reporting, and will become increasingly standardized over time (Velte, 2019), Accounting for the influence of ESG-related information on financial reporting, whether through financial statements or separate disclosures, are considered as necessary component because firms must reflect on the resiliency of their business models and integrate ESG component when defining goals and targets.



**Figure 2.1:** Method of ESG reporting (*international federation of accountants, 2021*).

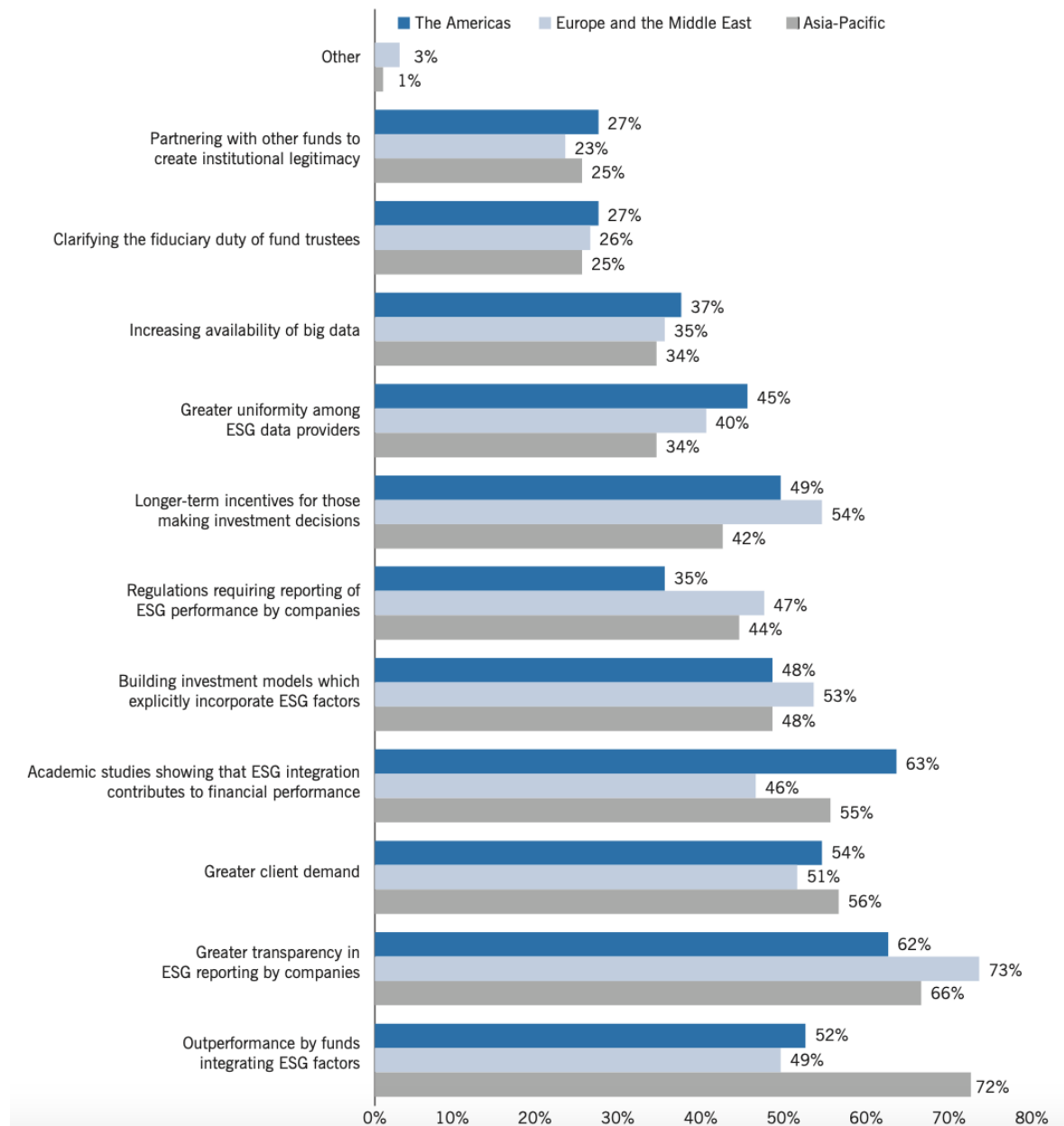
As a result of the above illustration, the question is raised itself which is, If the traditional obstacles to ESG integration are disappearing and the motivation behind the interest in this strategy is market-driven, why isn't it already the dominant strategy?

The most significant obstacle to ESG integration is the lack of standards in both ESG data and how it is used. Even if there are standards in place that provide high-quality ESG data, the question of how these data is used remains. The lack of clear standards for monitoring ESG performance was cited by 60% of respondents as the most dominant concern.



**Figure 2.2:** obstacles to ESG integration (*Eccles, et al., 2017*).

On this account, another question is appeared which is “what would be more useful towards improving ESG integration?” To answer this question a survey was conducted in Asia-Pacific, the Americas, Europe and the Middle East to the assist managers and assist owners, the results are illustrated as the below figure.



**Figure 2.3:** the most useful patterns towards improving ESG integration (*Eccles, et al., 2017*).

As we can see, the Americans voted for 63% to the academic studies showing that ESG integration contributes to financial performance, whereas 73% of the Europe and middle east believe that the most useful towards improving the ESG integration is to have



a greater transparency in ESG reporting by companies. For the Asia-Pacific 72% voted for outperformance by funds integrating ESG factors.

## **2.4 Green strategy formulation**

Green business strategies are any organization that participates in environmentally friendly or green activities that derived from its purpose and strategy to ensure that all processes, products, and manufacturing activities adequately address current environmental concerns while maintaining a profit. In other words, it is a business that “meets the needs of the present world without compromising the ability of future generations to meet their own needs. It is the process of assessing how to design products that will take advantage of the current environmental situation and how well a company’s products perform with renewable resources.

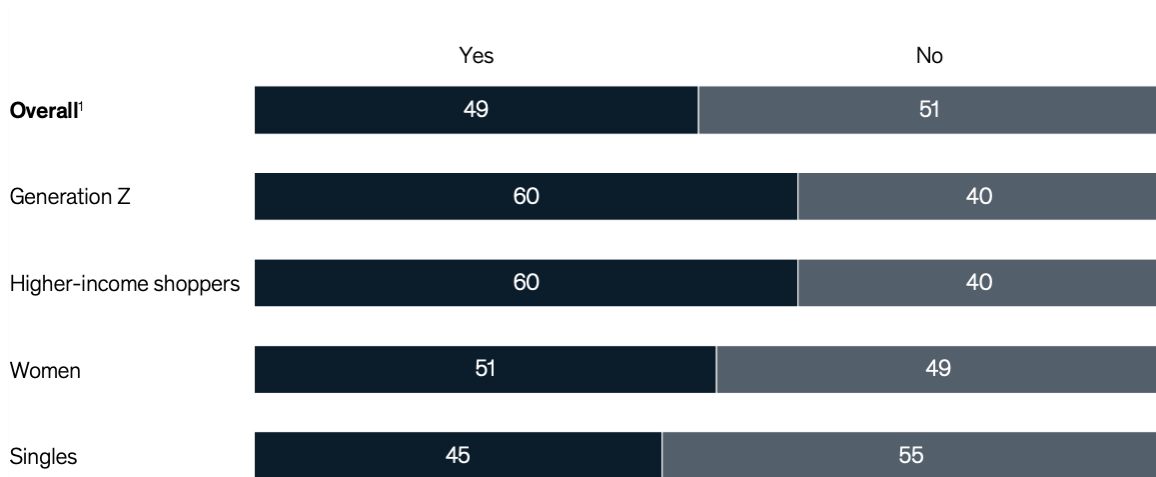
The change on mission and vision that had focused on short term profits maximization as described on shareholder theory and the total value maximization for wider society as described by stakeholder theory, which resulted recently to turn over towards the more sustainable and more long-term-oriented version of value creation (Zumente & Bistrova, 2021). Perceiving those green businesses are interconnected to the green economy, green society, environmental planning, and marketing, all of which stem from an environmentally friendly supply chain. Accordingly, green business methods have a substantial impact on the use of natural resources at many stages of activities and productions, in addition to social business and profit maximization (Hasan et al., 2019). As a result, environmental awareness among senior management contributes significantly to the strength of environmental orientation and green business relationships (Yasir et al., 2020). Finally, the corporate green strategies can aim to take advantage of sustainable revenue opportunities, while protecting the value of business against increasing energy

costs, the costs of meeting regulatory requirements, changes in the way customers perceive brands and products.

## **2.5 Market Demand**

Increasing demand from investors to invest in sustainable businesses, coupled with growing public expectations around corporate responsibility, are placing a greater focus on companies to address environmental, social and governance (ESG) concerns that are material to their business. However, for this time being board discussions continue to evolve in light of the growing demand for companies to address ESG issues (KPMG, 2018). As a result, effective ESG programs can attract B2B and B2C customers by providing more sustainable products, whereas poor sustainability practices may lose customers due to (e.g., human rights, supply chain) or a perception of unsustainable or harmful products, however, for this time, ESG can drive consumer preference because customers are voicing out that they are willing to pay to “go green.” (Henisz et al.,2019).

The most significant debate of "who pays for sustainability?" is the willingness of consumers to pay for decarbonized items. According to consumer research, consumers are prepared to pay a premium for environmentally friendly products, often as much as 60%. This feeling is strongest among Generation Z and higher-income shoppers, who are swiftly becoming the world's most powerful consumer groups.



**Figure 2.4:** Gen Z, higher-income shoppers, and women are the most willing to pay for more sustainable products (*Anamika et al., 2022*).

Stated willingness to pay for sustainability by demographic, %

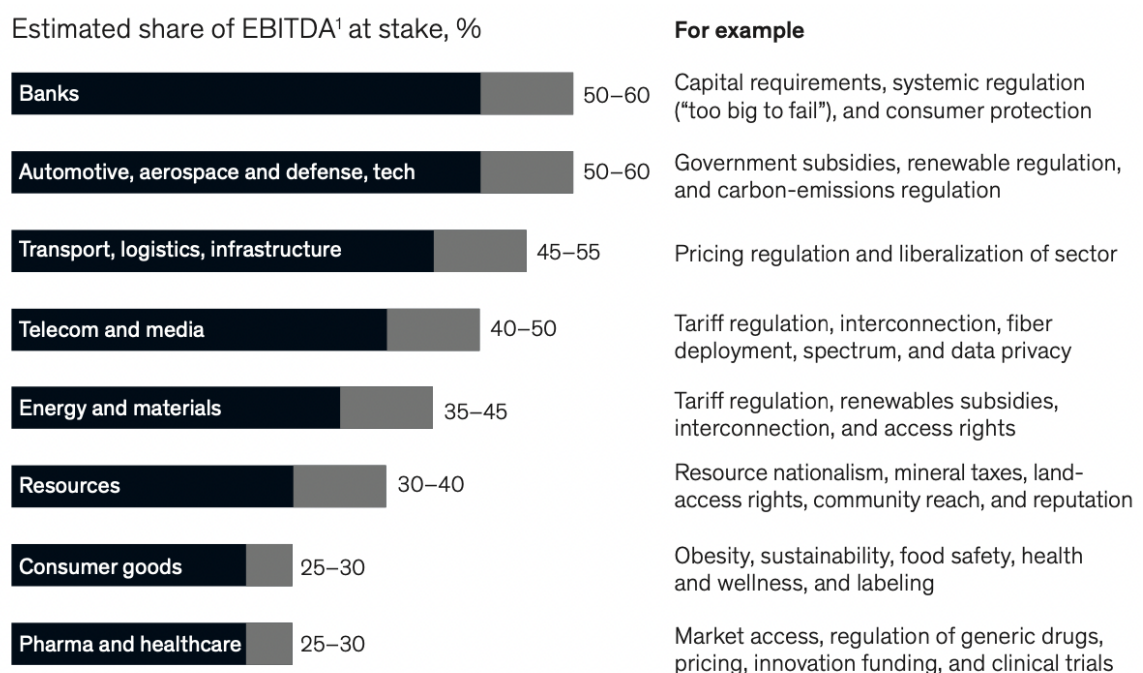
## 1.1 ESG Regulations

Defined as guidelines that cover firm's CSR reports emerging from the UN (Global Compact), Global Reporting Initiative (GRI), Integrated Reporting Council (IIRC), etc. which gives a detailed report updated every year based on the type of industry and the ESG scores of the company (Almeyda & Darmansyah, 2019).

Many countries are now working to improve their regulations and laws to include the firm's compliance with green corporate governance (GCG) and Transparency & Disclosure (T&D) standards, so that firms can have their governance and T&D practices rated in order to get a sense of their quality in these areas and continually improve. In general, when governments have faith in corporate actors, they are more willing to allow them access, approvals, and licenses that open up new growth opportunities that may

result in achieving better access to resources through stronger community and government relations (Henisz et al.,2019).

On the other hand, ESG can assist companies avoid negative government action. It could also gain support from the government. According to (Mckinsey, 2019) analysis the governmental action puts one-third of corporate profits at risk. taking into consideration the influence of regulation varies by industry. Therefore, Low scores can have a negative impact on the company's borrowing capacity as well as investors' confidence in future performance. It is observed, for example, that having a defined ESG framework within a company reduces the risk of government intervention within that company to the point that it can be associated to EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization). This is owing to the fact that only minor regulatory action is required, resulting in low government intervention within a sector.



<sup>1</sup>Earnings before interest, taxes, depreciation, and amortization.

**Figure 2.5:** In many industries, a large share of corporate profits is at stake from external engagement (Henisz, et al., 2019).

The profits at risk in pharmaceuticals and healthcare are around 25% to 30%. The capital at risk in banking is often 50 to 60% because regulations on capital requirements, "too large to fail," and consumer protection are so important. The value at risk in the automobile, aerospace and defense, and technology sectors, where government subsidies (among other types of involvement) are frequent, can exceed 60%

## 2.6 Corporate Social Responsibility (CSR) and ESG

Corporate Social Responsibility (Corporate Social Responsibility, CSR) is a concept proposed by the European Union in 2001, which refers to a responsibility that companies take social and environmental factors into consideration when making decisions and operations. However, there are some differences between CSR and ESG, CSR focuses on the interests of multiple stakeholders and a wide range of groups. Environment, society and governance have become important pillars of corporate social responsibility (Gao et al., 2021).

