

The Impact of Accounting Disclosure Levels on Improving the Mental Image of Pharmaceutical Companies in Jordan

Mohammad Dabaghie
Associate professor , Al-Ahliyya Amman University, Business School

Abstract

The study aims to measuring the impact of accounting disclosure levels on improving the mental image of the pharmaceutical companies in Jordan. The study population consists of the top and middle management in the pharmaceutical companies in Jordan were is the total number equal (13) in the year of 2018. The total number of employees is (5500) Of whom (170) occupy leadership positions and the inspection unit was the directors and heads of departments, A random sample of managers and department heads was selected. The sample consisted of (130) director and head of department. The analytical descriptive method was used to determine the impact between the levels of accounting disclosure and mental image of pharmaceutical companies. The results showed a statistically significant impact of accounting disclosure levels in improving the mental image of pharmaceutical companies in Jordan.

Keywords: Accounting Disclosure, Mental Image, pharmaceutical companies in Jordan

DOI: 10.7176/RJFA/10-8-17

Publication date: April 30th 2019

Introduction

Disclosure is generally defined as: the transmission of knowledge or the transfer of information from the source of its production to a stable use or use. Wells, P. K. (2018) state Disclosure is a deliberate transfer of information to those who do not know it. Accounting Disclosure is defined as the process of disclosing financial information, whether quantitative or descriptive in the financial statements or in margins, notes and completeness in a timely manner, which makes the financial statements non-misleading and appropriate for the users of financial statements from external parties that have the authority to view the books and records of the company, (Stevenson, et,al, 2018). Many organizations have realized the importance of a good mental image, so they have invested considerable money in trying to establish it in the minds of stakeholders. Gregory (1999) believes that each organization has a mental image, and that a good mental image has a big impact on the success of organizations. Ferrand and Pages (1999) see that the mental image is capable of finding value and has an impact on consumer behavior, This perception does not reflect the objective reality, while Boyd (2001) argues that the mental image of business organizations contributes to the improvement of individual behavior and attitudes among employees, and Boyle (2002) argues that this is a treasure that is difficult to obtain and easy to lose. Has a significant impact on the ability of organizations to survive under current complex conditions and intense competition

The study Problem

The importance of accounting disclosure has increased in various levels in recent years because of the multiple benefits of the organizations and its link to the financial lists, which provides a clearer framework for understanding these lists. Organizations are still striving to develop and expand the accounting disclosure horizon to reach rational decisions and improve the future of these organizations.

The importance of the study

The importance of the current study stems from the importance of the relationship between its variables. Accounting disclosure has widened to the extent of the breadth of accounting theory because it is of great importance in the very deep understanding of the financial statements and their implications. The mental image is also increasing in commercial, political, media and professional fields. It means the form or character of the thing as understood and managed by man and settled in his mind or mind as the current study sheds light on these variables and measures the relationship between them in the Jordanian pharmaceutical companies and their implications.

Study questions

The elements of the study problem can be expressed by the following questions:

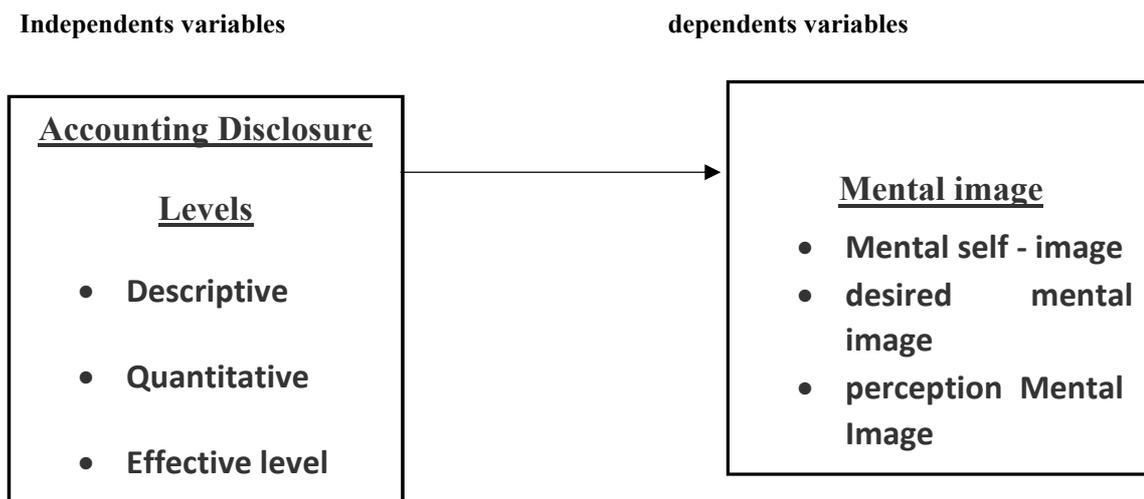
- 1 - What is the impact of the levels of accounting disclosure in improving the mental image of pharmaceutical companies in Jordan?
- 2- What is the level of descriptive disclosure in improving the mental image of pharmaceutical companies in Jordan?
- 3- What is the impact of the level of quantitative disclosure in improving the mental image of pharmaceutical companies in Jordan?

