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**Faculty of Graduate Studies**

**“The Impact of Corporate Sustainability Reporting on  
Financial Performance: Evidence from the PEX”**

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## Thesis Approval

### The Impact of Corporate Sustainability Reporting on Financial Performance: Evidence from the PEX

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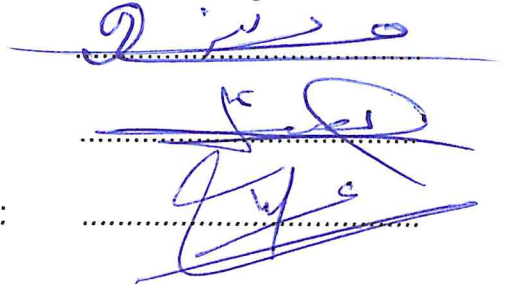
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## Declaration

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## **Abstract**

This master's thesis examined the influence of corporate sustainability reports on the financial performance of Palestinian companies listed on the Palestine Exchange (PEX). A sample of 22 companies, including 13 from the industrial sector and nine from the service sector, was analyzed using panel data covering the period from 2018 to 2022. The findings of this study revealed that the sustainability disclosure index had no significant impact on the financial performance of the listed corporations on the PEX. Moreover, the economic, environmental, and social dimensions of sustainability disclosure were found to have no discernible effect on the financial performance of the listed companies. These findings contribute to a deeper understanding of the relationship between sustainability reporting and financial outcomes in the context of Palestinian companies listed on the PEX. It is advised that future studies explore the relationship between corporate social responsibility, environmental disclosure, corporate governance, and firm valuation.

**Keywords:** sustainability reports; disclosure of economic performance; disclosure of environmental performance; disclosure of social performance.

## Table of Contents

<b>Chapter 1</b>	<b>Introduction and background .....</b>	<b>1</b>
1.1	Background.....	1
1.2	Research Problem .....	3
1.3	Research Hypotheses .....	4
1.4	Research Objectives .....	5
1.5	Research Significance.....	5
1.6	Research Model .....	7
1.7	Operational Definitions .....	8
<b>Chapter 2</b>	<b>Theoretical Foundation .....</b>	<b>11</b>
2.1	Theoretical Foundation.....	11
2.1.1	Palestine Exchange (PEX).....	11
2.1.2	Corporate Social Responsibility (CSR).....	12
2.1.3	Definition of Financial Performance .....	13
2.1.4	Factors Influencing Financial Performance.....	14
2.1.5	Importance of Financial Performance .....	16
2.1.6	Selecting Performance Measures .....	17
2.1.7	Financial Performance Measurements .....	18
2.1.8	Shortcomings of Traditional Financial Performance: .....	19
2.1.9	Sustainability Reporting and Revenue: .....	21
2.1.10	Environmental disclosure and corporate performance .....	24
2.2	Previous Studies .....	25
2.2.1	Reddy and Gordon (2010).....	25
2.2.2	Khavesh et al., (2012) .....	25
2.2.3	Walker et al., (2014).....	26
2.2.4	Al Manaseer et al., (2014). .....	26
2.2.5	Peter et al., (2015). .....	27

2.2.6	Nobanee and Nejla (2015) .....	27
2.2.7	Hummel et al., (2016) .....	28
2.2.8	Ellili and Nobanee (2016) .....	29
2.2.9	Nor et al., (2016) .....	29
2.2.10	Santis et al., (2016) .....	29
2.2.11	Maymon et al., (2017) .....	30
2.2.12	Othman (2017) .....	31
2.2.13	Yagi et al., (2018) .....	31
2.2.14	Tobin (2018) .....	32
2.2.15	Wasara and Ganda (2019) .....	32
2.2.16	Petrescu et al., (2020) .....	33
2.2.17	Alotaibi and Hussainey (2016) .....	34
2.2.18	Dawood et al., (2021) .....	34
2.2.19	Sampong et al., (2018) .....	34
2.2.20	Nour et al., (2022) .....	35
2.2.21	Shahen (2022) .....	36
2.2.22	Hardiningsih et al., (2022) .....	36
2.2.23	Alsahlawi et al., (2021) .....	37
2.2.24	Kumar et al., (2022) .....	38
2.2.25	Abdul Hadi (2023) .....	38
2.3	What makes this study unique? .....	43
<b>Chapter 3</b>	<b>Methodology .....</b>	<b>45</b>
3.1	Chapter overview .....	45
3.2	Companies Listed on the Palestine Exchange .....	45
3.3	Research Methodology .....	45
3.4	Study Population .....	46
3.5	Sample and Data Collection .....	47
3.6	Definition of variables .....	48