**Table 2.1:** Differences Between CSR and ESG Characteristics and Programs (Khalid, et al., 2021).

Examples of CSR	Examples of ESG
Community involvement or volunteering	GHG emissions and climate risk
Helping employees advance careers	% of women or people of color (POC) on the board
Participating in fair trade agreements	Pay equity, diversity, and inclusion
Donating products or services	Ethical behavior and anti-corruption

## 2.7 ESG and Sustainability

While sustainability is a critical concept, ESG considered as a quantitative tool to measure the company's sustainability and corporate social performance, Hence, allowing to better understand the impact of social responsibility efforts on quantifiable outputs of the company's financial and operational performance (Zumente & Bistrova, 2019). Hence, there are numerous sustainability indices, as well as environmental, social, and governance rating and information providers agencies, available today, these groups look at businesses in terms of their long- term sustainability, including economic, social, environmental, and corporate governance variables. Most ESG agencies consider the following topics, according to a CSR and Public Policies report: company data, basic company information, social initiatives, corporate governance, clients, employees, environment, problematic business operations, and partnerships with investors and suppliers. For the socially responsible investor, sustainability indices and ESG agencies are valuable sources of information. However, when it comes to explaining the evaluation dimension utilized, particularly those relating to risk management, agencies are tight-lipped. As a result, investors will have a tough time analyzing this data directly. Investors, on the other hand, have another option for incorporating sustainability into their decision-making: sustainability indices. These indices assist investors in making investment decisions, however they limit the use of an investor's own social responsibility dimension. As a consequence, companies have a lack of information, making it difficult to determine which actions might lead to inclusion in one of the sustainability indexes, and investors face difficulty identifying sustainable investment targets. (Olmedo et al., 2010).

## 2.8 Previous Studies

Due to its importance and broad impact on firms, ESG issues have become a new trend in every business discussion. However, this section displays the most notable studies on the subject as well as the study variables. In addition, the following is a summary of those studies in chronological order:

**A study (Eccles et al., 2017) entitled: “How to Integrate ESG into Investment Decision-Making: Results of a Global Survey of Institutional Investors.”**

This research examines why ESG has grown extremely popular during this time, as well as the current trends and investment techniques. Then they show that traditional hurdles to ESG integration which are gradually being resolved, such as fear of underperformance, worries about fiduciary duty, and misalignment with timescales. However, the most fundamental challenge remains getting high-quality data on material ESG exposure. Finally, they discuss the most effective ESG integration strategies. Investors may use ESG analysis more consistently with holistic risk and resiliency metrics, according to the findings. Furthermore, as fiduciary duty evolves, a critical mass of ESG investors may begin to expect detailed ESG analysis. However, when it comes to ESG contribution to financial outperformance, investor expectations are broadly aligned with ESG investing. Hence, investors appear to have the appropriate investing time horizons and expectations for when ESG could provide outperformance. However, investors may need to reconsider their performance measurement time frames in order to align with forecasts of when ESG could contribute to outperformance. Accordingly, the lack of common standards in both ESG data and how they are used continues to be a challenge: over 80% of investors think that common standards are lacking. Furthermore, two-thirds of asset owners and

68% of asset managers said that greater transparency in corporate ESG reporting would be the most helpful in increasing ESG integration.

**A study (Abuzeinab et al., 2017) entitled: “Barriers to MNEs green business models in the UK construction sector: An ISM analysis.”**

This study says that the environmental and economic benefits of green business models are taken into consideration if current hurdles can be cleared out and developed in a way of that overcome them all. Accordingly, a qualitative analysis is used to identify hurdles to green business models in this study. Nineteen semi-structured interviews with academic and industry specialists in the UK construction sector were conducted, and the results were analyzed using theme analysis. Government constraints, financial constraints, sector constraints, corporate constraints, and a lack of demand were identified as the five key categories of hurdles. The interpretive structural modeling method was utilized to determine the combined impact of these barriers. It was discovered that the rest of the barriers are driven by government limits, followed by finance and construction industry constraints, and finally by company constraints. Surprisingly, compared to the other hurdles, lack of demand showed to have the least impact on the transformation of green business models. The findings paint a clear picture of the green building sector for global companies looking to expand into the UK. As a result, the government has an influence on multinational firms' strategic planning and competence building for the environmental and economic benefits of green business models. Effective interaction with the government will result in institutional advantages for multinational firms operating in the UK markets, such as legitimacy and trust.



**A study (Xie et al., 2017) entitled: “Do Environmental, Social and Governance Activities Improve Corporate Financial Performance?”**

This study aimed to investigate the relationship between corporate efficiency and corporate sustainability to determine if companies that engage about in environmental, social, and governance (ESG) issues can also be profitable and efficient. Evidence suggests that at the moderate disclosure level, rather than the high or low disclosure levels, business transparency regarding ESG information has a favorable relationship with company efficiency. The strongest positive correlation between company efficiency and governance information disclosure is found in social and environmental information disclosure. They also looked into the link between certain ESG activities and financial success, such as business efficiency, return on assets, and market value. They discovered that the majority of ESG initiatives have a positive correlation with firm financial performance. These data could be used to support voluntary corporate social responsibility (CSR) strategy decisions aimed at improving corporate sustainability.

**A study (Dai, et al., 2017) entitled: “Examining Corporate Environmental Proactivity and Operational Performance: A Strategy-Structure-Capabilities-Performance Perspective within a Green Context.”**

This study aimed to discuss the process through which a firm’s proactive environmental management strategy could contribute to operational performance. They apply the strategy-structure-capabilities- performance (SSCP) theoretical perspective within a green context to develop a model that describes how green collaboration with suppliers and green process innovation allows firms to act more

competitively. The results indicate that cooperating with suppliers on environmental issues boosts green process innovation, which pays off in terms of lower operating costs, better quality, faster delivery, and more flexibility. As a result, businesses that want to improve their green innovation and operational performance may need to better integrate their corporate environmental strategy and environmental management practices throughout the supply chain.

**A study (Starks, et al., 2018) entitled: “Corporate ESG Profiles and Investor Horizons”**

This study examines institutional investors' motivations for preferring companies with positive environmental, social, and governance (ESG) profiles. They discover that such preferences are highly dependent on investor horizons: Investors with longer horizons prefer higher ESG firms much more than investors with shorter term investors. However, investors behave more patiently toward high ESG firms in their portfolios than their other assets, selling relatively less after negative earnings surprises or poor stock returns, which is consistent with the relevance of investor horizon.

**A study (Hegedić, et al., 2018) entitled: “Relationship Between Lean and Green Management In Croatian Manufacturing Companies.”**

The purpose of this article is to investigate the relationship between lean and green management, as well as the reasons for their implementation, their impact across the entire life cycle, and the current state of lean tool use, as well as economic and environmental indicators, in the context of Croatian manufacturing companies. In this study, a semi-structured interview was performed. The findings were compared to those of a similar study conducted in the United Kingdom. However, although there

are examples in which these two approaches are merged, mainly in the process and food industries, it can be argued that the integration of lean and green management is not yet properly established in manufacturing organizations. For these reasons, there is a great potential in integrating the two approaches in the future.

**A study (Zhao, et al., 2018) entitled: “ESG and Corporate Financial Performance: Empirical Evidence from China’s Listed Power Generation Companies.”**

This study shows that listed firms all over the world are moving their focus from short-term profit maximization to long-term environmental, social, and governance (ESG) goals. People have realized that environmental, social, and governance (ESG) issues have become a significant source of corporate risk, and that they may have an impact on a company's financial performance and profitability. According to recent studies, high ESG performance can help some countries enhance their financial performance. Based on the panel regression model, they investigated China's listed power generation organizations to investigate the relationship between ESG performance and financial indicators in the energy power market. The results show that high environmental, social, and governance (ESG) performance can increase financial performance, which has important implications for investors, firm management, decision-makers, and industry regulators.

**A study (Dahlberg & Wiklund, 2018) entitled: “ESG investing in Nordic counties: an analysis of shareholder view of creating value.”**

ESG ratings have become a widely accepted indicator of sustainability performance around the world. When it comes to ESG ratings, the Nordic countries of Sweden, Finland, Denmark, and Norway are ranked top four in the world. The goal of this study is to discover if Nordic investors prioritize environmental, social, and

governance (ESG) factors by looking for a relationship between high ESG ratings and firm financial performance. There was a significant positive relationship between several ESG ratings and market performance, but still no significant positive or negative relationship between accounting performance and ESG ratings, according to the findings of the studies, Nordic investors prioritize ESG ratings when making investment decisions, implying that companies can benefit from having effective sustainability strategies.

**A study (Buallay, 2018) entitled: "Is sustainability reporting (ESG) associated with performance? Evidence from the European banking sector."**

The focus of this research is on sustainability reporting, which has been widely adopted by businesses throughout the world in response to stakeholder demands for greater transparency on environmental, social, and governance (ESG) issues. The goal of this study is to explore into the connection between ESG and a bank's operational (Return on Assets), financial (Return on Equity), and market performance (Tobin's Q) performance. As a result, this research examined at 235 banks for ten years (2007-2016), yielding 2,350 observations. The ESG disclosure is the independent variable, while performance measures (return on assets, return on equity, and Tobin's Q) are the dependent variables. This study uses two types of control variables: bank-specific and macroeconomic. The conclusions drawn from the empirical studies show that ESG has a considerable positive impact on performance. However, when ESG disclosures are measured individually, the environmental disclosure proved to have a favorable impact on ROA and TQ. The corporate social responsibility disclosure, on the other hand, has a negative impact on all three models. However, the corporate governance disclosure discovered has a negative impact on ROA and ROE while having a good impact on Tobin's Q.

**A study (Buallay, 2018) entitled: (Baldini et al., 2018) “Role of Country- and Firm-Level Determinants in Environmental, Social, and Governance Disclosure.”**

Companies have been under pressure in recent years to release environmental, social, and governance (ESG) disclosure. The extent to which social structures (i.e., institutional theory) and social legitimization (i.e., legitimacy theory) influence ESG disclosure practices and each pillar is investigated in this study. The findings show that country-level variables like the legal framework (corruption), labor system (labor protection and unemployment rate), and cultural system (social cohesion and equal opportunities) have a significant impact on enterprises' ESG disclosure practices.

The results show a positive and consistent effect on ESG disclosure and each pillar for firm-level variables relevant to a firm's visibility. These findings inform policymakers and regulators who want to enhance ESG disclosure levels about the risks they face when dealing with social structure factors and the benefits of exposing companies to more transparency.

**A study (Hasan et al., 2019) entitled: “Green Business Value Chain: A Systematic Review.”**

Traditional corporations are employing more and more green strategies in comparison to previous decades, because they must respond to environmental impacts quickly. This research has consequences for environmental protection, social security, and business stability on an economic, social, and commercial implications. With these concerns in mind, the goal of this research is to consider the consequences of green strategies in each business process by focusing on green business practices in various company value chain roles. The impacts, relationships, characteristics, practices, and benefits of implementing green strategies across the company value chain are discussed in this report. Several examples of how green business may

benefit the environment while also reducing cost. In addition, the study demonstrates that, in the context of green capital, green business practices are critical in today's world. To meet the goals of this study, various frameworks for implementing green strategies or business processes have been established and reported in the findings.

**A study (Henisz et al.,2019) entitled: “Five ways that ESG creates value.”**

Consumer preference can be influenced by ESG. According to study findings, customers are eager to pay to "go green." Although there can be significant differences in practice, we discovered that over 70% of consumers will pay an extra 5% for a green product if it meets the same performance standards as a non-green alternative. In a separate study, nearly half of the organizations surveyed (44 percent) cited business and growth potential as the motivation for launching sustainability programs.

**A study (Velte, 2019) entitled: “Does CEO power moderate the link between ESG performance and financial performance? A focus on the German two-tier system.”**

This study will examine if the link between environmental, social, and governance (ESG) performance and financial performance is influenced by chief executive officer (CEO) power, based on stakeholder and upper echelons theory. According to the findings, ESG performance has a beneficial impact on financial performance, with the correlation being stronger in CEO power. As a result, and in line with previous studies on the one-tier system, CEO incentives under the German two-tier system can positively contribute to the CSR-business case. After many robustness testing's, the results remain consistent.

**A study (Hoepner et al., 2019) entitled: “ESG Shareholder Engagement and Downside Risk.”**

This study examines whether shareholder participation on environmental, social, and governance (ESG) issues reduces firms' downside risk, as measured by the reduced partial moment and value at risk. They support this idea with information from a proprietary database. Furthermore, the measured risk effects vary depending on the success of the engagement and the engagement theme. When it comes to environmental issues (most notably climate change), engagement appears to be the most effective in reducing downside risk. Furthermore, they discover evidence that successful collaboration reduces the firm's exposure to a downside-risk factor.

**A study (Aybars et al., 2019) entitled: “ESG and Financial Performance: Impact of Environmental, Social, and Governance Issues on Corporate Performance.”**

Non-financial data, such as environmental, social, and governance (ESG) matters, is becoming just as significant as financial data. With eleven years of data from 2006 to 2016, this research focused at the empirical relationship between Thomson Reuters Environmental Social Governance (ESG) Combined Score and S&P 500 corporate performance. However, according to the research, improvements in ESG score have a beneficial impact on a company's operating performance. Although there is a strong link between ESG Combined Score and operational profitability (ROA).

**A study (Yasir et al., 2020) entitled: “Promoting environmental performance in manufacturing industry of developing countries through environmental orientation and green business strategies.”**

The purpose of this research is to examine the impact of environmental orientation (EO) on environmental performance (EP). The role of green business strategies (GBS) as a mediating factor in this relationship is also considered. And the

role of top management environmental awareness (TMEA) as a moderator in the relationship between environmental orientation and green business strategies is also investigated. The findings demonstrated that environmental orientation has a direct impact on green business strategies and environmental performance. Furthermore, the findings show that green business strategies mediate between environmental orientation and environmental performance in a positive way. It was also discovered that top management environmental awareness enhances the direct impact of environmental orientation on green business strategy. Although empirical data suggests that environmental orientation has a significant impact on environmental performance, more research is needed. Hence, the study's findings imply that organizations should pay more attention to stakeholders' needs and plans for environmental protection.

**A study (Bătae et al., 2020) entitled: “Environmental, social, governance (ESG), and financial performance of European banks.”**

This research discusses how banks perform in terms of environmental, social, and governance (ESG) and how it relates to their financial success. This is a field that both researchers and practitioners are interested in. Previous research' findings are still diverse, ranging from good to negative to neutral. They contribute to the field by adding three additional classifications to Thomson Reuters' categorization of banks (Emerging and Developed Europe). The comparison of ESG and financial performance data helps practitioners by indicating which parts of Europe have the banks with the highest and lowest ESG and financial performance, controversies, and audit fees, respectively. As a result, the findings will assist investors, policymakers, regulatory authorities, bank management, and auditors in recognizing substantial



disparities throughout Europe and implementing necessary actions to improve bank financial and sustainability performance.