4- What is the effect of the level of effective disclosure on improving the mental image of pharmaceutical companies in Jordan?

Study goals

- 1 - Definition of accounting disclosure and mental image as important topics in the field of finance and business
- 2 - Statement of the impact of accounting disclosure levels in improving the mental image of pharmaceutical companies in Jordan
- 3 - Reach the results that could benefit pharmaceutical companies in Jordan and the Middle East in terms of accounting disclosure and mental image.

Study model



Study hypothesis

The research seeks to test the following zero hypotheses:

- H01: There is no statistically significant impact at the level of significance ($\alpha = 0.05$) to financial disclosure levels (descriptive level of disclosure, level of quantitative and comprehensive disclosure, level of effective disclosure) in improving the mental image of pharmaceutical companies in Jordan.
- H1-1: There is no statistically significant impact at the level of significance ($\alpha = 0.05$) to descriptive disclosure in improving the mental image of pharmaceutical companies in Jordan.
- H1-2: There is no statistically significant impact at the level of significance ($\alpha = 0.05$) to quantitative and comprehensive disclosure in improving the mental image of pharmaceutical companies in Jordan.
- H1-3: There is no statistically significant impact at the level of significance ($\alpha = 0.05$) for effective disclosure in improving the mental image of pharmaceutical companies in Jordan.

Theoretical framework

Accounting Disclosure is defined as the process of preparation of financial information in the Fund or in margins and notes in a timely manner, which makes the financial statements non-misleading and appropriate to the financial statements, Wells, P. K. (2018)

Accounting Disclosure Methods

The methods of accounting disclosure can be classified as follows:

- 1- Arranging official lists
- 2- Detailed presentation models
3. Marginal notes
4. Official speeches

Accounting Disclosure Levels:

- 1- Level of descriptive disclosure
This level is specialized in descriptive information on economic unity
- 2- The level of quantitative and comprehensive disclosure
This level is specialized in the disclosure of quantitative data such as profits, sales and others
3. The level of effective disclosure

At this level, information is provided to the decision-maker, and the descriptive or quantitative disclosure level is used.

Types of accounting disclosure:

1. Full disclosure:

Refers to the comprehensiveness of financial reports and the importance of their coverage of any information that has a significant impact on the reader. The focus is on the need to fully disclose the importance of the financial statements as a reliable source of decision-making.

2. Fair Disclosure:

Fair disclosure concerns balanced attention to the needs of all financial parties

Which ensures that the interest of a particular group does not weigh on the interests of other groups by taking into account the interests of all these groups balanced.

3. Adequate disclosure:

Includes the determination of the minimum amount of accounting information to be provided in the financial statements, and the minimum concept can be observed

Is not specifically defined as it varies according to needs and interests primarily because it directly affects decision-making (Stevenson, et,al, 2018).

It follows the experience of the beneficiary.

4. Proper disclosure

Is the disclosure that takes into account that it is not only important

On financial information, but more importantly to be valuable from the point of view of decisions of investors and creditors and consistent with the activity of the company

And its internal conditions.

5. Preventive Disclosure

Is to provide information in the financial statements without misinformation, so as to allow parties with limited capabilities to understand and understand Financial information.

The information must therefore be highly objective. Preventive disclosure is consistent with full disclosure of what is disclosed The information required to make it misleading to outside investors.