3.6.1	Dependent variables .....	48
3.6.2	Independent variables .....	49
3.7	Econometric model.....	52
<b>Chapter 4</b>	<b>Results.....</b>	<b>55</b>
4.1	Definition of Variables .....	55
4.2	Index for Sustainability Reporting .....	56
4.3	Descriptive Statistics Findings .....	57
4.4	Correlation Analysis .....	57
4.5	Testing Hypotheses .....	59
4.5.1	Outcomes of hypothesis $H_{01}$ , the impact of sustainability on the performance.....	59
4.5.2	Examine the impact of (Economic, Environmental and Social disclosure) dimensions of sustainability on the performance. ....	61
4.5.3	Testing the impact of Economic perspective on sustainability on the performance of the listed company on the PEX.....	62
4.5.4	Testing the impact of Environmental perspective on sustainability on the performance of the listed companies on the PEX. ....	63
4.5.5	Testing the impact of social perspective on sustainability on the performance of the listed company on the PEX.....	63
<b>Chapter 5</b>	<b>Discussion and Conclusion.....</b>	<b>65</b>
5.1	Conclusion Remark .....	65
5.2	Recommendation and Future Research .....	66
<b>References</b>	<b>68</b>	
<b>Appendix A</b>	<b>List of Palestinian Exchange Companies.....</b>	<b>76</b>

## List of tables

Table 2-1 Definitions of Financial Performance Measures .....	19
Table 2-2 Guidelines for Designing the Content Structure and Assessing the Quality of Sustainability Reports (GRI, 2013). .....	23
Table 2-3 Summary of Previous Studies .....	40
Table 3-1 Palestinian Stock Exchange - Summary of Listed Companies and Market Capitalization (2018-2022) .....	48
Table 4-1: Statistics for SR and its variables ECN, ENV and SOC .....	57
Table 4-2: Correlation Analysis of SR and ROA .....	58
Table 4-3: Correlation Analysis of Variables .....	58
Table 4-4: The Impact of Sustainability disclosure on the performance .....	60
Table 4-5: The impact of ECN, ENV and SOC on ROA .....	61
Table 4-6: The Impact of Economic perspective on sustainability.....	62
Table 4-7: The Impact of Environmental perspective on sustainability on the ROA.....	63
Table 4-8: The Impact of Economic perspective on sustainability.....	64

**List of figures**

Figure 1-1 Research Model .....7

**List abbreviations:**

<b>Full name</b>	<b>Abbreviations</b>
Corporate Social Responsibility	CSR
Corporate Sustainability	CS
Economic Performance Disclosure Index	ECN
Environmental Performance Disclosure Index	ENV
Global Reporting Initiative	GRI
Palestine Exchange	PEX
Return on Assets	ROA
Social Performance Disclosure Index	SOC
Sustainability Reporting Index	SR

## **Chapter 1**

### **Introduction and background**

#### **1.1 Background**

Financial performance is a crucial factor when assessing the overall success of economic units. Each party defines financial success in terms of the premise that there needs to be a comprehensive understanding of financial performance and its drivers. The shareholder tries to increase fortune, whereas economic unity prioritizes survival and continuity (Lachmann et al., 2012).

Corporate Sustainability (CS) ratings and sustainable initiatives are rising in the near term. Over time, more people have become aware of sustainability as a sound business strategy. In this direction, the academic work in accounting is increasingly focused on sustainability reporting. In their study, Bhatia and Tuli (2016) outlined the three primary functions of sustainability in relation to performance. These functions include managing risks, enhancing cost efficiency, and fostering stakeholder engagement and reputation. By implementing sustainable practices, organizations can effectively address risks, reduce expenses, and cultivate positive relationships with stakeholders, ultimately leading to improved performance outcomes (Montiel & Delgado-Ceballos, 2014).

A preceding report emphasized the significance of advancing towards a sustainable economy and development that safeguards natural resources and the environment (Gallo

& Christensen, 2011). It highlights three crucial dimensions of sustainability, namely, development and environmental protection, economic development, and social justice (Lachmann et al., 2012). Previous research has provided clarity on the meaning of sustainability and its impact on performance. However, academic studies have predominantly focused on examining the evolution of interconnected fields, neglecting a comprehensive analysis of the Corporate Sustainability literature's development. This knowledge gap may be attributed to the limited attention given to the holistic exploration of corporate sustainability concepts and practices (Magená et al., 2007).