**A study (Niccolò et al., 2020) entitled: “Shareholder value and dividend policy: the role of ESG strategies.”**

The goal of this research is to test how ESG (Environmental, Social, and Governance) policies affect a company's dividend distribution policy. They discovered a general detrimental influence of ESG practices on dividend payment policies while evaluating Chinese listed businesses using OLS analysis. Researchers put all three elements of ESG initiatives to the test to see how they affect a company's decision to invest in sustainable and social practices against providing liquidity to shareholders. Overall, the data showed that ESG investments have a negative impact on shareholder wealth, resulting in lower revenues and profits.

**A study (Alsayegh et al., 2020) entitled: “Corporate Economic, Environmental, and Social Sustainability Performance Transformation through ESG Disclosure.”**

This study says that using the ESG disclosure–corporate sustainability performance (economic, environmental, and social; EES) framework, the empirical analysis focused on the impact of ESG information disclosure on EES sustainability performance among Asian enterprises from 2005 to 2017. The positive ESG disclosure on EES sustainability performance relationship discovered in this study which shows that reporting the organization's implementation of environmental and social policies through an elective system of corporate governance improves corporate sustainability performance. The findings also reveal that environmental and social performance are both considerably positively connected to long-term economic viability, implying that a corporation's economic value and its ability to provide value for society are interdependent. ESG information disclosure to all stakeholders is a

significant factor in gaining a competitive advantage for improving corporate sustainability performance, according to the stakeholder theory and the shared value theory.

**A study (Chiaramonte et al., 2021) entitled: “Do ESG strategies enhance bank stability during financial turmoil? Evidence from Europe.”**

The joint and independent effects of Environmental (E), Social (S), and Governance (G) scores on bank stability are investigated in this research. Researchers found that the total ESG score, as well as its sub-pillars, reduces bank fragility during periods of financial difficulty, using a sample of European banks operating in 21 countries from 2005 to 2017. For banks with higher ESG ratings, this stabilizing factor is particularly powerful. A differences-in-differences (DID) analysis developed around the adoption of the EU 2014 Non-Financial Reporting Directive confirms these findings (NFRD). The evidence also shows that the longer ESG disclosures are made during times of financial turbulence, the larger the benefits on stability. Finally, the ESG–bank stability linkages vary significantly depending on the characteristics and operating environments of banks. Selection bias and endogeneity problems are unaffected by the findings. Overall, respondents support the regulatory initiative to require more non-financial information disclosure.

**A study (Yoo & Managi, 2021) entitled: “Disclosure or action: Evaluating ESG behavior towards financial performance.”**

Researchers utilize two alternative ratings with over 1,000,000 samples to see whether the information disclosure of Environmental, Social, and Governance (ESG) dimension is more significant than actions for corporate financial performance. In Tobin's Q and IVA scores, the findings suggest that transparency is more crucial for profits than

action. The findings suggest that media disclosure is critical for profits, but action is required for long-term financial success.

**A study (la Fuente et al., 2021) entitled: “The value of a firm’s engagement in ESG practices: Are we looking at the right side?”**

Environmental, social, and governance (ESG) issues, as well as growth options, are given significant resources as if they were independent sources of value. This article investigates how a company's ESG practices and growth options interact to determine its total worth. Researchers use real-options logic to illustrate how ESG practices can have two opposing pressures (trust-enhancing and risk-reducing), resulting in an inverted U-shaped relationship between ESG performance and growth option value. Furthermore, they suggest that ESG performance and growth options are likely to develop substitutive insurance mechanisms, implying that growth options may have a negative moderating influence on the relationship between ESG performance and a firm's overall value.

**A study (Zumente & Bistrova, 2021) entitled: “ESG Importance for Long-Term Shareholder Value Creation: Literature vs. Practice.”**

This article seeks to determine how ESG contributes to long-term shareholder value creation, as well as if businesses are aware of beneficial ESG benefits and, as a result, whether they will become more ESG-conscious. This study initially seeks to establish if corporate ESG awareness has a beneficial impact on shareholder value by conducting a qualitative content analysis of academic publications. Second, the mission statements of publicly listed Central and Eastern European (CEE) corporations are compared to their decade-old versions to see if companies are becoming more mindful of the importance of ESG. This research allows us to determine whether organizations have moved their focus to ESG elements as part of their mission and, as a result, for long-term shareholder value creation, which is one of the primary aims of exchange-listed companies. The findings

of the content analysis show that organizations with a higher level of sustainability awareness create shareholder value through increased financial performance, management quality, and risk measures. Furthermore, qualitative non-financial elements including as reputation, stakeholder trust, employee satisfaction, and engagement have an even greater impact on long-term value than purely financial matters.

**A study (Olayeni et al., 2021) entitled: “Green Strategy Effect on Financial and Environmental Performance: A Mediation Analysis of Product Quality.”**

The study's central theme was the challenge faced by businesses in developing economies. Researchers constructed a mediation model to see if implementing an organization-wide green strategy will improve product quality and the firm's financial strength while also benefiting the environment. The particular goals were to determine the direct impact of the green strategy on both environmental and financial performance, as well as the total impact of the strategy on both environmental and financial performance by product quality. The Hayes mediation approach was used to collect and analyze data from 648 respondents. The results demonstrate that while green strategy and product quality (as mediators) greatly influence environmental performance, financial performance is also favorably predicted, but by a lower effect. The outcomes of this study show that adopting a green strategy mediated by product quality enhances both environmental and financial performance, meaning that businesses can stay profitable while implementing a product-focused green strategy.

**A study (Bahadori et al., 2021) entitled: “Environmental, social, and governance factors in emerging markets: The impact on firm performance.”**

The empirical data suggest a link between ESG scores and company performance. Individual components of the ESG scores were examined in a finer-grained analysis, which supported our assumptions that environmental and social scores are positively

associated to performance. These findings are consistent with those of other academics who believe that addressing social and environmental concerns will help enterprises in emerging countries. Additionally, Climate change, resource depletion, worker rights, and product safety standards are all challenges that must be actively addressed, and companies who really do so will be better positioned in the market to satisfy stakeholder concerns. Positive environmental and social ratings can improve a company's reputation or organizational legitimacy, reducing the risk of government regulation, as well as improve customer relations, employee satisfaction, and recruiting efforts.

## **2.9 What Makes this Study Different from Previous Studies?**

- The environmental, social, and governance (ESG) agenda is a fast-developing area of importance for any type of industry. The study is becoming increasingly relevant and important to the way businesses operate in today's world.
- This study focuses more on the banking sectors due to central banks vision which are becoming more aware of the systemic risk that (ESG) poses, and they are taking steps to address it.
- The majority of past research has taken place in countries outside of the Arab world. The current research is being carried out in Jordan, which is one of the Arab World's countries.
- The majority of the past research has been done to test strategy formulation from a traditional perspective. However, this study emphasizes the concept that the purpose of organizations goes beyond the profit, as a result, the strategy should be formulated to set out this concept.

- The moderating variables – market demand and the compliance with regulations – are relatively recent subjects for any business debate, especially after the COVID-19 pandemic. As a result, this study attempts to examine the two mentioned external forces that differ from other research variables.

## **2.10 Introducing Jordanian commercial banks**

Overview (Central Bank of Jordan website, 25th of December 2021).

The banking and financial sector in the Hashemite Kingdom of Jordan is known by its stability which has maintained its solidity in 2020, despite of the challenges and risks created by the Covid-19 pandemic and its impact on the economic and financial conditions in Jordan. However, the solidity and the stability of this sector is due to the government and the central bank policies that helped to reduce the severity of the consequences of these challenges, this resulted to have a high level of capital, as well as adequate liquidity and profitability.

Correspondingly, the Jordanian's banking system has a high capital adequacy ratio, with the percentage ranging between 17 % and 21 % between 2007 and 2020, It is generally higher than the rate set by the Central Bank. Hence, the capital adequacy ratio in 2020 has maintained the same level recorded in 2019 at 18.3%, significantly higher than its level in 2018 of 16.9%. The banking sector consist of 24 banks operating in Jordan and distributed on three types which are:

The commercial banks.

The Islamic banks.

The foreign banks in Jordan.

As including 24 Jordanian banks: 13 commercial banks and three Islamic banks as well as eight branches of foreign banks. This study has focused on Jordanian Commercial Banks which consist of (13) Banks, as follows:

Table 2.2 Jordanian commercial banks (*Central bank of Jordan*)

#	Bank Name
1	Arab Bank PLC.
2	Arab Banking Corporation (Jordan)
3	Bank of Jordan PLC
4	Cairo Amman Bank
5	Capital Bank of Jordan
6	Jordan Commercial Bank
7	Jordan Kuwait Bank
8	Jordan Ahli Bank PLC
9	The Housing Bank for Trade & Finance
10	Arab Jordan Investment Bank
11	Invest bank
12	Societe Generale de Banque /Jordanie
13	Bank al Etihad

It is worth to mention that the solid banking sector considered as a primary driver to every country to stimulate economic growth and to maintain stability for the whole financial system, as a result the regulators and the governments are paying a special attention to this sector especially when any business trend or concern arises.

## **CHAPTER THREE: Study Methodology**

### **3.1 Introduction**

This chapter presents the research methodology in terms of study design, sample and population, data collection method, Research Instrument, reliability and validity, that collected from the population, after that we will show the procedure and statistical processes which the researcher used in this study.

### **3.2 Study Methodology**

This research adopted a quantitative and descriptive cause-effect study approach, in order to examine the relationships between variables with presence of task environment as moderating variable. Hence, the researcher has collected the data through questionnaire, as a result the needed information will be examined duly for empirical proposes after the data analysis process.

### **3.3 Study Population, Sample and Unit of Analysis**

The study population consisted of all managerial level working in Jordanian commercial banks in Jordan. A convenience sampling technique has been chosen to collect data from respondents. However, the researcher used both (fieldwork and social media) to communicate the commercial banks in Jordan. Thus, after around three months of hard work of questionnaires distribution, we have reached for (213) of employees.

The following table shows the distribution of the study sample according to their personal variables.



**Table (3-1). Distribution of the study sample according to their personal and occupational variables**

variable	Category	Frequency	Percent
Gender	Female	99	46.5
	Male	114	53.5
Age (years)	22 – less than 30	39	18.3
	30 - less than 38	75	35.2
	38 -Less than 46	77	36.2
	46 and above	22	10.3
educational Qualification	Bachelor's degree	143	67.1
	Diploma	12	5.6
	High diploma	5	2.3
	Master	47	22.1
	PHD	6	2.8
Years of Experience	10 - less than 15	120	56.3
	15 and above	34	16.0
	5 - less than 10	33	15.5
	Less than 5	26	12.2
Job Level	Associate Management	15	7.0
	Fist-level Management	32	15.0
	Middle Management	107	50.2
	Senior Management	25	11.7
	Top Management	34	16.0
	Total	213	100.0

The results shown in the above table showed the following:

- The percentage of (53.5%) of the study sample members are males, while the percentage of females is (46.5%). The reason that the percentage of females is close to the percentage of males is that the nature of the job in banks does not depend on one gender more than the other.
- (67.1%) The percentage of the study sample hold a bachelor's degree, (22.1%) hold a master's degree (2.3%) hold a higher diploma, (2.8%) hold a doctorate, and (5.6%) hold a diploma, the reason that the percentage of the bachelor's degree are high comparing with other ratings, because in banking sectors they are more rely on the professional certificates.

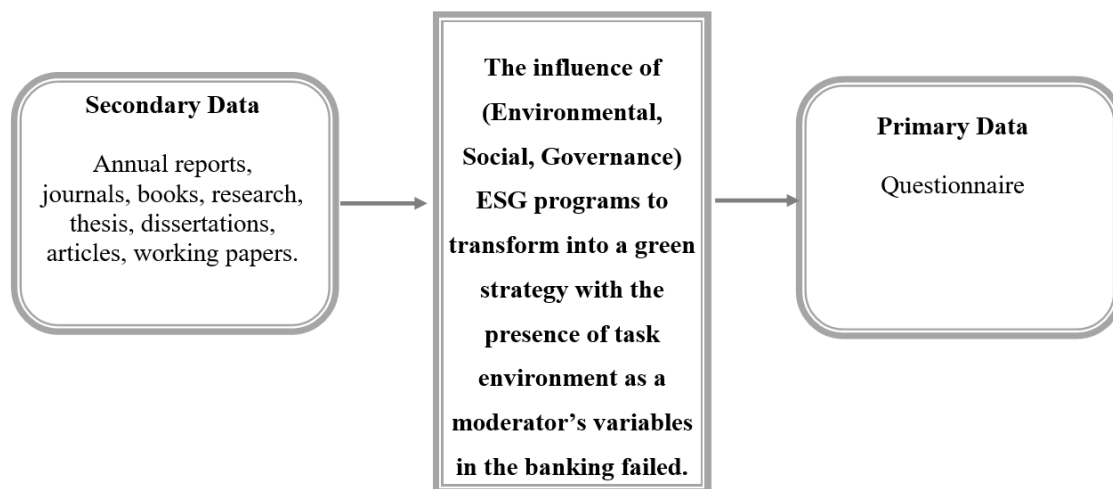
- The percentage of the study sample members are between (22-less than 30) years old has reached (18.3%) and (35.2%) are between (30- less than 38) years old, and (36.2%) aged between (38-less than 46) which is the highest percentage due to the fact that we have reached the managerial levels which we expect that this age is equal to their years of experience as managers, finally the percentage of those over 46 years old (10.3%).

- A percentage (15.5%) of their experience ranges between (5-less than 10) years (56.3%) between (10-less than 15) years which is the highest percentage due to the fact that the approximate years number of an individual to reach the managerial level is 10 years and above, and (12.2%) have less than 5 years of experience, and (16.0%) their experience more than 15 years.

- The percentage of (50.2%) of the study sample members are middle management which is the highest degree due to the fact that the middle management were easy to access, and they were more involved in the strategic topics, and (16.0%) top management. (15.0%) first level management, (11.7%) senior management, and (7.0%) which is associate management.

### **3.4 Data Collection Methods:**

The researcher gathered the data that help to find the result for the objective of this study from two main sources 1- primary data, 2- secondary data and will be discussed below. The below figure prepared by the researcher illustrates the source of data that we used in this study, the primary data collected from the questionnaire distributed to the population, while the secondary data from Journals, books, research and thesis used to understand the study variables.