In practice and beyond bias, all information must be disclosed objectively through the core lists Without adopting a particular point of view.

MENTAL IMAGE

Many organizations have realized the importance of a good mental image, so they have invested considerable money in trying to establish it in the minds of stakeholders. (spark, 2012) see that the mental image is capable of finding value and has an impact on consumer behavior, This perception does not reflect the objective reality, while Boyd (2001) argues that the mental image of business organizations contributes to the improvement of individual behavior and attitudes among employees, and (Esptein & Fedoroff, 2012) argues that this is a treasure that is difficult to obtain and easy to lose. Has a significant impact on the ability of organizations to survive under current complex conditions and intense competition.

Smith (2001) state that it is important, even in the struggle we are experiencing, especially those organizations that provide the same services as banks and airlines that are highly relevant in providing services.

simazine and Orzekauskas (2006) view the mental image as one of the strategic assets that leads to a competitive advantage and encouraging conditions for the survival and development of the organization.

Gottschalk (1993) attempted to collect many practical cases that emphasize the importance of mental image management, especially in dealing with crises and dealing with them. Planning for a positive mental image in advertising campaigns is not sufficient unless the organization works to ensure its positive. In the case of crises, Reid (2001) finds that ignoring or attempting to mislead the media may have a negative impact. He also believes that in the worst circumstances, the admission of guilt and then the announcement of the measures to be taken to solve this problem. To reinforce the mental image, Reid advises that emotions remain distant, and that in this case the company's spokesman, as Puchan (2001) should be appointed, should send a clear, precise, sophisticated message, be transparent and highly trustworthy.

As the image affects the behavior of stakeholders, organizations struggle to develop and manage their mental images for a variety of reasons, including: stimulating sales, establishing good faith for the organization, creating staff identity, influencing investors and financial institutions, fostering positive relationships with society and government, Private interest groups, opinion leaders and others in order to achieve a competitive situation.

Study method

The analytical descriptive approach is one of the most widely used methods used by researchers in the study of social and human phenomena, because it is a way to obtain accurate and adequate information that accurately depicts reality and helps to Analyze its phenomena to gain a better understanding of these phenomena. .

Study Sample

The research population consists of the top and middle management in the Jordanian pharmaceutical companies, where the number of employees was 5500. The total number of managers and heads of departments was 170. The sampling unit consisted of managers and heads of departments. The study consisted of (130) managers and head of department, and the sample constituted (76%) of the total number of managers and heads of departments. A total of 130 questionnaires were distributed on the sample and 122 responses were retrieved; (2) incomplete were excluded, leaving 120 responses valid for analysis, 92% of the distributed questionnaires.

Study Tool

A questionnaire was designed for the purpose of measuring the search variables based on a review of the diverse theoretical literature that dealt with the variables of the research. The questionnaire consisted of the following parts: Part I: Include sections on the demographic and functional characteristics of the respondents.

Part II: Includes paragraphs that measure independent variables (financial disclosure levels). The level of descriptive disclosure is measured in paragraphs 6-8, the quantitative disclosure level in paragraphs 9-12, and the level of effective disclosure in paragraphs 13-16.

Part 3: Include paragraphs measuring the dependent variable mental image and measured in paragraphs (17-26). Reliability of research tool

For the purpose of checking the stability of the research tool, the coefficient of stability (Cronbach Alpha) was calculated. The stability coefficient values ranged from 0.70 to 0.97 for the variables and 0.96 for the total instrument. The value of ($\alpha > 0.60$) is good in Administrative and Humanitarian studies ((Sekaran, 2010)). Table (1) shows the value of the Cronbach alpha coefficient for all variables and for the whole sample.