Given the novelty of sustainability in the accounting domain, there is a need for scholarly investigation into its development (Montiel & Delgado-Ceballos, 2014). Consequently, studies that examines the evolution, measures, and theories of Corporate Sustainability can contribute to the advancement of this field. These three areas, namely, the evolution of Corporate Sustainability, measurement approaches, and theoretical frameworks, have emerged as key areas of research within the realm of Corporate Sustainability. Such a comprehensive examination can provide valuable insights for furthering knowledge and understanding in this field.

One of the primary objectives of financial reports is to give beneficial information to individuals interested in the reporting firm (Magená et al., 2007). Companies develop and submit financial reports for various internal and external users that exhibit activity and status at a specific moment. Internal users direct and oversee the company's operations and make decisions on its direction, whereas external users are the financiers' society (Grigoraş-Ichim & Morosan-Danila, 2016). Based on the abovementioned discussion, this

thesis comes to provide evidence from Palestine about the impact of sustainability disclosure on the performance of the listed firms on the PEX.

## 1.2 Research Problem

In recent years, there has been recognition of the importance of sustainability reports and their impact on business performance. Sustainability reports typically consist of economic, environmental, and social indicators, which are non-financial in nature. Research studies have focused on exploring the relationship between overall sustainability reporting and specific components of these reports with firm performance. In the context of the Palestine Exchange Market there are 48 firms listed on the Stock Exchange (Montiel & Delgado-Ceballos, 2014).

Sustainability reporting, performance, and transparency of environmental and social performance are independent factors. An index of disclosure is used to quantify these factors (Grigoraş-Ichim & Morosan-Danila, 2016).

The Return on Assets (ROA), a gauge of economic success, serves as the dependent variable. The score of sustainability is based on the Global Reporting Initiative's (GRI) sustainability reporting requirements. The analysis uses secondary data from the company's website and Palestine Exchange (Montiel & Delgado-Ceballos, 2014).

The research problem is formulated through the following main question: **"What is the impact of companies' sustainability in its financial, social, environmental, and economic perspectives?"** The following sub-questions are prompted by it:

- 1) How does the social perspective of sustainability influence the financial performance of firms listed on the Palestine Exchange?
- 2) How does the environmental perspective of sustainability impact the financial performance of firms listed on the Palestine Exchange?
- 3) How does the economic perspective of sustainability influence the financial performance of firms listed on the Palestinian Exchange?

### 1.3 Research Hypotheses

The thesis will examine the following hypotheses:

**H<sub>0</sub>**: There is no impact of sustainability's social, environmental, and economic elements on the financial performance of firms listed on the Palestine Exchange at ( $\alpha \leq 0.05$ ).

**H<sub>01</sub>**: There is no social perspective of sustainability impact on the financial performance of the firms listed on the Palestine Exchange at ( $\alpha \leq 0.05$ ).

**H<sub>02</sub>**: There is no environmental perspective of sustainability impact on the financial performance of the firms listed on the Palestine Exchange at the level ( $\alpha \leq 0.05$ ).

**H<sub>03</sub>**: There is no Economic perspective of sustainability impact on the financial performance of the firms listed on the Palestinian Exchange at ( $\alpha \leq 0.05$ ).

#### **1.4 Research Objectives**

This thesis comes to achieve the following objectives:

- 1) To evaluate the impact of sustainability's social, environmental, and economic elements on the financial performance of firms listed on the Palestine Exchange.
- 2) To examine the extent to which the social perspective of sustainability impacts the financial performance of firms listed on the Palestine Exchange.
- 3) To assess the influence of the environmental perspective of sustainability on the financial performance of firms listed on the Palestine Exchange.
- 4) To investigate the relationship between the economic perspective of sustainability and the financial performance of firms listed on the Palestinian Exchange.

#### **1.5 Research Significance**

In Palestine, there is rare evidence about the impact of sustainability reports on the profitability of listed firms on the EXP. This investigation will raise the quality of financial disclosure and help decision-makers (banks, investors, creditors, the government, analysts, regulators, and employees) make rational decisions (Shaheen& Qubbaja, 2021).

Financial performance is a central axis for knowing the extent to which companies succeed or fail in their investment plans and decisions. Companies intend to maximize their value by increasing the market value of their shares. A high level of sustainability leads to high performance (Al-far, 2018).