**Figure 3.1: Data collection sources**

Source: Prepared by the Researcher

The below are the dimension in developing the questionnaire as a tool in collecting data from the sample. However, the researcher depends on previous research to build the variables measurement in questionnaire, which was as per the below table.

**Table (3.2) Variable's measurements references.**

<b>VARIABLES</b>	<b>MEASUREMENT REFERENCES</b>
Environmental, Social, Governance (ESG)	(Bahadori et al., 2021; Velte, 2019)
Business operation	(Dai, et al., 2017)
Financial performance	(Olayeni et al., 2021), (Niccolò et al., 2020)
Shareholder value	(F. Larcker et al., 2019)
Task environment	(Baldini et al., 2018; Anamika et al., 2022)

### **3.5 Study Instrument (Tool):**

The questionnaire consisted of the following parts:

- Part one: Demographics and sample characteristics questions. It is represented by (Gender, Age, Job Title, Name of the bank, educational qualification and years of experience).
- Part two: Independent variables questions (Environmental, Social, Governance programs).
- Part three: Dependent variable questions (Green strategy formulation with its sub variables: financial performance, shareholder value and business operation).
- Part four: Moderating variable questions (Task environment).

### **3.6 Validity Test**

#### **Content Validity:**

it was established by accumulating information from multiple sources such as studies, books, study papers, journals, theses, dissertations, and the Internet.

#### **Face Validity:**

Jordanian academic and professional individuals' referees with knowledge of Jordanian universities and the field of research topic, who have reviewed the study tool for validity whose names are shown in Appendix No. (1).

They assess the appropriateness of the paragraph for the content, the suitability of the study tool provided in terms of the number, comprehensiveness, diversity, and the quality of the language and any other additions. Modifications were made in response to the referees' observations and suggestions.

### Construct validity

To ensure the structural validity of the study tool, Pearson Correlation coefficients were calculated between each paragraph and the total score for its axis, in order to determine the ability of each paragraph of the scale to be distinguished, and items whose correlation coefficient is less than (0.25) are considered low and should be deleted (Linn & Gronlund, 2012), and the following tables show this:

**Table (3-3). Correlation coefficients between each of the paragraphs of the dimensions of the independent variable and the total degree of its axis**

Independent variable: ESG programs					
Environmental dimension		Social dimension		Governance dimension	
Paragraph	Correlation coefficient	Paragraph	Correlation coefficient	Paragraph	Correlation coefficient
1	.706**	6	.701**	11	.724**
2	.611**	7	.633**	12	.585**
3	.605**	8	.637**	13	.630**
4	.554**	9	.675**	14	.718**
5	.700**	10	.656**	15	.742**

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

It is clear from the data shown in the above table that the coefficients for distinguishing paragraphs for “ESG programs” ranged between (0.554-0.724), which are significant values at the level ( $\alpha \leq 0.01$ ), which mean that the paragraphs have a high distinction and greater than (0.25), and this indicates the paragraphs of the independent study variable are true to what they were designed to measure.

**Table (3-4). Correlation coefficients between each of the paragraphs of the dimensions of the dependent variable and the total score for its axis**

Dependent variable: Green Strategy Formulation GSF					
Business Operation		Shareholders		Financial performance	
Paragraph	Correlation coefficient	Paragraph	Correlation coefficient	Paragraph	Correlation coefficient
16	.771**	22	.637**	28	.762**
17	.696**	23	.713**	29	.638**
18	.617**	24	.638**	30	.661**
19	.638**	25	.646**	31	.610**
20	.614**	26	.705**	32	.707**
21	.656**	27	.684**	33	.689**

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

It is clear from the data shown in the above table that the coefficients for distinguishing paragraphs for "Green Strategy Formulation GSF" ranged between (0.610-0.771), which are significant values at the level ( $\alpha \leq 0.01$ ), which mean that the paragraphs have a high distinction and greater than (0.25), and this indicates the paragraphs of the dependent study variable are true to what they were designed to measure.

**Table (3-5). Correlation coefficients between each of the paragraphs of the moderated variable and the total score**

moderated variable: Task Environment Factors			
Market Demand		Regulatory requirements	
Paragraph	Correlation coefficient	Paragraph	Correlation coefficient
34	.711**	40	.720**
35	.657**	41	.699**
36	.721**	42	.550**
37	.584**	43	.646**
38	.607**	44	.632**
39	.662**		

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

It is clear from the data shown in the above table that the coefficients for distinguishing paragraphs for "Task Environment Factors" ranged between (0.550-

0.721), which are significant values at the level ( $\alpha \leq 0.01$ ), which mean that the paragraphs have a high distinction and greater than (0.25), and this indicates the paragraphs of the moderated study variable are true to what they were designed to measure.

### **3.7 Convergent structural validity using exploratory factor analysis**

To ensure the convergent structural validity of the study variables, the exploratory general analysis test was used, and the following tables show that:

**Firstly: Convergent structural validity, exploratory factor analysis of the independent variable (ESG programs):**

**Table (3-6). Saturation (loading) values of factors that represent the independent variable through orthogonal rotation of the axes (Varimax)**

#	Paragraph	Saturation values on the extracted factors		
		Environmenta l dimension	Social dimension	Governanc e dimension
1	The bank participates in activities aimed at protecting and improving the quality of the ecosystem.	.580		
2	The bank drives the individual awareness of social responsibility.	.527		
3	The bank develops initiatives about environmental protection.	.550		
4	The bank practice superior environmental performance such as recycle paper.	.670		
5	The bank has a clear plan for the sustainability of its business.	.632		
6	The bank adopts comprehensive human rights policies.		.609	
7	The bank treats the employees with transparency		.606	
8	The bank provides suitable job opportunities for people with special needs.		.655	
9	The bank provides a comfortable working environment for employees.		.574	
10	The bank encourages social activities that support local communities like volunteering.		.567	
11	The bank adopts the Jordanian corporate governance code of conduct.			.600
12	The bank is keen to comply with environmental legislation.			.536
13	The bank adopts practices to reduce waste.			.589
14	The bank clarifies the governmental environmental laws to its employees.			.549
15	The bank is complying with performance regulations.			.500
KMO		0.859		
Eigen value		5.835	1.180	1.045
Explained variance ratio		37.569	7.867	6.969
Cumulative Explained Variance Ratio		52.872		

The results of the exploratory factor analysis appearing in the above table showed that the KMO division amounted to (0.859) and according to the rule (Kaiser, 1979) which



indicates that the minimum acceptable test value is (0.5), it turns out that the resulting value is greater than 0.5. Thus, the sample size is sufficient and appropriate for the study and for the application of the exploratory factor analysis, and we note from the data shown in the above table that the Eigen value is greater than the correct one.

The results shown in the table above showed the values of the explained variance ratios for each factor that was extracted, and the lowest explanatory variance value was (6.969), and the total explanatory ratios amounted to (52.872%) of the total variance of the independent variable.

The results shown in the above table also show the loading values (saturation) for each of the paragraphs of each of the extracted factors, and it was found that the lowest value was (0.501), and this value is greater than (0.40), so it is considered sufficient and appropriate and expresses acceptable and sufficient saturation values for the paragraphs. Every factor is extracted.

**Secondly: Convergent structural validity, exploratory factor analysis of the dependent variable (Green Strategy Formulation):**

**Table (3-7). Saturation (loading) values of factors that represent the dependent variable through orthogonal rotation of the axes (Varimax)**

#	Paragraph	Saturation values on the extracted factors		
		Business Operation	Shareholders	Financial performance
16	The bank exerts on improving its outputs.	.594		
17	The bank exerts on reducing its cost.	.546		
18	The bank exerts on improving the quality of its service.	.598		
19	The bank possesses the ability to respond rapidly to the changes in the external work environment.	.670		
20	The bank is characterized by openness to new ideas at work.	.502		
21	The bank compares the performance with other banks to enhance the operational workflow.	.520		
22	The bank is effective in maximizing its shareholders' wealth.		.600	
23	The shareholders effectively monitor the actions of the top management team.		.611	
24	The bank seeks to increase the volume of sales.		.513	
25	The bank gives priority to the protection of its tangible - intangible assets.		.625	
26	The bank strives to protect its reputation in its field of work.		.581	
27	The bank strives to achieve financial returns that equal to the size of its investments.		.562	
28	The bank's return on investment have increased compared to last year.			.561
29	The bank invests in sustainable programs.			.515
30	The bank allocates a budget for the operation of sustainable programs.			.542
31	The bank improves cash flow through sustainability programs.			.630
32	The bank improves its market share through sustainability programs such as engaging the clients to be more conscientious.			.688
33	The bank is successful in using its financial resources efficiently to maximize its returns.			.696
KMO		0.893		
Eigen value		7.401	1.143	1.062
Explained variance ratio		41.114	6.349	5.898
Cumulative Explained Variance Ratio		53.361		

The results of the exploratory factor analysis appearing in the above table showed that the KMO division amounted to (0.893) and according to the rule (Kaiser, 1979) which indicates that the minimum acceptable test value is (0.5), it turns out that the resulting value is greater than 0.5 Thus, the sample size is sufficient and appropriate for the study and for the application of the exploratory factor analysis, and we note from the data shown in the above table that the Eigen value is greater than the correct one.

The results shown in the table above showed the values of the explained variance ratios for each factor that was extracted, and the lowest explanatory variance value was (5.898), and the total explanatory ratios amounted to (53.361%) of the total variance of the dependent variable.

The results shown in the above table also show the loading values (saturation) for each of the paragraphs of each of the extracted factors, and it was found that the lowest value was (0.502), and this value is greater than (0.40), so it is considered sufficient and appropriate and expresses acceptable and sufficient saturation values for the paragraphs Every factor is extracted.

**Thirdly: Convergent structural validity, exploratory factor analysis of the moderated variable (Task Environment):**

**Table (3-8). Saturation (loading) values of factors that represent the moderated variable through orthogonal rotation of the axes (Varimax)**

#	Paragraph	Saturation values on the extracted factors	
		Market Demand	Regulatory requirements
34	The bank analyzes the client's demand.	.543	
35	The bank offers are designed according to client's demand.	.676	
36	The bank uses a set of programs that acquire new clients	.600	
37	The bank cares about customers' opinions on an ongoing basis	.606	
38	The services provided by the bank meet the client's needs.	.563	
39	The bank is constantly looking for ways to add value for the clients.	.578	
40	The bank follows the Jordanian government legislation.		.560
41	The bank practices nondiscrimination according to international norms.		.651
42	The bank follows the Global Reporting Initiative (GRI) standards for sustainability reporting.		.614
43	The bank gives priority to paying all tax obligations.		.669
44	The bank is respecting the laws and work ethic.		.541
KMO		0.848	
Eigen value		4.278	1.072
Explained variance ratio		38.887	9.744
Cumulative Explained Variance Ratio		48.631	

The results of the exploratory factor analysis appearing in the above table showed that the KMO division amounted to (0.848) and according to the rule (Kaiser, 1979) which indicates that the minimum acceptable test value is (0.5), it turns out that the resulting value is greater than 0.5 Thus, the sample size is sufficient and appropriate for the study and for the application of the exploratory factor analysis, and we note from the data shown in the above table that the Eigen value is greater than the correct one.

The results shown in the table above showed the values of the explained variance ratios for each factor that was extracted, and the lowest explanatory variance value was (9.744), and the total explanatory ratios amounted to (48.631%) of the total variance of the moderated variable.

The results shown in the above table also show the loading values (loading) for each of the paragraphs of each of the extracted factors, and it was found that the lowest value was (0.541), and this value is greater than (0.40), so it is considered sufficient and appropriate and expresses acceptable and sufficient saturation values for the paragraphs factor is extracted.

### 3.8 Reliability Test

Cronbach's Alpha coefficients were found to ensure the stability of the study tool, and the results were as in the following table:

**Table (3-9). Cronbach's Alpha coefficients for testing the stability of the study tool**

Study variables		Cronbach Alpha Coefficients	# Of paragraphs
Independent variable	Environmental dimension	0.84	5
	Social dimension	0.84	5
	Governance dimension	0.78	5
	<b>ESG programs</b>	<b>0.89</b>	<b>15</b>
Dependent variable	Business Operation	0.89	6
	Shareholders	0.80	6
	Financial performance	0.90	6
	<b>Green Strategy Formulation GSF</b>	<b>0.91</b>	<b>18</b>
Moderated variable	Market Demand	0.77	6
	Regulatory requirements	0.81	5
	<b>Task Environment Factors</b>	<b>0.88</b>	<b>11</b>

Through the values of Cronbach's alpha coefficients shown in the above table, which range between (0.77-0.91), we note that all of them are more than (0.6), which indicates the stability of the study tool (Sekaran & Bougie, 2016).

**Normal distribution test:**

Kolmogorov-Smirnov Z coefficients were extracted to test the normal distribution of the study data, where if the P-value more than 0.05, then the data is normally distributed (Doane & Seward, 2015). The following table shows that:

**Table (3-10). Normal distribution of the data based on Kolmogorov-Smirnov Z coefficients**

	Mean	Std. Deviation	Kolmogorov-Smirnov Z	Asymp. Sig. (2-tailed)
Environmental dimension	3.6310	.70602	.505	.077
Social dimension	3.6920	.77446	.411	.351
Governance dimension	3.6967	.78008	.831	.065
ESG programs	3.6732	.69922	.594	.070
Business Operation	3.7629	.75946	.165	.160
Shareholders	3.8294	.75919	.182	.334
Financial performance	3.7825	.81128	.991	.302
Green Strategy Formulation GSF	3.7916	.74008	.246	.520
Market Demand	3.7692	.73709	.967	.101
Regulatory requirements	3.8056	.72812	.913	.062
Task Environment Factors	3.7874	.69635	.716	.112

Through the results shown in the above table, we note that all the values of the Kolmogorov-Smirnov Z coefficient are not statically significant at ( $\alpha \leq 0.05$ ), which indicates that the data distributed normally.

### 3.9 The suitability of the study model to statistical methods

To perform the multiple regression analysis test, this requires that the independent variables are not strongly correlated with each other, because if they are strongly correlated with each other, this reduces the value of (R) because the independent variables share a variance the dependent variable itself, in addition to the difficulty in determining the relative importance of each independent variable (Dudin, 2018), and in order to verify this, the Multiple Linear Correlation Test (Multicollinearity) were conducted.