Table (1) Results of reliability coefficient Alpha Kronbach

Cronbach alpha	Question #	Questions	variable
0.97	3	8-6	Level of descriptive disclosure
0.90	4	12-9	Quantitative disclosure level
0.70	4	16-13	level of effective disclosure
0.85	4	20-17	Self-image
0.90	5	25-21	The desired mental image
0.77	5	30-26	Perceived mental image
0.96	30	30-1	The Questionnaire as a whole

View data and test hypotheses

For analysis and identification of participants' responses. Based on the results reached, the Likert scale was used. The relative importance levels of participants' responses were divided according to the following equation:

Class length = (upper answer value - minimum answer value) / number of importance levels

Length of Class = $(5-3) / 3 = 1.33$

The minimum level is 1, and the maximum low level can be calculated as follows: $1 + 1.33 = 2.33$, the average level is between 2.34- 3.67, the high level is from 3.68-5

Table (2) shows the arithmetic mean and the relative importance of financial disclosure levels. An analysis of the values of the arithmetic mean shows that the "descriptive level of disclosure" ranked first with an mean (4.48), while the latest was an effective "effective disclosure" mean 3.49.

Table (2)

Arithmetic mean and the relative importance of financial disclosure levels

Ranking	Level of importance	Mean	Variable
1	high	4.48	Level of descriptive disclosure
2	high	4.06	Level of Quantitative disclosure
3	Moderate	3.49	Level of effective disclosure

The perceptions of the respondents about the mental image

Table (3) shows the Arithmetic mean and the relative importance of the variable of mental image. It was found by extracting the values of the arithmetic mean that the variable "mental self-image" ranked the first order with an arithmetic mean (4.28)

While the last order occupied the variable "desired mental image" with mean (3.59).

Table(3)Arithmetic mean and the relative importance of mental image

Ranking	Level of importance	Mean	Variable
1	high	4.28	Self-image
3	moderate	3.59	The desired mental image
2	high	3.94	Perceived mental image

Validity of data for statistical analysis

Table(4) shows the data are valid for statistical analysis

Skewness	VIF	Tolerance	Disclosure levels
0.09	6.7	0.14	Level of descriptive disclosure
0.16-	4.2	0.23	Level of Quantitative disclosure
0.11	1.2	0.79	Level of effective disclosure

Testing hypotheses

H01: There is no statistically significant impact at the level of significance

($\alpha = 0.05$) to financial disclosure levels (descriptive level of disclosure, level of quantitative disclosure, level of effective disclosure) in improving the mental image of pharmaceutical companies in Jordan.

(Table 5) Results of multiple linear regression analysis

Sig(t)	t	β	Sig(f)	F	R ²	R	Accounting Disclosure Levels
0.000	0.392	1.184	0.000	55.2	0.601	0.77	Level of descriptive disclosure
0.000	9.819	0.497					Level of Quantitative disclosure
0.003	5.375	0.154					Level of effective disclosure

The results revealed in Table 5 that the levels of financial disclosure (level of descriptive disclosure, level of quantitative disclosure, level of effective disclosure) combined with a significant impact on improving the mental image of pharmaceutical companies in Jordan. The values of all significance levels attached to the value of (55.2) are less than (0.05), which means that there is an impact of the levels of financial disclosure in improving the mental image of pharmaceutical companies in Jordan. The three variables explain 60% of the variance of the dependent variable.

Table (5) shows the value of (t) calculated for the descriptive level of disclosure (0.39), the significance level (0.000), and the change in the overall disclosure level (9.81) at the level of significance (0.000) and the level of effective disclosure (5.37) , null hypothesis is rejected and accept the alternative hypothesis for all levels of financial disclosure.

H1-1: There is no statistically significant impact at the level of significance

($\alpha = 0.05$) to descriptive disclosure in improving the mental image of pharmaceutical companies in Jordan.

Table (6)

Sig (T)	Calculated (T)	Beta	R2	B	Dependent variable	Independent variable
0.000	13.01	0.66	0.510	8.63	Mental Image	Level of descriptive disclosure

Table (6) shows that the value of (t) calculated for the descriptive disclosure variable is (13.01) and the significance level (0.000) is statistically significant. Beta is 0.66 and the independent variable explain 51% of the Variance of the dependent variable This means rejecting the null hypothesis and accepting the alternative hypothesis in the sense that there is a statistically significant impact at ($\alpha = 0.05$) level for descriptive disclosure in improving the mental image of pharmaceutical companies in Jordan.

H1-2: There is no statistically significant impact at the level of significance

($\alpha = 0.05$) to quantitative disclosure in improving the mental image of pharmaceutical companies in Jordan.