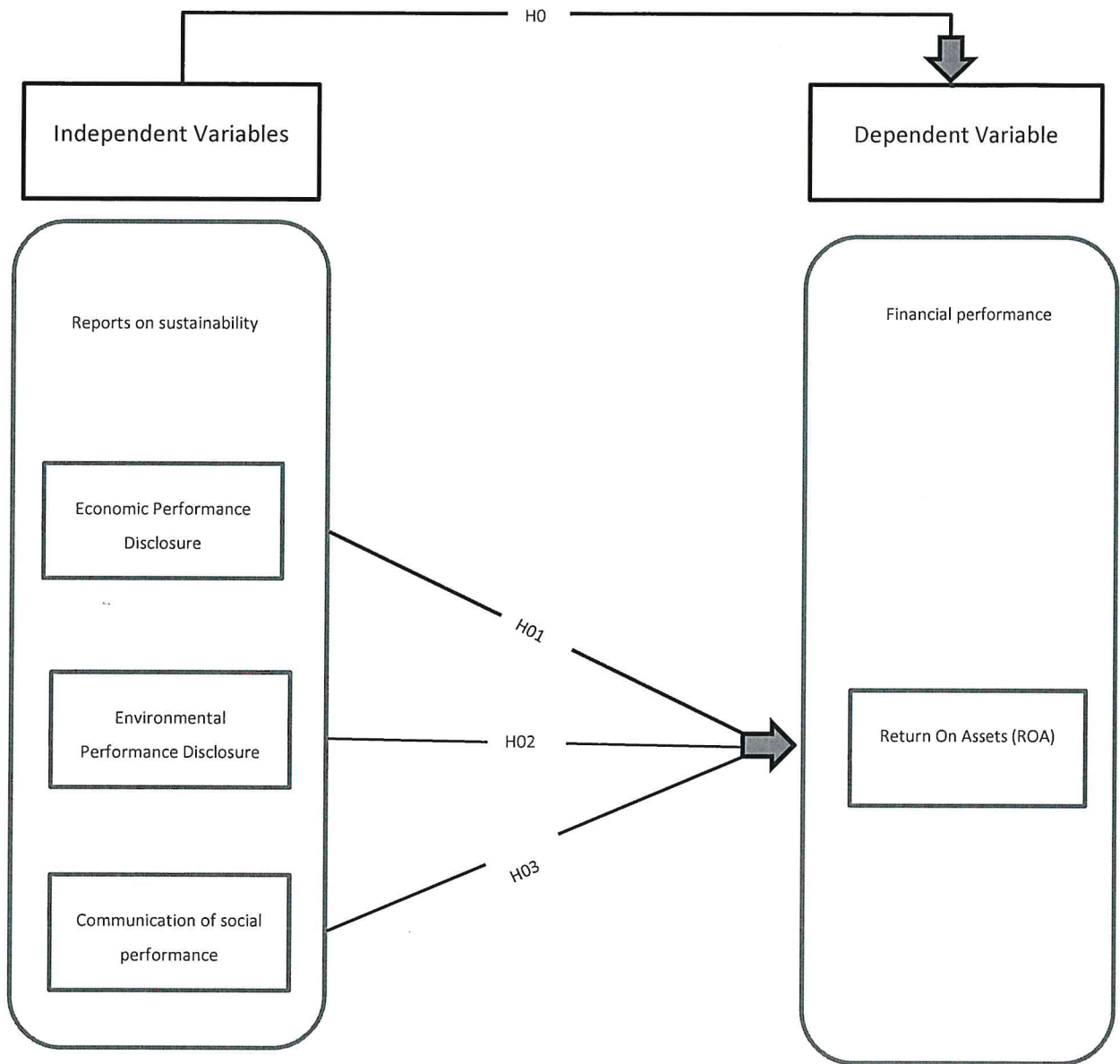
Share prices play a crucial role in shaping investors' decision-making processes, as fluctuations in share prices significantly impact investor confidence. Consequently, investors in the stock exchange require access to substantial information to aid them in making informed investment decisions. In this context, investment and financial analysis have focused on developing metrics for evaluating the financial performance of companies. One pivotal factor influencing a company's financial performance is the disclosure of sustainability reports, which are integral to fostering long-term success and competitiveness (Al-far, 2018).

Efforts concentrate on sustainability encourage social and environmental modification and an organization's total performance. Payments additional money on ethical business practices may increase a company's profitability. Research demonstrates that the most profitable businesses are also sustainable (Chaldek, 2019).