Before using this method, it was ascertained that there was no high correlation between the independent variables (Multicollinearity) in addition to the fact that the data fulfilled the condition of the normal distribution, and Table (3-10) indicates that the Tolerance coefficient of the independent variables was less than 1 and greater than 0.1 , and the values of the variance inflation factor (VIF) are less than 5, which is an indication that there is no high correlation between the independent variables (Hair et al., 2018).

**Table (3-11). The results of the test of multicollinearity**

Independent variables	Collinearity Statistics	
	Tolerance	VIF
Environmental dimension	.341	2.931
Social dimension	.281	3.560
Governance dimension	.273	3.665

In order to further confirm the previous result, Pearson correlation coefficients were found between the dimensions of the independent variable to make sure that there was no high multiple linear correlation between the independent variables, and the results in the following table show that:

**Table (3-12). Pearson correlation for independent variables**

	Environmental dimension	Social dimension	Governance dimension
Environmental dimension	1		
Social dimension	.771**	1	
Governance dimension	.778**	.621**	1
**. Correlation is significant at the 0.01 level (2-tailed).			

Through the values of Pearson's correlation coefficients in the above table, we note that the highest correlation was (0.778), and this indicates the absence of the phenomenon of high multiple linear correlation between the independent variables, because it is less than 80%, which indicates that the sample is free from the problem of high multiple linear correlation (Gujarati, 2017).

### 3.10 Statistical Methods

To analyze the study data and test its hypotheses, the SPSS Ver26 software was used to conduct descriptive and inferential analysis by using the statistical methods shown in the following table:



**Table (3-13). The statistical methods used**

Descriptive statistics:					
Frequencies and Percentages: To measure the distributions of the characteristics of the sample members					
mean: to measure the average answers of the sample members on the items of the study questionnaire, were five-point Likert scale used.					
Degree	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Approval	5	4	3	2	1
Relative weight	81-100%	61-80%	41-60%	21-40%	1-20%
Length of the period = $\frac{\text{upper} - \text{lower}}{\text{The number of levels}} = \frac{5 - 1}{3} = 1.33$					
Ranged			Degree		
1– 2.33			Low		
2.34 – 3.67			Medium		
3.68 - 5			High		
Standard deviation: to measure the dispersion of the answers of the sample members from their arithmetic mean					
Inferential statistics:					
Kolmogorov-Smirnov Z to test normal distribution of the data.					
Person Correlation test to test the correlation coefficients of the independent variables and the validity of the construct to show the extent to which the degree of each item is correlated with the total score of its axis, and to determine the ability of each item of the scale to be distinguished.					
Multiple linear regression test to test the effect of independent variables on the dependent variable, and simple regression analysis to test the effect of each independent variable on the dependent variable.					
VIF test to test the non-interference of independent variables and to test the power of building the study model					
Consistency coefficient (Cronbach Alpha) to test the stability of the study instrument					
Exploratory factor analysis of the asymptotic structural validity test					
Hierarchical regression analysis					

## CHAPTER FOUR: Data Analysis

### Introduction:

This chapter includes a presentation of the results of the statistical analysis of the answers of the study sample about the independent, dependent and mediator variables of the study with their dimensions by finding the means, standard deviations and T values and degrees of estimation, and testing the study hypotheses using multiple linear regression analysis and path analysis test.

### 4.1 Descriptive Statistical Analysis

#### 4.1.1 Independent Variable (ESG programs):

Table (4-1) shows the means and standard deviations of the responses of the study sample towards the dimensions of the independent variable "ESG programs":

**Table (4-1). Means, standard deviations, T values, and degrees of the dimensions of "ESG programs"**

Rank	#	Variable	Mean	Std. Deviation	T	Sig. (2-tailed)	Degree
3	1	Environmental dimension	3.63	.70602	13.043	.000	Medium
2	2	Social dimension	3.69	.77446	13.041	.000	High
1	3	Governance dimension	3.70	.78008	13.035	.000	High
ESG programs			3.67	.69922	14.052	.000	High

It is clear from the results shown in the above table that the means expressing the dimensions of the independent variable (ESG programs) ranged between (3.63-3.70), and the dimension "Governance dimension" got the highest with a high degree, and dimension "Environmental dimension" got the lowest with a medium degree also, and

the general index of ESG programs reached (3.67), which indicates that the degree ESG programs in Jordanian commercial banks came to a high degree.

The following is a breakdown of the dimensions of the independent variable:

### 1) Environmental dimension:

Table (4-2) shows the means, standard deviations, and the order of the respondents' answers towards the dimension of the "Environmental dimension", which was measured based on five items.

**Table (4-2). Means, standard deviations, T values and degrees of the answers of the study sample members towards the "Environmental dimension"**

Rank	#	Paragraph	Mean	Std. Deviation	T	Sig. (2-tailed)	Degree
5	1	The banks participate in activities aimed at protecting and improving the quality of the ecosystem.	3.34	1.068	4.621	.000	Medium
4	2	The bank drives the individual awareness of social responsibility.	3.59	1.115	7.680	.000	Medium
1	3	The bank develops initiatives about environmental protection.	3.80	1.121	10.393	.000	High
3	4	The bank practice superior environmental performance such as recycle paper.	3.69	1.089	9.247	.000	High
2	5	The bank has a clear plan for the sustainability of its business.	3.74	1.163	9.308	.000	High
Environmental dimension			3.6310	.70602	13.043	.000	High

The results shown in the above table indicate that the general indicator for the dimension of the "Environmental dimension" has reached (3.63) of the total scale area, which indicates a medium level of the environmental dimension in Jordanian commercial banks from the respondents' point of view. It is also noted that paragraph No. (3) "The bank develops initiatives about environmental protection." got the highest estimates with a high mean of (3.80), and Paragraph No. (1) " The banks participate in activities aimed at protecting and improving the quality of the ecosystem" got the lowest estimates with a mean of (3.34), which is an average with a medium degree.

## **2) Social dimension:**

Table (4-3) shows the means, standard deviations, and the order of the respondents' answers towards the dimension of the "Social dimension", which was measured based on five items.

**Table (4-3). Means, standard deviations, T values and degrees of the answers of the study sample members towards the "Social dimension"**

Rank	#	Paragraph	Mean	Std. Deviation	T	Sig. (2-tailed)	Degree
3	6	The bank adopts comprehensive human rights policies.	3.68	1.154	8.610	.000	High
2	7	The bank treats the employees with transparency	3.71	1.193	8.733	.000	High
5	8	The bank provides suitable job opportunities for people with special needs.	3.63	1.176	7.862	.000	Medium
4	9	The bank provides a comfortable working environment for employees.	3.66	1.197	8.072	.000	Medium
1	10	The bank encourages social activities that support local communities like volunteering.	3.77	1.145	9.818	.000	High
Social dimension			3.6920	.77446	13.041	.000	High

The results shown in the above table indicate that the general indicator for the dimension of the "Social dimension" has reached (3.69) of the total scale area, which indicates a high level of the social dimension in Jordanian commercial banks from the respondents' point of view. It is also noted that paragraph No. (10) "The bank encourages social activities that support local communities like volunteering." got the highest estimates with a high mean of (3.77), and Paragraph No. (8) "The bank provides suitable job opportunities for people with special needs." got the lowest estimates with a mean of (3.63), which is an average with a medium degree.

### 3) Governance dimension:

Table (4-4) shows the means, standard deviations, and the order of the respondents' answers towards the dimension of the "Governance dimension", which was measured based on five items.

**Table (4-4). Means, standard deviations, T values, and degrees of the answers of the study sample members towards the Governance dimension"**

Rank	#	Paragraph	Mean	Std. Deviation	T	Sig. (2-tailed)	Degree
4	11	The bank adopts the Jordanian corporate governance code of conduct.	3.65	1.121	8.432	.000	Medium
1	12	The bank is keen to comply with environmental legislation.	3.77	1.075	10.513	.000	High
2	13	The bank adopts practices to reduce waste.	3.69	1.212	8.370	.000	High
3	14	The bank clarifies the governmental environmental laws to its employees.	3.69	1.144	8.803	.000	High
2	15	The bank is complying with performance regulations.	3.68	1.179	8.369	.000	High
Governance dimension			3.6967	.78008	13.035	.000	High

The results shown in the above table indicate that the general indicator for the dimension of the "Governance dimension " has reached (3.70) of the total scale area, which indicates a high level of the governance dimension in Jordanian commercial banks from the respondents' point of view. It is also noted that paragraph No. (12) " The bank is keen to comply with environmental legislation" got the highest estimates with a high mean of (3.77) and Paragraph No. (11) " The bank adopts the Jordanian corporate governance code of conduct" got the lowest estimates with a mean of (3.65), which is a mean with a medium degree.

### 1.1.1 Dependent Variable (Green Strategy Formulation GSF)

Table (4-5) shows the means and standard deviations of the responses of the study sample towards the dimensions of the independent variable "Green Strategy Formulation GSF":

**Table (4-5). Means, standard deviations, T values, and degrees of the dimensions of " Green Strategy Formulation GSF"**

Rank	#	Variable	Mean	Std. Deviation	T	Sig. (2-tailed)	Degree
3	1	Business Operation	3.76	.75946	14.661	.000	High
1	2	Shareholders	3.83	.75919	15.945	.000	High
2	3	Financial performance	3.78	.81128	14.076	.000	High
Green Strategy Formulation GSF			3.79	.74008	15.611	.000	High

It is clear from the results shown in the above table that the means expressing the dimensions of the dependent variable (Green Strategy Formulation GSF) ranged between

(3.76-3.83), and the dimension “Shareholders” got the highest with a high degree, and dimension “Business Operation” got the lowest with a high degree also, and the general index of Green Strategy Formulation GSF reached (3.67), which indicates that the degree of Green Strategy Formulation GSF in Jordanian commercial banks came to a high degree. The following is a breakdown of the dimensions of the dependent variable:

### **1) Business Operation:**

Table (4-6) shows the means, standard deviations, and the order of the respondents' answers towards the dimension of the "Business Operation", which was measured based on six items.



**Table (4-6). Means, standard deviations, T value, and degrees of the answers of the study sample members towards the "Business Operation"**

Rank	#	Paragraph	Mean	Std. Deviation	T	Sig. (2-tailed)	Degree
6	16	The bank exerts on improving its outputs.	3.30	1.305	3.362	.001	Medium
5	17	The bank exerts on reducing its cost.	3.79	1.181	9.750	.000	High
1	18	The bank exerts on improving the quality of its service.	4.00	.954	15.224	.000	High
4	19	The bank possesses the ability to respond rapidly to the changes in the external work environment.	3.80	1.121	10.393	.000	High
3	20	The bank is characterized by openness to new ideas at work.	3.83	1.112	10.911	.000	High
2	21	The bank compares the performance with other banks to enhance the operational workflow.	3.86	1.131	11.150	.000	High
Business Operation			3.7629	.75946	14.661	.000	High

The results shown in the above table indicate that the general indicator for the dimension of the "Business Operation" has reached (3.76) of the total scale area, which indicates a high level of the business operation in Jordanian commercial banks from the respondents' point of view. It is also noted that paragraph No. (18) "The bank is keen to comply with environmental legislation" got the highest estimates with a high mean of (4.00) and Paragraph No. (16) "The bank adopts the Jordanian corporate governance code of conduct" got the lowest estimates with a mean of (3.30), which is a mean with a medium degree.

## 2) Shareholder:

Table (4-7) shows the means, standard deviations, and the order of the respondents' answers towards the dimension of the "Shareholders", which was measured based on six items.

**Table (4-7). Means, standard deviations, T values, and degrees of the answers of the study sample members towards the "Shareholders"**

Rank	#	Paragraph	Mean	Std. Deviation	T	Sig. (2-tailed)	Degree
1	22	The bank is effective in maximizing its shareholders' wealth.	3.92	1.021	13.227	.000	High
5	23	The shareholders effectively monitor the actions of the top management team.	3.58	1.244	6.776	.000	Medium
2	24	The bank seeks to increase the volume of sales.	3.91	1.192	11.150	.000	High
3	25	The bank gives priority to the protection of its tangible - intangible assets.	3.84	1.150	10.661	.000	High
2	26	The bank strives to protect its reputation in its field of work.	3.91	1.116	11.848	.000	High
4	27	The bank strives to achieve financial returns that equal to the size of its investments.	3.82	1.064	11.209	.000	High
Shareholders			3.8294	.75919	15.945	.000	High

The results shown in the above table indicate that the general indicator for the dimension of the "Shareholders" has reached (3.83) of the total scale area, which indicates a high level of the Shareholders in Jordanian commercial banks from the respondents' point of view. It is also noted that paragraph No. (22) " The bank is effective in maximizing its shareholders' wealth" got the highest estimates with a high mean of (3.92) and Paragraph No. (23) "The shareholders effectively monitor the actions of the top

management team." got the lowest estimates with a mean of (3.58), which is a mean with a medium degree.

### 3) Financial performance:

Table (4-8) shows the means, standard deviations, and the order of the respondents' answers towards the dimension of the "Financial performance", which was measured based on six items.

**Table (4-8). Means, standard deviations, T values, and degrees of the answers of the study sample members towards the "Financial performance"**

Rank	#	Paragraph	Mean	Std. Deviation	T	Sig. (2-tailed)	Degree
5	28	The bank's return on investment have increased compared to last year.	3.70	1.203	8.487	.000	High
2	29	The bank invests in sustainable programs.	3.84	1.179	10.405	.000	High
3	30	The bank allocates a budget for the operation of sustainable programs.	3.78	1.183	9.616	.000	High
1	31	The bank improves cash flow through sustainability programs.	3.85	1.191	10.475	.000	High
4	32	The bank improves its market share through sustainability programs such as engaging the clients to be more conscientious.	3.74	1.230	8.801	.000	High
3	33	The bank is successful in using its financial resources efficiently to maximize its returns.	3.78	1.191	9.551	.000	High
Financial performance			3.782 5	.81128	14.076	.000	High

The results shown in the above table indicate that the general indicator for the dimension of the "Financial performance" has reached (3.78) of the total scale area, which indicates a high level of the financial performance in Jordanian commercial banks from the respondents' point of view. It is also noted that paragraph No. (31) " The bank improves

cash flow through sustainability programs" got the highest estimates with a high mean of (3.85) and Paragraph No. (28) "The bank's return on investment have increased compared to last year" got the lowest estimates with a mean of (3.70), which is a mean with a high degree.