Table (7)

Sig (T)	Calculated (T)	Beta	R2	B	Dependent variable	Independent variable
0.000	5.400	0.324	0.123	3.62	Mental Image	Level of Quantitative disclosure

Table (7) shows that the value of (t) calculated for the total disclosure level variable is 5.400 and the significance level is 0.000 which is statistically significant since Beta is 0.324 and the independent variable is explain 12.3% of the variance of dependent variable. This means rejecting the null hypothesis and accepting the alternative hypothesis, meaning that there is There is a statistically significant impact at the level of significance ($\alpha = 0.05$) to quantitative disclosure in improving the mental image of pharmaceutical companies in Jordan.

H1-3: There is no statistically significant impact at the level of significance ($\alpha = 0.05$) to effective disclosure in improving the mental image of pharmaceutical companies in Jordan.

Table (8)

Sig (T)	Calculated (T)	Beta	R2	B	Dependent variable	Independent variable
0.000	3.671	0.336	0.110	3.183	Mental Image	Level of effective disclosure

Table (8) shows the value of (t) calculated for the variable of the effective disclosure level (3.671) at the level of significance (0.000) which is statistically significant. Beta is 0.336. The independent variable explain 11% of the Variance of the dependent variable.

This means rejecting the null hypothesis and accepting the alternative hypothesis, meaning that There is a statistically significant impact at the level of significance ($\alpha = 0.05$) to effective disclosure in improving the mental image of pharmaceutical companies in Jordan.

Finding

- 1.The results showed that the level of descriptive disclosure was ranked first in the importance between the independent variable dimensions by an average of 4.48
2. The results showed that the level of effective disclosure was ranked last in the importance between the independent variable dimensions by an average of (3.49).
3. The results showed that self mental image was ranked first in the importance between the dependent variable dimensions by an average of (4.28).
4. The results showed that The desired mental image was ranked last in the importance between the dependent variable dimensions by an average of (3.59).
5. The results showed a statistically significant impact of descriptive disclosure in the improvement of mental image. The calculated value of (t) of descriptive variable was (13.01) with significant (0.000) and the independent variable explain 51% of dependent variable .
- 6.The results showed statistically significant impact of Quantitative disclosure in the improvement of mental image. The calculated value of (t) of Quantitative disclosure variable was (5.400) with significant (0.000) and the independent variable explain 12.3% of dependent variable.
7. The results showed statistically significant impact of effective disclosure in the improvement of mental image. The calculated value of (t) of Quantitative disclosure variable was (3.671) with significant (0.000) and the independent variable explain 11% of dependent variable

Conclusions

- 1 - The levels of accounting disclosure have great importance in improving the mental image of pharmaceutical companies in Jordan.
2. The mental image of organization is important and make competitive advantages.
- 3 - The level of descriptive disclosure is very significant in improving the mental image of Jordanian pharmaceutical companies.
- 4 - The self mental image drawing the future mental image of pharmaceutical companies in Jordan.
- 5- Quantitative disclosure level has impact in improvement the mental image of pharmaceutical companies in Jordan.

Recommendation

1. Managers should be aware about the importance of accounting disclosure levels as they have a role in improving the organization mental image.
- 2.Managers should deepen employees' understanding of the concept of mental image and their role in creating a competitive advantage.
- 3.Jordanian pharmaceutical companies should focus on the desired mental image and work to reach it.
4. Managers should deal with employees in transparency and integrity way and inform them about the status of their organizations

References

- Anastasia Dikopoulou, Athanassios Mihiotis,. (2012). *The contribution of records management to good governance*", The TQM Journal, 24 (2) , 123 – 141.
- Anselmsson, Johan and Johansson, Ulf (2007)Corporate Social Responsibility and the Positioning of grocery brands"An exploratory study of retailer and manufacturer brands at point of purchase, *International Journal of Retail & Distribution Management*,Vol.35, No.10, 2007,pp.835-856.from www.emeraldinsight.com/0959-0552.htm. cited on 3/3/2009.
- Ashforth, B. E., and Kreiner, G. E., (1999). How can you do it? : Dirty work and the challenge of constructing a