Environmental and societal factors are frequently employed to evaluate the ethical and sustainable performance of companies. It has been observed that businesses with favorable ESG ratings often outperform the market in both the short and long term. Although sustainability initiatives may require initial investments, they have the potential to yield substantial long-term benefits (Chaldek, 2019).

This paper discusses three contextual issues requiring further study and improvement in social, economic, and environmental responsibility research, focusing on corporate social responsibility reporting research.

### 1.6 Research Model



displays the dependent and independent variable

## 1.7 Operational Definitions

**Return on Assets (ROA):** According to Horngren, Harrison, and Oliver (2009), it gauges how successfully a business uses its assets to generate revenue. Similarly, Gitman et al. (2011) noted that return on assets demonstrates management's success in making a profit from the resources it has at its disposal.

**Corporate Sustainability (CS):** Contrary to CSR, interest in CS can be traced back to a specific historical moment. In its often-cited 1987 study, *Our Common Future*, the WCED popularized the phrase "sustainable development". According to the WCED definition, development is sustainable if it can be done "without compromising the ability of future generations to meet their own needs" (WCED 1987, p. 43). Although CS became well-known in business journals in the 1990s, many academics base their work on the WCED definition. Since then, scholars and professionals have maintained that development must meet environmental, social, and economic norms to stay sustainable.

**Global Reporting Initiative (GRI):** The Global Reporting Initiative (GRI) was established in 1997 by a group of companies and organizations affiliated with the Coalition for Environmentally Responsible Economies (CERES). The primary objective was to create universally applicable guidelines for reporting economic, environmental, and social performance. Initially targeted at corporations, the aim was to extend these guidelines to encompass businesses, governmental organizations, and non-governmental organizations in the long run (GRI, 2013).

**Palestine Exchange (PEX):** Founded in 1995 to enhance and promote investment in Palestine, Palestine Exchange is a public shareholding organization. According to (Alsenawi & Banat, 2014), it has 49 listed firms across five crucial economic sectors: banking and finance, insurance, investments, industry, and services.

**Environmental dimension:** This dimension encompasses the safeguarding of ecosystems (land, air, and water), conservation of energy resources, access to renewable resources, and enhancement of resilience against environmental events and changes (Smouts, 2005, p. 5).

**Economic dimension:** Among the foundational dimensions of development, this particular dimension centers on attaining economic sustainability through the efficient utilization of capital and resources. It involves meeting the basic needs and requirements of individuals, enhancing the standard of living by maximizing returns from products and services, and striving for economic justice (Godard, 2010, p. 69).

**Social dimension:** This component accomplishes social justice by distributing resources equally and with social fairness. Additionally, it fosters social interaction and minority groups' participation in local communities, which fosters cultural diversity and upholds human rights and respect (Smouts, 2005).

**Sustainability Report:** The evaluation of sustainability in this context relies on the Sustainability Report Disclosure Index (SRDI), which is based on the economic, environmental, and social dimensions outlined in the GRI guidelines (also called G4 guidelines). The SRDI comprises a total of 91 components within the sustainability report

disclosure. Each component is assigned a score of one if it is disclosed and zero if it is not. The SRDI is calculated using the equation  $SRDI = V/M$ , where V represents the number of disclosed items by the company, and M represents the expected number of items (Wibowo, 2014).

**Economic Performance Disclosure (ECN):** Pertaining to how a corporation affects stakeholders' financial circumstances and the local, global, and national economic systems (Tarigan & Samuel, 2014).

**Environmental Performance Disclosure (ENV):** This is a form of corporate responsibility to society as a result of activities that negatively impact the environment (Uwuigbe & Uadiale, 2011).

**Social Performance Disclosure (SOC):** The effective translation of an institution's mission into practice in line with accepted social values.” Social performance describes how well an organization achieves its mission or social goals (Smouts, 2005).

**Sustainability Reporting (SR):** This is a non-financial reporting method that allows businesses to communicate their progress towards sustainability objectives, including environmental, social, and governance measures, and potential risks, enabling them to set priorities and express their impact on the environment (Moravcikova, 2015).

## **Chapter 2**

### **Theoretical Foundation**

#### **2.1 Theoretical Foundation**

##### **2.1.1 Palestine Exchange (PEX)**

Prior to the establishment of the Palestine Exchange (PEX) as an independent stock exchange, it operated under the jurisdiction of the Amman Stock Exchange in Jordan. Under this arrangement, the PEX functioned as a branch of the Amman Stock Exchange, utilizing its systems and infrastructure for trading activities. It operated as a regional stock exchange, with trading and listing regulations aligned with those of the ASE. Companies from both Jordan and Palestine were listed on the exchange, providing a platform for cross-border investment opportunities (Shaheen& Qubbaja, 2021).