#### **4.1.2 moderated variable (Task Environment Factor):**

Table (4-9) shows the means and standard deviations of the responses of the study sample towards the paragraphs of the moderated variable "Task Environment Factors":

**Table (4-9). Means, standard deviations, T values, and degrees of the dimensions of "Task Environment Factors"**

Rank	#	Variable	Mean	Std. Deviation	T	Sig. (2-tailed)	Degree
2	1	Market Demand	3.77	.73709	15.230	.000	High
1	2	Regulatory requirements	3.81	.72812	16.148	.000	High
Task Environment Factors			3.79	.69635	16.503	.000	High

It is clear from the results shown in the above table that all means expressing the dimensions of the moderated variable (Task Environment Factors) with high degrees with (3.81, 3.77), and the dimension "Regulatory requirements", and the general index of task environment factors reached (3.79), which indicates that the degree task environment factors in Jordanian commercial banks came to a high degree.

The following is a breakdown of the dimensions of the dependent variable:

##### **1) Market demand:**

Table (4-10) shows the means, standard deviations, and the order of the respondents' answers towards the dimension of the "Market demand", which was measured based on six items.

**Table (4-10). Means, standard deviations, T values, and degrees of the answers of the study sample members towards the "Market Demand"**

Rank	#	Paragraph	Mean	Std. Deviation	T	Sig. (2-tailed)	Degree
4	34	The bank analyzes the client's demand.	3.35	1.245	4.128	.000	Medium
2	35	The bank offers are designed according to client's demand.	3.85	1.086	11.360	.000	High
3	36	The bank uses a set of programs that acquire new clients	3.77	1.124	9.999	.000	High
1	37	The bank cares about customers' opinions on an ongoing basis	3.90	1.109	11.858	.000	High
1	38	The services provided by the bank meet the client's needs.	3.90	1.072	12.206	.000	High
2	39	The bank is constantly looking for ways to add value for the clients.	3.85	1.080	11.485	.000	High
Market Demand			3.7692	.73709	15.230	.000	High

The results shown in the above table indicate that the general indicator for the dimension of the "Market Demand" has reached (3.77) of the total scale area, which indicates a high level of the market demand in Jordanian commercial banks from the respondents' point of view. It is also noted that paragraphs No. (37, 38) " The bank is keen to comply with environmental legislation" got the highest estimates with a high mean of (3.90) and Paragraph No. (34) " The bank adopts the Jordanian corporate governance code of

conduct" got the lowest estimates with a mean of (3.35), which is a mean with a medium degree.

## 2) Regulatory requirements:

Table (4-11) shows the means, standard deviations, and the order of the respondents' answers towards the dimension of the "**Regulatory requirements**", which was measured based on five items.

**Table (4-11). Means, standard deviations, T values, and degrees of the answers of the study sample members towards the "Regulatory requirements "**

Rank	#	Paragraph	Mean	Std. Deviation	T	Sig. (2-tailed)	Degree
1	40	The bank follows the Jordanian government legislation.	3.87	1.112	11.396	.000	High
4	41	The bank practices nondiscrimination according to international norms.	3.70	1.225	8.387	.000	High
3	42	The bank follows the Global Reporting Initiative (GRI) standards for sustainability reporting.	3.73	1.042	10.192	.000	High
2	43	The bank gives priority to paying all tax obligations.	3.85	1.117	11.165	.000	High
1	44	The bank is respecting the laws and work ethic.	3.87	1.089	11.699	.000	High
Regulatory requirements			3.805 6	.72812	16.148	.000	High

The results shown in the above table indicate that the general indicator for the dimension of the "Regulatory requirements" has reached (3.81) of the total scale area, which indicates a high level of the regulatory requirements in Jordanian commercial banks from the respondents' point of view. It is also noted that paragraphs No. (40, 44) " The bank is keen to comply with environmental legislation" got the highest estimates with a high mean of (3.87) and Paragraph No. (41) " The bank adopts the Jordanian corporate

governance code of conduct" got the lowest estimates with a mean of (3.70), which is a mean with a high degree.

## **4.2 Testing Study Hypotheses**

In this part, a review of hypothesis testing, where multiple linear regression analysis was used, and the decision rules were used to accept or reject the following null hypothesis H<sub>0</sub>: Significance level ( $\alpha$ ): (0.05) has been adopted as the upper limit for the significance level. Calculated value: The calculated value (F) is a second rule for rejecting or accepting the hypothesis. If the calculated value of F is greater than its tabular value, this indicates the rejection of the null hypothesis (H<sub>0</sub>), and we review the results of the hypotheses as follows:

### **4.2.1 Main Hypothesis**

**H<sub>01</sub>: (Environmental, Social, Governance) ESG programs have no influence on green strategy formulation GSF at Jordanian Commercial Banks at ( $\alpha \geq 0.05$ ).**

Multiple Regression was used to test this hypothesis, and the following table shows that:

**Table (4-12). The results of testing the impact ESG programs on green strategy formulation GSF**

Dependent variable	Model Summery		ANOVA			Coefficient					
	R	R Square	df	F	Sig. F	Model	B	Std. Error	Beta	T	Sig. T
	Correlation coefficient	coefficient of determination									
Green strategy formulation GSF	.891 <sup>a</sup>	.793	209/3	267.674	.000b*	Environmental dimension	.386	.056	.368	6.843	.000*
						Social dimension	.249	.057	.261	4.398	.000*
						Governance dimension	.314	.057	.331	5.506	.000*
* Significant at ( $\alpha \leq 0.05$ )											
Tabulated F = 2.6					Tabulated T = 1.96						

The above table indicates the results of the statistical test for this hypothesis model represented by a set of independent variables (Environmental, Social, Governance) and a dependent variable representing (green strategy formulation GSF).

Through the results in the above table, we note that the independent variables combined (Environmental, Social, Governance) have a statistically significant effect on green strategy formulation GSF, as the calculated F value (267,674) is greater than its tabular and equal value (2.6), which is significant at a significance level less than (0.05), which indicates the significance of the study model at a degree of freedom (3/209), and the value of R<sup>2</sup> (0.793) indicates that the ESG programs explained 79.3% of the variance in green strategy formulation GSF, and through Correlation coefficient R (89.1) we note



that there is a strong relationship between the ESG programs and green strategy formulation GSF.

The results of the coefficients table for this hypothesis show that the "Environmental dimension" dimension had the greatest impact on green strategy formulation GSF, as it reached a beta value of (0.368), and the calculated T value reached (6.842), which is greater than its tabular value (1.96) and is statistically significant at a lower level. of (0.05), and came in second place "Governance dimension" where the beta value was (0.331), and the calculated T value reached (5.506) which is greater than its tabular value (1.96) and statistically significant at a level less than (0.05), and then "Social dimension" where the beta value was (0.261), and the calculated T value was (4.398), which is greater than its tabular value (1.96) and statistically significant at a level less than (0.05).

Based on the above, we reject the null hypothesis and accept the alternative hypothesis which states: There is a statistically impact at significance level ( $\alpha \leq 0.05$ ) for (Environmental, Social, Governance) ESG programs on green strategy formulation GSF at Jordanian Commercial Banks.

#### **4.2.2 Results of sub-Hypothesis 1**

**H0 1.1: (Environmental, Social, Governance) ESG programs have no influence on the business operation of the Jordanian Commercial Banks at ( $\alpha \geq 0.05$ ).**

To test the first sub-hypothesis, multiple Regression was used, and the following table shows that:

**Table (4-14). The results of testing the impact of ESG programs on the business operation**

Dependent variable	Model Summary		ANOVA			Coefficient					
	R	R Square	df	F	Sig. F	Model	B	Std. Error	Beta	T	Sig. T
	Correlation coefficient	coefficient of determination									
Business operation	.869 <sup>a</sup>	.755	209/3	214.702	.000 <sup>b</sup> *	Environmental dimension	.433	.063	.402	6.866	.000*
						Social dimension	.181	.063	.185	2.859	.005*
						Governance dimension	.339	.064	.348	5.306	.000*
* Significant at ( $\alpha \leq 0.05$ )											
Tabulated F = 2.6					Tabulated T = 1.96						

The above table indicates the results of the statistical test for this hypothesis model represented by a set of independent variables (Environmental, Social, Governance) and a variable representing (Business operation).

Through the results in the above table, we note that the independent variables combined (Environmental, Social, Governance) have a statistically significant effect on business operation, as the calculated F value (214,702) is greater than its tabular and equal value (2.6), which is significant at a significance level less than (0.05), which indicates the significance of the study model at a degree of freedom (3/209), and the value of R<sup>2</sup> (0.755) indicates that the ESG programs explained 75.5% of the variance in business

operation, and through Correlation coefficient R (86.9) we note that there is a strong relationship between the ESG programs and business operation.

The results of the coefficients table for this hypothesis show that the "Environmental dimension" dimension had the greatest impact on business operation, as it reached a beta value of (0.402), and the calculated T value reached (6.866), which is greater than its tabular value (1.96) and is statistically significant at a lower level of (0.05), and came in second place "Governance dimension" where the beta value was (0.348), and the calculated T value reached (5.306) which is greater than its tabular value (1.96) and statistically significant at a level less than (0.05), and then "Social dimension" where the beta value was (0.185), and the calculated T value was (2.859), which is greater than its tabular value (1.96) and statistically significant at a level less than (0.05).

Based on the above, we reject the null hypothesis and accept the alternative hypothesis which states: There is a statistically impact at significance level ( $\alpha \leq 0.05$ ) for (Environmental, Social, Governance) ESG programs on business operation at Jordanian Commercial Banks.

### **4.2.3 Results of sub-Hypothesis 2**

**H0 1.2: (Environmental, Social, Governance) ESG programs have no influence on the financial performance of the Jordanian Commercial Banks at ( $\alpha \geq 0.05$ ).**

To test the second sub-hypothesis, multiple Regression was used, and the following table shows that:

**Table (4-15). The results of testing the impact of ESG programs on the financial performance**

Dependent variable	Model Summary		ANOVA			Coefficient					
	R	R Square	df	F	Sig. F	Model	B	Std. Error	Beta	T	Sig. T
	Correlation coefficient	coefficient of determination									
Financial performance	.832 <sup>a</sup>	.692	209/3	156.209	.000 <sup>b</sup> *	Environmental dimension	.386	.076	.336	5.111	.000*
						Social dimension	.292	.076	.279	3.850	.000*
						Governance dimension	.293	.076	.282	3.832	.000*
* Significant at ( $\alpha \leq 0.05$ )											
Tabulated F = 2.6					Tabulated T = 1.96						

The above table indicates the results of the statistical test for this hypothesis model represented by a set of independent variables (Environmental, Social, Governance) and a variable representing (financial performance).

Through the results in the above table, we note that the independent variables combined (Environmental, Social, Governance) have a statistically significant effect on financial performance, as the calculated F value (156,209) is greater than its tabular and equal value (2.6), which is significant at a significance level less than (0.05), which indicates the significance of the study model at a degree of freedom (3/209), and the value of R<sup>2</sup> (0.693) indicates that the ESG programs explained 69.2% of the variance in financial performance, and through Correlation coefficient R (83.2) we note that there is a strong relationship between the ESG programs and financial performance.

The results of the coefficients table for this hypothesis show that the "Environmental dimension" dimension had the greatest impact on financial performance, as it reached a beta value of (0.336), and the calculated T value reached (5.111), which is greater than its tabular value (1.96) and is statistically significant at a lower level of (0.05), and came in second place "Governance dimension" where the beta value was (0.282), and the calculated T value reached (3.832) which is greater than its tabular value (1.96) and statistically significant at a level less than (0.05), and then "Social dimension" where the beta value was (0.279), and the calculated T value was (3.850), which is greater than its tabular value (1.96) and statistically significant at a level less than (0.05).

Based on the above, we reject the null hypothesis and accept the alternative hypothesis which states: There is a statistically impact at significance level ( $\alpha \leq 0.05$ ) for (Environmental, Social, Governance) ESG programs on financial performance at Jordanian Commercial Banks.

#### **4.2.4 Results of sub-Hypothesis 3**

**H0 1.3: (Environmental, Social, Governance) ESG programs have no influence on the shareholders' value at the Jordanian Commercial Banks at ( $\alpha \geq 0.05$ ).**

To test the third sub-hypothesis, multiple Regression was used, and the following table shows that:

**Table (4-16). The results of testing the impact of ESG programs on the shareholders' value**

Dependent variable	Model Summary		ANOVA			Coefficient					
	R	R Square	df	F	Sig. F	Model	B	Std. Error	Beta	T	Sig. T
	Correlation coefficient	coefficient of determination									
Shareholders	.849 <sup>a</sup>	.720	209/3	179.272	.000 <sup>b</sup> *	Environmental dimension	.339	.067	.315	5.031	.000*
						Social dimension	.274	.068	.280	4.054	.000*
						Governance dimension	.311	.068	.320	4.566	.000*
* Significant at ( $\alpha \leq 0.05$ )											
Tabulated F = 2.6					Tabulated T = 1.96						

The above table indicates the results of the statistical test for this hypothesis model represented by a set of independent variables (Environmental, Social, Governance) and a variable representing (Shareholders).

Through the results in the above table, we note that the independent variables combined (Environmental, Social, Governance) have a statistically significant effect on shareholders, as the calculated F value (179,272) is greater than its tabular and equal value (2.6), which is significant at a significance level less than (0.05), which indicates the significance of the study model at a degree of freedom (3/209), and the value of R<sup>2</sup> (0.72) indicates that the ESG programs explained 72.0% of the variance in shareholders, and through Correlation coefficient R (84.9) we note that there is a strong relationship between the ESG programs and shareholders.

The results of the coefficients table for this hypothesis show that the "Environmental dimension" dimension had the greatest impact on shareholders, as it reached a beta value of (0.315), and the calculated T value reached (5.031), which is greater than its tabular value (1.96) and is statistically significant at a lower level of (0.05), and came in second place "Governance dimension" where the beta value was (0.320), and the calculated T value reached (4.566) which is greater than its tabular value (1.96) and statistically significant at a level less than (0.05), and then "Social dimension" where the beta value was (0.280), and the calculated T value was (4.054), which is greater than its tabular value (1.96) and statistically significant at a level less than (0.05).

Based on the above, we reject the null hypothesis and accept the alternative hypothesis which states: There is a statistically impact at significance level ( $\alpha \leq 0.05$ ) for (Environmental, Social, Governance) ESG programs on shareholders' value at Jordanian Commercial Banks.