- positive identity. in *The Academy of Management Review, Mississippi State, Volume 24, Issue 3, PP. 413-434. Available ABI Inform Global/ProQuest, 4/6/01.*
- Balmer, J.M.T. and Gary, E.R., (2000). "Corporate Identity and Corporate Communications: Creating a Competitive Advantage" in *Industrial and Commercial Training, Volume 32, Number 7, pp. 256-261. MCB University Press.*
 - Boyd, Fraser, (2001). On Uniformity: or by their epaulettes you shall know them. In management service, November 2001, P. 32. Available: ProQuest/ABI Inform Global.
 - Boyle, M., (2002b). "The right stuff" in Fortune, *March 4, 2002, pp.85-86. Available: ProQuest/ABI Inform global.*
 - Cassidy, M., (1999). How is Your Reputation? In *Wenatchee Business Journal, Volume 13, Issue 11, P. A2. Available: Database-Business Source Elite.*
 - Dowling, G. R., (1994). **Corporate Reputations – Strategies for Developing the Corporate Brand.** Melbourne, Longman Professional.
 - Esptein, G., Fedoroff, B. (2012). Encyclopedia of Mental imagery, Colette Aboulker. Muscat: Visualization Exercises' of personal development
 - Eweje,G.and Bentley,T.(2006).CSR and staff retention in New Zealand companies:A literature review.(Department of Management and International Business Research Working Paper series 2006,no.6)Auckland, NZ: Massey University. <http://hdl.handle.net/10179/635>.
 - Ewing, M., Caruana, A. and Loy, E., (1999). Corporate reputation and perceived risk in professional engineering services. In Corporate Communications: *An international journal, volume 4, Number 3, PP. 121-128.*
 - Ferrand, A. and Pages, M. (1999). "Image Management in Sport Organizations: The Creation of Value" in *European Journal of Marketing, Vol. 33, No.3/4, 1999, pp. 387-401. MCB University Press.*
 - Fisher, J. (2004). Social responsibility and ethics: clarifying the concepts. *Journal of Business Ethics, 52, p. 391-400.*
 - Goldsmith, R. E., Lafferty, B. A. and Newell, S. J., (2000). The Impact of Corporate Credibility and Celebrity Credibility on Consumer Reaction to Advertisements and Brands. In *Journal of Advertising, Provo, Fall, 2000, Volume 29, Issue 3, PP. 43-54. Available: ProQuest.*
 - Gregory, J. R, (1999). **Marketing Corporate Image – the Company as Your Number One Product**, second edition. Lincolnwood, Illinois, NTC Business Books.
 - Heslin,A.Peter. and Ochoa, D. Jenna.(2008).Understanding and developing strategic corporate social responsibility, *Organizational Dynamics, Vol.37,No.2,pp.125-144,retrieved from google.com on 24/6/2008.*
 - Hohnen, Jason(2007) Corporate Social Responsibility: An Implementation Guide for Business, *International Institute for Sustainable Development, Winnipeg, Manitoba, Canada R3B OY4*, Edited by Potts, Jason . http://www.iisd.org/pdf/2007/csr_guide.pdf.
 - Hummels, H. (2004). A collective lack of memory. *The Journal of Corporate Citizenship, Summer, 2004,14, p.18.*
 - Kaizoji, T. & Miyano, M. (2016) "Why does the power law for stock price hold?", *Chaos, Solitons & Fractals*, Vol. 88: 19-23
 - **Khan, M., & Khalique, M. (2014). Strategic planning and reality of external environment of organizations in contemporary business environments. Journal of Business Management and Strategy,5(2),18-28. Kim**
 - Ormos, M. & Timotity, D. (2016) "Market microstructure during financial crisis: dynamics of informed and heuristic-driven trading", *Finance Research Letters*, Vol. 19: 60-66
 - Stevenson, L., Power, D., Ferguson, J. & Collison, D. (2018) "The development of accounting in UK Universities: An oral history", *Accounting History*, vol. 23: 117-137
 - Tkac, M. & Verner, R. (2016) "Artificial neural networks in business: Two decades of research", *Applied Soft Computing*, Vol. 38: 788–804
 - Wells, P. K. (2018) "How well do our introductory accounting text books reflect current accounting practice?", *Journal of Accounting Education*, in press <https://doi.org/10.1016/j.jaccedu.2017.12.003>