Following the autonomy of the Palestinian territories, Palestine Exchange was founded in 1995 as a private corporation according to an agreement with the Palestinian administration to promote a secure and beneficial investment environment. On February 18th, 1997, trading with numerous firms commenced. Following that, as of May 30th, 2023, 48 companies were listed on the PEX. The "SMARTS" control software, which regulates daily trading movements, as well as online disclosure systems, online trading services, and the implementation of cash settlement, are just a few of the recent developments in the stock market. In addition, one company's bonds started trading in 2014. This change increased efficiency in the financial market (Kamal, 2014).

At first, the Ministry of Finance oversaw stock market transactions. The Palestine Exchange is now under the Capital Market Authority's control, established in 2005. The Palestine Exchange went public in 2010 to adhere to corporate governance rules. The 48 companies that make up the stock market are separated into 5 sectors: industry, services, investment, banking, and insurance. A business has advertised its securities for sale. As for May 2023 there are eight businesses function as brokerage firms in Palestine (Palestine Stoke Exchange 2023).

The US dollar and the Jordanian Dinar are the two trading currencies on the market. The Al-Quds index, which comprises 15 firms from all market sectors, is the Palestine Exchange indicator. With over 1.63 billion securities and 73,959 investors as of 4102, the total market value of the securities was 3.2 billion US dollars (Topol, 2011).

### **2.1.2 Corporate Social Responsibility (CSR)**

According to Kusumadilaga (2006), Corporate Social Responsibility (CSR) represents a deliberate effort by corporations to incorporate social and environmental considerations into their operations and relationships with stakeholders. This extends beyond the organization's legal obligations. Resturiyani (2012) states that CSR involves an organization's responsibility for the societal and environmental impacts of its decisions and activities. This responsibility is realized through transparent and ethical behavior that aligns with sustainable development, public welfare, stakeholder expectations, and internationally recognized norms and laws. It is an integral part of the organization as a whole (Resturiyani 2012).

Brancoa and Rodrigues (2008) addressed social responsibility in the banking sector. Their research compared social responsibility disclosures made by Portuguese banks on the Internet between 2003-2004 and 2004-2005. The findings suggested that banks with higher social responsibility visibility placed greater emphasis on reputation management activities. These banks prioritized transparency regarding their social responsibility to enhance their corporate reputation (Brancoa and Rodrigues 2008).

### **2.1.3 Definition of Financial Performance**

Financial performance is a measure of how effectively a company utilizes its resources to generate value for stakeholders within a specific time frame. It serves as an initial assessment of the company's financial position in light of unforeseen future events (Chen et al 2015). According to Padachi (2006), well-planned and well-executed financial management practices contribute to enhancing a company's value. Naser and Mokhtar (2004) define financial performance as the extent to which a company achieves its financial goals, as measured by its financial results. It involves determining the monetary worth of a company's outputs and serves as a metric for evaluating its success. The ability to generate profits is crucial for the sustainability of a company. High financial performance indicates efficient and successful management of resources in operational, financial, and investment activities (Naser & Mokhtar 2004).

Another approach to assessing financial performance is through organizational performance, which gauges management's effectiveness in utilizing the resources

entrusted by shareholders to generate profits within a specific period (Berger & Patti, 2002).

Financial performance is influenced by various environmental factors, including economic considerations, industry structure, organizational characteristics such as size and structure, as well as managerial capabilities and expertise (Lkhader, 2011).

Abbas (2012) further suggests that the financial performance of an organization can also be measured by its ability to achieve goals at the lowest possible cost. The ability to maintain financial stability, ensure sufficient liquidity to meet obligations, and generate a high rate of return at a low cost indicates financial success. The report emphasizes that financial performance evaluates the overall health of a company by considering how effectively and efficiently it manages its resources for operational, financial, and investment activities - a characteristic clearly demonstrated by the company's outstanding performance (Abbas 2012).

#### **2.1.4 Factors Influencing Financial Performance**

Companies' financial performance is determined by a combination of internal and external factors, the most important of which are as follows (Farhat, 2000):

- 1) Control the efficient use of existing financial resources.
- 2) Managing cost.
- 3) IT influence on service quality.

- 4) State and market rules applied to firms.
- 5) State financial and economic strategies.