**Table (4.17). Stepwise regression to impact the independent variables on dependent variable**

Dependent	Model summary				ANOVA			Variable	Coefficient			
	Model	R	R Square	Adjusted R Square	df	F	Sig.		B	Beta	T	Sig.
Green strategy formulation GSF	1	.832 <sup>a</sup>	0.693	0.691	1/211	476	.000 <sup>b</sup>	Governance criteria	.790	.832	21.812	0.000
	2	.880 <sup>b</sup>	0.774	0.772	2/210	360	.000 <sup>c</sup>	Governance criteria	.454	.478	9.159	0.000
								Environmental criteria	.477	.455	8.715	0.000
	3	.891 <sup>c</sup>	0.793	0.791	3/209	268	.000 <sup>d</sup>	Governance criteria	.314	.331	5.506	0.000
								Environmental criteria	.386	.368	6.843	0.000
								Social criteria	.249	.261	4.398	0.000

#### 4.2.5 Main second Hypothesis Results

**H02: The task environment factors does not moderate the influence of the ESG programs on the green strategy formulation GSF at ( $\alpha \geq 0.05$ ).**

To test the Second Main hypothesis, hierarchical regression analysis, and the results shown in the following table illustrate that:

**Table (4-18). Results of the influence of the ESG programs on the green strategy formulation GSF with the presence of task environment factors**

Dependent variable	Independent Variable	First step			Second step		
		Beta	Calculate d T	Sig. t	Beta	Calculate d T	Sig. t
Green Strategy Formulation GSF	ESG programs	.890	28.289	.000*	.381	7.189	.000*
	Task Environment Factors				.578	10.901	.000*
	R	.890 <sup>a</sup>			.931 <sup>b</sup>		
	R <sup>2</sup>	.791			.867		
	$\Delta R^2$	0.791			0.075		
	F	800.26			682.98		
	Sig. F	0.000*			0.000*		

The above table displays the results of a hierarchical regression based on two models, and the results of the first model based on the first step of the analysis reflected the presence of a statistically significant effect of the independent variable (ESG practices) on the dependent variable (Green Strategy Formulation GSF), where the value of F (800.26) and the level of significance (0.000) was less than (0.05), and the value of the coefficient of determination ( $R^2$ ) was (0.791), which indicates that the independent variable explains its (79.1%) of the variance in the dependent variable.

In the second step, a variable (Task Environment Factors) was entered into the regression model, as the value of the coefficient of determination increased, and it is a



statistical significant, where the value of F reached (682.96) at a level of significance (0.000) less than 0.05, and the value of beta was at as a change (.598 ) and the value of t (10.901) and a level of significance (0.000) and this confirms the significant effect of the variable (Task Environment Factors) in modifying the effect of the independent variable on the dependent, where the percentage of interpretation of the total variance improved by (7.5%) to rise from (79.1%) to (86.7%).

Based on the above, we reject the null hypothesis and accept the alternative hypothesis which states: There is a statistically impact at significance level ( $\alpha \leq 0.05$ ) for task environment factors in improving the impact of (Environmental, Social, Governance programs) on green strategy formulation GSF at Jordanian Commercial Banks. As per the above statistical test testing results, the researcher has summed-up the findings, which are:

- There is a statistically impact at significance level ( $\alpha \leq 0.05$ ) for (Environmental, Social, Governance) ESG programs on green strategy formulation GSF at Jordanian Commercial Banks. Noting that the "Environmental dimension" had the greatest impact on green strategy formulation GSF, following the "Governance dimension" and then the "social dimension" respectively.
- There is a statistically impact at significance level ( $\alpha \leq 0.05$ ) for (Environmental, Social, Governance) ESG programs on business operation, financial performance and shareholder's value at Jordanian Commercial Banks.
- Finally, there is a statistically impact at significance level ( $\alpha \leq 0.05$ ) for task environment factors in improving the impact of (Environmental, Social, Governance programs) on green strategy formulation GSF at Jordanian Commercial Banks.

## **CHAPTER FIVE: Results' Discussion, Conclusion and Recommendations**

### **5.1 Results Discussion**

In this chapter, the results were discussed in light of the results of the statistical analysis process respond to the sample's answers to a study's variables, with the aim of identifying the investigate the influence of ESG (Environmental, Social, Governance) programs to transform into a green strategy with the market demand and the compliance of the regulations as a moderator' s external factors at the Jordanian Commercial Banks.

### **5.2 Discussing the results of the study hypothesis**

#### **Discussing the results of the descriptive analysis of the independent variable:**

The results of the study showed that the degree of ESG programs in Jordanian commercial banks came to a high degree, correspondingly the results of the study showed that medium level of the environmental dimension in Jordanian commercial banks. However, the researcher traits this results to the fact that the commercial banking sector has a clear plan for the sustainability of its business and develops initiatives about environmental protection. Subsequently the results of the study showed high level of the social dimension in Jordanian commercial banks, therefore, the researcher attribute this result to the fact that the commercial banking sector treats the employees with transparency and encourages social activities that support local communities such as volunteering. Thereby, the study results of the governance dimension have reached to the high level as well in the in Jordanian commercial banks, accordingly the researcher anticipate this result due to the fact that bank adopts practices to reduce waste and is keen to comply with environmental legislation.

**Discussing the results of the descriptive analysis of the dependent variable:**

The results of the study showed the degree of Green Strategy Formulation GSF in Jordanian commercial banks came to a high degree. Thereupon the results of the study showed high level of the business operation in Jordanian commercial banks, however, the researcher trait this results due to the fact that the bank compares the performance with other banks which are considered as competitors, to enhance the operational workflow and to improve the quality of its service as well.

It is worth to mention that the study results of the Shareholders value have reached to the high level in Jordanian commercial banks, accordingly the researcher refer this result namely to the volume of sales that the bank seeks to increase which contributed effectively in maximizing the shareholders wealth.

likewise, the results of the study showed high level of the financial performance in Jordanian commercial banks, this result is due to fact that the bank invests in sustainable programs through improving its cash flow by conducting sustainability programs.

**Discussing the results of the descriptive analysis of the moderated variable:**

The results of the study showed the degree of task environment factors in Jordanian commercial banks have come as a high degree. Similarly, the results of the study showed a high level of the market demand in Jordanian commercial banks, therefore the researcher owe this result that the bank cares about customers' opinions on an ongoing basis, hence the services provided by the bank meet the client's needs. In parallel with the regulatory requirements which the results have reached as high level for the reason that the bank is respecting the laws, work ethics and follows the Jordanian government legislation.

**Discussing the results of the study hypotheses:****Discussing the results of the first main hypothesis:**

The results related to the first main hypothesis showed that there is statistically significant influence of (Environmental, Social, Governance) ESG programs on green strategy formulation GSF at Jordanian Commercial Banks at ( $\alpha \leq 0.05$ ), which means that the commercial banks have to follow strategies which enable to enhance their ESG profile which statistically influence on their green strategy.

This result is in line with research findings of (Olayeni et al., 2021) study, whose result demonstrated that adopting a green strategy mediated by product quality enhances the environmental and financial performance, meaning that businesses can stay profitable while implementing a product-focused green strategy. Another study has conducted in this context by (Yasir et al., 2020), whose result was that environmental orientation has a direct impact on green business strategies. Furthermore, the study's findings imply that organizations should pay more attention to stakeholders' needs and plans for environmental protection. Moreover, another research conducted by (Zhao, et al., 2018), the result showed that high environmental, social, and governance (ESG) performance can increase financial performance, which has important implications for investors, firm management, decision-makers, and industry regulators that lead to effect positively on the overall business strategy.

**Discussing the results of the first sub- hypothesis:**

The results of the study showed (Environmental, Social, Governance) ESG programs have an influence on business operation at Jordanian Commercial Banks at ( $\alpha \leq 0.05$ ), which means that the bank have to adopt ESG program that allow their operational workflow to perform effectively. However, this result is agreed with the findings of a

study (Dai, et al., 2017) which discuss that the process through which a firm's proactive environmental management could contribute to operational performance by cooperating with suppliers on environmental issues, will boost green process innovation, which pays off in terms of lower operating costs, better quality, faster delivery, and more flexibility. On another hand, a study of (Aybars et al., 2019), have discussed that the non-financial data, such as environmental, social, and governance (ESG) matters, is becoming just as significant as financial data. However, according to the research, improvements in ESG score have a beneficial impact on a company's operating performance. Although there is a strong link between ESG Combined Score and operational profitability (ROA).

It is worth to mention that the researcher has faced a challenge to demonstrate the relationship between ESG programs and business operation due to the lack of research in this topic which makes the finding of this study more noticeable and valuable.

#### **Discussing the results of the second sub- hypothesis:**

(Environmental, Social, Governance) ESG programs influence on financial performance at Jordanian Commercial Banks at ( $\alpha \leq 0.05$ ).

The outcome of this hypothesis is similar to the study of (Xie et al., 2017), that aimed to investigate the relationship between corporate efficiency and corporate sustainability to determine if companies that engage in environmental, social, and governance (ESG) issues can also be profitable and efficient. However, they also looked into the link between certain ESG activities and financial success, such as business efficiency, return on assets, and market value. They discovered that the majority of ESG initiatives have a positive correlation with firm financial performance.

Another study of (Zhao, et al., 2018) which emphasize that high environmental, social, and governance (ESG) performance can increase financial performance, which has

important implications for investors, firm management, decision-makers, and industry regulators.

**Discussing the results of the third sub- hypothesis:**

(Environmental, Social, Governance) ESG programs influence on shareholders' value at Jordanian Commercial Banks at ( $\alpha \leq 0.05$ ).

The result of testing the hypothesis was in line with a study of (Starks, et al., 2018), that examines institutional investors' motivations for preferring companies with positive environmental, social, and governance (ESG) profiles. They discover that such preferences are highly dependent on investor horizons: Investors with longer horizons prefer higher ESG firms much more than investors with shorter term investors. However, investors behave more patiently toward high ESG firms in their portfolios than their other assets.

another research of (Niccolò et al., 2020), which showed a contradictory point of view in testing how ESG (Environmental, Social, and Governance) policies affect a company's dividend distribution policy. However, they discovered a general detrimental influence of ESG practices on dividend payment policies. The researcher's put all three elements of ESG initiatives to the test to see how they affect a company's decision to invest in sustainable and social practices against providing liquidity to shareholders. Overall, the data showed that ESG investments have a negative impact on shareholder wealth, resulting in lower revenues and profits.

**Discussing the results of the second main hypothesis:**

The results show that there is a statistically significant effect at the level of significance ( $\alpha \leq 0.05$ ) for ESG programs on green strategy formulation GSF with the presence of task environment factors as a moderating variable in Jordanian commercial banks.

This indicates that (task environment) as a moderating variable has a positive impact on the direct impact between (environment, Social, Governance ESG) and (green strategy formulation) provided by Jordanian commercial banks, as this moderating variable raised the impact values clearly, and this effect was statistically significant.

The researcher explains this relation of improving and increasing the impact of (environment, Social, Governance ESG) on green strategy formulation provided by provided by Jordanian commercial banks, by having (task environment) to reach the long term survival, and achieving sustainable goals which are in line with the community, governance and the eco-system , in addition to improving the ability to avoid and minimize the threats , thereby achieving higher efficiency, and the ability to continue and compete.

This result is agreed with the result of (Henisz et al.,2019), which propose that the effective ESG programs can attract B2B and B2C customers by providing more sustainable products, whereas poor sustainability practices may lose customers. However, for this time being, ESG can drive consumer preference because customers they are more aware and are being voicing out that they are willing to pay to “go green.”.

Also, the result is agreed with the result of the study (Henisz et al.,2019), which establishes that countries are now working to improve their regulations and laws to include the firm's compliance with green corporate governance (GCG) and Transparency & Disclosure (T&D) standards, so that firms can have their governance and T&D practices rated in order to get a sense of their quality in these areas and continually improve. Mentioning that when governments have faith in corporate actors, they are more willing to allow them access, approvals, and licenses that open up new growth opportunities that may result in achieving better access to resources through stronger community and government relations

### 5.3 Conclusion

1. Environmental, Social, Governance (ESG) programs in Jordanian commercial banks came to a high degree of involvement as an overall. However, the "Environmental dimension" has reached (3.63) of the total scale area, which indicates a medium level of involvement whereas "social dimension" and "governance dimension " showed high level of involvement as both have reached (3.69) and (3.70) respectively.
2. Adopting the green Strategy Formulation (GSF) in the Jordanian commercial banks have reached (3.67) of the total scale area, which indicates that the degree of Green Strategy Formulation (GSF) in Jordanian commercial banks came to a high degree.
3. The relative importance of "Business Operation" dimension has reached a high level (3.76) of the total scale area, which attributed to the fact that the bank is keen to comply with environmental legislation in Jordanian commercial banks.
4. The relative importance of the "Shareholder's Value" dimension has reached to the high level (3.83) of the total scale area, which attributed to the fact that the bank is effective in maximizing its shareholders' wealth and make it as a first priority in Jordanian commercial banks.
5. The relative importance of the "Financial Performance" dimension has reached to the high level (3.78) of the total scale area, which attributed to the fact that the bank improves its cash flow through investing in more sustainability programs that amid to leverage its financial position in Jordanian commercial banks.
6. The variable (task environment) as a moderating variable led to an increase in the value of the impact between (Environment, Social, Governance ESG



programs) and green strategy formulation provided by the Jordanian commercial banks. This indicates that task environment as a moderating variable has a positive impact on the direct impact between (environment, Social, Governance ESG) and (green strategy formulation) as this moderating variable raised the impact values clearly.

7. The relative importance of the task environment factors in Jordanian commercial banks have come as a high degree, with its two dimension which are: Market demand and Regulatory requirements, therefore the researcher owes this result that the bank cares about customers' opinions on an ongoing basis, hence the services provided by the bank meet the client's needs, in parallel the bank is respecting the laws, work ethics and follows the Jordanian government legislation.

#### **5.4 Recommendations and future research**

Based on the results reached, the researcher presented a set of recommendations and future research, which are the following:

1. This study recommends the Jordanian commercial banks to participate in activities aimed at protecting and further improving the quality of the ecosystem with all of its components.
2. The Jordanian commercial banks should pay more attention to enhance the individual awareness and social responsibility.
3. The Jordanian commercial banks should design policies and programs that amid in providing suitable job opportunities for people with special need in order to meet the social dimension in ESG.

4. The Jordanian commercial banks should work to improve the overall working environment of employees that would result in enhancing the social and human being as a result social criterion in ESG will be achieved.
5. The Jordanian commercial banks should adhere to adopt the rules of conduct of Jordanian corporate governance which facilitate the governance of the ESG regulators.
6. The Jordanian commercial banks should pay attention to the analysis of the customer's demand that will resulted in enhancing the outputs of their services.