### **2.1.5 Determinants of Financial Performance**

According to Alam et al. (2011), company performance is a multidimensional concept made up of six parts. Performance measures focus on different domains, including performance measures that focus on the customer (e.g., the quality of the good or service and customer satisfaction); performance in the financial and market sectors (e.g., sales, net income, market position, cash cycle, and EPS) performance in the human resources sectors such as employee satisfaction; and organizational effectiveness (e.g., speed of market entry, level of innovation, production, and supply chain adaptability). The level of liquidity has an impact on financial performance (Chaharbaghi & Lynch, 1999). Additionally, the size of an organization influences financial performance in various ways. Larger organizations can benefit from economies of scale and scope, making them more efficient compared to small businesses (Ahmed et al., 2010; Teece, 2009). Another factor to consider is the age of a company. Older companies tend to have more experience, have learned from past experiences, and are less susceptible to the challenges faced by new companies, leading to better performance (Shiu, 2004; DemirgüçKunt & Maksimovic, 1998). Furthermore, financial performance is influenced by underwriting risk, which reflects the adequacy of capital (Adams & Buckle, 2000). Underwriting risk refers to the possibility of financial losses arising from inadequate evaluation or misjudgment of the

risks involved in a transaction. If the underwriting process fails to accurately assess the risks or does not adequately account for potential adverse events, it can result in financial difficulties.

### **2.1.5 Importance of Financial Performance**

It is crucial to measure financial performance for the following reasons (Nelly, 1999):

- 1) Changing the nature of labor: Shifts in the composition and characteristics of the workforce impacting organizational performance.
- 2) Increasing opposition: Growing resistance or challenges faced by an organization that can hinder its performance.
- 3) Specific improvement efforts: Targeted initiatives aimed at enhancing performance in specific areas or processes.
- 4) Changing organizational positions: Adjustments in the structure, roles, or strategic direction of an organization impacting its performance.
- 5) Quality awards at the national and international levels: Recognition and accolades received by organizations for outstanding performance in quality management.
- 6) Varying outside forces: External factors that can exert influence on organizational performance, which may vary in nature and impact.

- 7) The Power of Information Technology: The transformative effect of technology in enhancing organizational performance through improved operations, communication, and decision-making.

According to Alkhateb (2010), financial performance is used to evaluate funds efficiently and effectively in the organization to help them achieve their financial goals over the long term. It is also important because it aims to assess the company's performance from various perspectives and in a way that helps information users with financial benefits in the corporation categorize its strengths and weaknesses.

#### **2.1.6 Selecting Performance Measures**

Determining the appropriate performance measures for a company is a multifaceted and debated topic. Different authors offer recommendations, including the notion that metrics should align with the company's strategy (Keegan et al., 1989). Several authors have proposed frameworks for performance measurement, outlining the specific areas of performance that businesses should monitor (Fitzgerald et al., 1991; Kaplan & Norton, 1996).

A distinct strategy has been used by others who have developed audits to help businesses discover the benefits and drawbacks of their measuring systems in terms of "gaps" and "false alarms" (Dixon et al., 1990). Others who agree that measurements must flow from the strategy are working to codify the procedures to help management teams choose the best measures for their business (Neely et al., 1996). Establishing measures and

measuring systems is a significant focus of this study. However, once the systems are in place, they must be set up and used regularly to run the company.

### **2.1.7 Financial Performance Measurements**

Financial performance measurements are commonly employed by businesses as a component of performance management, and assessing and monitoring financial performance is one of the responsibilities of a finance manager. The management team determines the approach for evaluating financial performance, gathers information that accurately represents the company's performance, and establishes a set of performance benchmarks. In cases where performance falls below expectations, management must devise and implement strategies to enhance performance (Miller, 2009). Berger and Patti (2002) state that financial performance is quantified through ratios at different time periods to evaluate how effectively the company has utilized its resources in generating wealth.

The ratios are used to standardize measurement to compare businesses in different industries, through time, or within the same business. Determining how effectively an organization's resources have been used to produce profits and wealth for its owners is the main objective of analyzing its financial performance. The most often used financial metrics by business owners and management include profitability, liquidity, solvency, financial efficiency, and payback capacity (Miller, 2009) (Table 2-1).

Table 2-1 Definitions of Financial Performance Measures

<b>Financial Performance Measures</b>	<b>Description</b>
Profitability	The ability of a company to generate profits from its operations.
Liquidity	The ability of a company to meet its short-term financial obligations.
Solvency	The long-term financial viability and stability of a company.
Financial Efficiency	How effectively a company utilizes its resources and assets to generate revenues and profits.
Payback Capacity	The ability of a company to repay its debts or obligations.