However, the researcher might encourage other researchers to consider in future examining the relevance and applicability of (Environmental, Social, Governance ESG programs) on the green strategy formulation provided by the Jordanian commercial banks on larger samples, this will assist in supporting the finding in this research and to examine the influence of other moderating variables with different dimensions.

Other researcher may examine the relationship of (Environmental, Social, Governance ESG programs) with the ESG rating scores for certain industry, this would help to analyze the influence in practical and numeric approach.

Hence, the researcher encourages as well to examine the relationship of (Environmental, Social, Governance ESG programs) with ESG disclosures that shows some important testing components that would help to enrich the variables of the future research by address the ESG report profile for the certain companies.

Finally, other researcher might test the influence of business intelligence (BI) and the company's ability to address the ESG disclosures by using the data produced through (BI).

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## Appendices

### Appendix 1

#### Name of Arbitrators

<b>Name</b>	<b>Major</b>	<b>Academic/ professional Rank</b>	<b>Workplace</b>
Ahmad Ali Salih	Business Administration	Professor	Middle East University
Loay Salhieh	Business Administration	Professor	German Jordanian University
Mahmoud Jasim Alsamydai	Marketing	Professor	AL-Zaytoonah University of Jordan
Mohammad Atwah Al-Ma'aitah	Management Information System	Associate Professor	Al-balqa Applied University
Dr. Murad Salim Attiany	Business Administration	Associate Professor	Isra University
Mohammed Khair Abu Zaid	Business Administration	Associate Professor	AlBalqa Applied University
Sima Ghaleb Magatef	Marketing	Assistant Professor	University of Petra
David Gairdner	Sustainability	Senior Manager	KPMG Oslo

**Appendix 2**

Middle East University

Business faculty

Business Department

Dear Prof,

The focus on expanding shareholder wealth, maximizing profitability, and emphasizing on the quantitative profits approach, have all contributed to neglect the company's long-term sustainable health; as a result, (Environment, Social, Governance) ESG issues are becoming increasingly significant among shareholders and other stakeholders. Companies, on the other hand, are responding to ESG issues at different speeds to ensure their long-term sustainability.

Likewise, banks have historically played an important role in a country's economic and social growth through choosing investment projects, managing risks, and determining who has access to capital and what activities are funded. These institutions have a major impact on society and, consequence, on long term development by fulfilling this function.

According to those mentioned earlier, this study sought to investigate the influence of ESG (Environmental, Social, Governance) programs to transform into a green strategy with the market demand and the compliance of the regulations as a moderator's external factors at the Jordanian Commercial Banks.

However, in order to complete the master's degree in Business Administration Department, Middle East University, Amman-Jordan.

In acknowledgment of your esteemed, well known academic extensive experience and scientific experts the researcher turns to you in respect of evaluating the attached questionnaire, which was developed based on previous studies relevant to the study variables, considering the formulation, adaptation, and modification of the paragraphs in line with current trends.

Your notes and input will highly value in bolstering the questionnaire's paragraphs making them more valid for the purpose they were composed for.

Please note that basis of the questionnaire measurement would be a five-point Likert scale, employed accordingly:



Strongly agree	Agree	Somewhat agree	Disagree	Strongly disagree
5	4	3	2	1

### Study Hypothesis:

**H01: (Environmental, Social, Governance) ESG programs have no influence on green strategy formulation GSF at Jordanian Commercial Banks at ( $\alpha \leq 0.05$ ).**

H0 1.1: (Environmental, Social, Governance) ESG programs have no influence on the business operation of the Jordanian Commercial Banks at ( $\alpha \leq 0.05$ ).

H0 1.2: (Environmental, Social, Governance) ESG programs have no influence on the financial performance of the Jordanian Commercial Banks at ( $\alpha \leq 0.05$ ).

H0 1.3: (Environmental, Social, Governance) ESG programs have no influence on the shareholders' value at the Jordanian Commercial Banks at ( $\alpha \leq 0.05$ ).

**H02: The task environment factors are not moderating the influence of the ESG programs and the green strategy formulation GSF at ( $\alpha \leq 0.05$ ).**

### Demographic data

*Please tick the appropriate response box:*

- **Gender**

Female     Male

- **Age (years)**

22 – less than 30     30 - less than 38     38 -Less than 46     46 and above

- **Job Title**

Top Management     Middle Management     First-level Management     Senior Management     Associate management

- **Educational Qualification**

Diploma     High diploma     Bachelor's degree     Master     PHD

- **Years of Experience**

Less than 5     5 - less than 10     10 - less than 15     15 and above

N O.	Item	Item Clarity		Item Appropriate to measure		Item Relationship		Appropriate Adjustment
		Clear	Unclear	Appropriate	Not Appropriate	Related	Unrelated	
<p><b>Independent Variable: (Environment, Social, Governance ESG programs):</b> Which means using Environmental, Social and Governance components to evaluate companies and countries on how far they are aware of sustainability issues and the practices they follow to contribute positively into their physical environment, society and people' relations, and the degree of compliance to the systems, procedures and controls to a meet the governance dimension.</p> <p>المتغير المستقل): البرامج البيئية والاجتماعية والحوكمة (ESG) وهو ما يعني استخدام المكونات البيئية والاجتماعية والحوكمة لتقييم الشركات والبلدان حول مدى إدراكهم لقضايا الاستدامة والممارسات التي يتبعونها للمساهمة بشكل إيجابي في بيئتهم المادية، وعلاقات المجتمع والناس، ودرجة الامتثال للأنظمة والإجراءات والضوابط لتلبية معايير الحوكمة.</p>								
<p><b>Environmental dimension</b> include the energy that the company takes in and the waste it discharges, the resources it needs, and the consequences for living beings as a result. Hence, it means the carbon emissions and climate change because every company uses energy and resources; every company affects, and is affected by, the environment.</p> <p>تشمل المعايير البيئية الطاقة التي تستهلكها المنظمة والمخلفات التي تصرفها والموارد التي تحتاجها والعواقب على الكائنات الحية نتيجة لذلك. وتضم أيضاً انبعاثات الكربون وتغير المناخ، لأن كل منظمة تستخدم الطاقة والموارد؛ كل شركة تؤثر وتتأثر بالبيئة.</p>								
1	The banks participate in activities aimed at protecting and improving the quality of the ecosystem.							
2	The bank drives the individual awareness of social responsibility.							
3	The bank develops initiatives about environmental protection.							

4	The bank practice superior environmental performance such as recycle paper.							
5	The bank has a clear plan for the sustainability of its business.							
<p><b>Social dimension</b> address the relationships that the company has and the reputation it fosters with people and institutions in the communities where you do business. Hence, it includes labor relations and diversity, and inclusion.</p> <p>العلاقات التي تتمتع بها الشركة والسمعة التي تعززها مع الأشخاص والمؤسسات في المعايير الاجتماعية تتناول ومن ثم ، فهو يشمل علاقات العمل والتنوع والشمول. المجتمعات التي تمارس فيها الأعمال التجارية</p>								
6	The bank adopts comprehensive human rights policies.							
7	The bank treats the employees with transparency							
8	The bank provides suitable job opportunities for people with special needs.							
9	The bank provides a comfortable working environment for employees.							

10	The bank encourages social activities that support local communities like volunteering.							
<p><b>Governance dimension</b>, is the internal system of practices, controls, and procedures that the organization adopts in order to govern itself, make effective decisions, comply with the law, and meet the needs of external stakeholders.</p> <p>معايير الحوكمة هي النظام الداخلي للممارسات والضوابط والإجراءات التي تتبناها المنظمة من أجل حوكمة نفسها ، واتخاذ قرارات فعالة ، والامتثال للقانون ، وتلبية احتياجات أصحاب المصلحة الخارجيين.</p>								
11	The bank adopts the Jordanian corporate governance code of conduct.							
12	The bank is keen to comply with environmental legislation.							
13	The bank adopts practices to reduce waste.							
14	The bank clarifies the governmental environmental laws to its employees.							
15	The bank is complying with performance regulations.							

**Dependent Variable: (Green Strategy Formulation GSF):** The long-term planning and adoption practices to minimize the harm that affect the environment by using practices that are environmentally friendly, and it has sub variables which are (business operation, financial performance and shareholder value).

المتغير التابع (صياغة الإستراتيجية الخضراء): (التخطيط طويل المدى وممارسات التبني لتقليل الضرر الذي يؤثر على البيئة من خلال استخدام ممارسات صديقة للبيئة, ويوجد لها ا متغيرات فرعية وهي) العمليات والأداء المالي وقيمة المساهمين).

**Business Operation:** refer to all actions that are necessary for running the company and generating income.

العمليات: وتعرف بجميع الإجراءات اللازمة لإدارة شركة وتوليد الدخل.

16	The bank exerts on improving its outputs.							
17	The bank exerts on reducing its cost.							
18	The bank exerts on improving the quality of its service.							
19	The bank possesses the ability to respond rapidly to the changes in the external work environment.							
20	The bank is characterized by openness to new ideas at work.							

21	The bank compares the performance with other banks to enhance the operational workflow.							
<p><b>Shareholders:</b> are the owners of the company and provide financial backing in return for potential dividends over the lifetime of the company.  المساهمون: هم أصحاب الشركة الذين يقدمون الدعم المالي مقابل توزيعات أرباح محتملة على مدى عمر الشركة.</p>								
22	The bank is effective in maximizing its shareholders' wealth.							
23	The shareholders effectively monitor the actions of the top management team.							
24	The bank seeks to increase the volume of sales.							
25	The bank gives priority to the protection of its tangible - intangible assets.							
26	The bank strives to protect its reputation in its field of work.							
27	The bank strives to achieve financial returns that equal to the size of its investments.							

**Financial performance:** is an objective measure of how well a firm can use assets from its primary mode of business and generate revenues.

الأداء المالي: هو مقياس موضوعي لمدى جودة استخدام الشركة للأصول من أنشطتها الرئيسية والتي تولد الإيرادات من خلالها.

28	The bank's return on investment have increased compared to last year.							
29	The bank invests in sustainable programs.							
30	The bank allocates a budget for the operation of sustainable programs.							
31	The bank improves cash flow through sustainability programs.							
32	The bank improves its market share through sustainability programs such as engaging the clients to be more conscientious.							
33	The bank is successful in using its financial resources efficiently to maximize its returns.							

**Moderating Variable: (Task Environment Factors):** which consists of all the external factors that affect a company to reach its business goals, which are **Market Demand** and **Regulatory requirements**.

يتكون من جميع العوامل الخارجية التي تؤثر على الشركة للوصول إلى أهدافها، منها: (عوامل بيئة المهمة): متغير معدل وطلب السوق الامتثال للقوانين

**Market Demand:** is the total amount of goods and services that all consumers are willing to purchase which are placing a greater focus on companies that have environmental, social, and governance (ESG) programs by attracting B2B and B2C customers by providing more sustainable products or services.

طلب السوق: هو المبلغ الإجمالي للسلع والخدمات التي يرغب جميع المستهلكين في شرائها والتي تركز بشكل أكبر على الشركات التي لديها برامج بيئية واجتماعية وحوكمة (ESG) من خلال جذب عملاء B2B و B2C من خلال توفير المزيد من المنتجات والخدمات الأكثر استدامة.

34	The bank analyzes the client's demand.							
35	The bank offers are designed according to client's demand.							
36	The bank uses a set of programs that acquire new clients							
37	The bank cares about customers' opinions on an ongoing basis							
38	The services provided by the bank meet the client's needs.							
39	The bank is constantly looking for ways to add value for the clients.							



**Regulatory requirements:** Defined as guidelines that cover firm's CSR report which gives a detailed report updated every year based on the type of industry and the ESG scores of the company

يتم تعريفها على أنها إرشادات تغطي تقرير المسؤولية الاجتماعية للشركات والذي يقدم تقريراً مفصلاً يتم: قوانين الامتثال للشركة ESG تحديثه كل عام بناءً على نوع الصناعة ودرجات

40	The bank follows the Jordanian government legislation.							
41	The bank practices nondiscrimination according to international norms.							
42	The bank follow the Global Reporting Initiative (GRI) standards for sustainability reporting.							
43	The bank gives priority to paying all tax obligations.							
44	The bank is respecting the laws and work ethic.							

## Appendix 3



جمعية البنوك في الأردن  
Association of Banks in Jordan

الرقم: 42/2022

التاريخ: 2022/5/10

السادة البنوك الأعضاء المحترمين  
الإدارة العامة

الموضوع: تسهيل مهمة باحث

تحية طيبة وبعد،

إشارة إلى الكتاب الوارد للجمعية من جامعة الشرق الأوسط (مرفق) بتاريخ 2022/4/24، والمتعلق بطلب تسهيل مهمة الطالبة مرح غالب القضماني تخصص إدارة أعمال/كلية الأعمال، وذلك للحصول على البيانات اللازمة وجمع المعلومات الخاصة بدراستها بعنوان "تأثير البرامج (البيئية والاجتماعية والحوكمة) في التحول إلى الاستراتيجية الخضراء: الدور المعدل لعوامل بيئة المهمة" وذلك للحصول على درجة الماجستير. نرجو التكرم بالنظر في إمكانية مشاركة بنككم الموقر في الدراسة المذكورة أعلاه وحسب ما ترونه مناسباً.

شاكرين لكم حسن تعاونكم.

وتفضلوا بقبول فائق الاحترام،

د. ماهر المحروق

المدير العام

مرفق: الكتاب الوارد من جامعة الشرق الأوسط

ع/ع

مكتب رئيس الجامعة  
Office of the President

الرقم، در/خ/1541  
التاريخ، 2022/04/24

لجنه الامور  
الدراسية  
العلمية  
الاعمال

لمن يهمه الامر

تحية طيبة وبعد

لغايات توفير وربط أسس التعاون مع خدمة المجتمع المحلي، نرجو التكرم بالموافقة على تقديم التسهيلات الممكنة لطالبة الماجستير مرح غالب نصر القضماني، ورقمها الجامعي (401920030)، المسجلة في تخصص ادارة الاعمال / كلية الأعمال في جامعة الشرق الأوسط، والتي تتولى القيام بإعداد دراسة بحثية أكاديمية في رسالتها المعنونه بـ تأثير البرامج (البيئية والاجتماعية والحوكمة) في التحول الى الاستراتيجية الخضراء: الدور المعدل لعوامل بيئة المهمة، علماً بأن المعلومات سيتم استخدامها لأغراض البحث العلمي وبصورة سرية.

وتفضلوا بقبول فائق الاحترام

رئيسة الجامعة

أ.د. سلام خالد المحادين