This table presented in this academic work is extracted from Miller (2009).

Profitability, primarily measured by Return on Assets and Return (RoA) on Equity (RoE), defines how much a company makes from using its resources and capital. The current ratio measures liquidity, which is a company's ability to meet its financial commitments when they emerge in a timely manner without impeding regular business activities (Patti, 2002).

### **2.1.8 Shortcomings of Traditional Financial Performance:**

Shortcomings of traditional performance indicators (Vimrová 2015):

- 1) Short-term focus: Traditional financial performance indicators often emphasize short-term outcomes, such as quarterly profits or stock price performance. This focus may lead to neglecting long-term strategic investments and sustainable growth.

- 2) **Incomplete picture:** Traditional indicators primarily rely on financial metrics, such as revenue, profit, and return on investment. However, they may fail to capture non-financial aspects critical to business success, such as customer satisfaction, employee engagement, or environmental impact.
- 3) **Lagging indicators:** Financial performance indicators typically provide historical data and may not offer real-time insights into the current state of the business. This limitation can hinder proactive decision-making and timely course corrections.
- 4) **Lack of context:** Traditional financial indicators often lack context or fail to consider external factors that can impact performance. They may not account for market dynamics, changes in customer preferences, or industry-specific challenges.
- 5) **Siloed perspective:** Financial indicators tend to focus on individual departments or business units, which can lead to suboptimal decision-making at the organizational level. They may encourage local optimization rather than holistic performance improvement.
- 6) **Inability to capture intangible assets:** Traditional financial indicators struggle to measure intangible assets, such as intellectual property, brand value, or employee knowledge. These assets can significantly contribute to a company's long-term success but are not adequately reflected in financial statements.
- 7) **Insufficient forward-looking information:** Traditional financial indicators primarily provide historical data and may not offer sufficient insights into future

- performance trends or potential risks. This limitation can impede proactive planning and risk management.
- 8) Limited stakeholder perspective: Traditional financial indicators often focus on shareholder value and may not consider the interests and impacts on other stakeholders, such as employees, customers, suppliers, or the broader community.
  - 9) Lack of comparability: Comparing financial performance across industries or companies with different business models can be challenging due to variations in accounting practices and financial reporting standards.
  - 10) Vulnerability to manipulation: Financial indicators can be subject to manipulation or creative accounting practices, potentially leading to distorted or misleading representations of a company's financial performance.

#### **2.1.9 Sustainability Reporting and Revenue:**

Guidelines and principles for sustainability reporting include:

- Reporting a set of reporting principles, standard disclosures, and an application guide are included.
- To prepare permanent reports from all establishments, regardless of size and location, for all interested parties worldwide.
- The industries in which they work, as well as the guidelines, serve as resources.

- Disclosure of its governance, performance, and effects on environmental and social facilities and the economy.

The guidelines are broken down into two groups: guidelines for designing the content structure of the report and guidelines for assessing the report's quality. The structure and content are explained in Table 0-2.

**The report should provide sufficient reporting on the following elements (GRI 2013):**

### **1. The economic dimension**

It concentrates on how the institution affects the economic interests of its owners and local and global economic systems, and there are several instances. Its main measures are economic performance, market presence, and effects.

### **2. Environmental aspect**

The impact of the facility on natural systems, especially those connected to it. Environment-related indicators in ecology relate to inputs like materials, energy, and water and outputs like emissions, waste, and residues generated by the facility's activities.

### **3. The social dimension**

It is interested in how an organization's actions may affect the social systems in which it works; its indicators include worker practices, human rights, society, and product responsibility.

Table 0-2 Guidelines for Designing the Content Structure and Assessing the Quality of Sustainability Reports (GRI, 2013).

<b>Designing Content Structure</b>	<b>Assessing Report's Quality</b>
1) Materiality Assessment: Identify and prioritize the most relevant sustainability issues and impacts for your organization and stakeholders.	1) Completeness: Assess whether the report covers all material sustainability issues and provides a comprehensive picture of the organization's performance.
2) Stakeholder Engagement: Engage with stakeholders to understand their expectations and concerns regarding sustainability performance.	2) Accuracy: Evaluate the accuracy and reliability of data, information, and calculations presented in the report.
3) Goals and Targets: Set clear goals and targets to address the identified sustainability issues, providing a roadmap for improvement.	3) Balance: Evaluate the report's balance between positive and negative aspects of performance, avoiding undue emphasis on positive achievements.
4) Report Boundaries: Define the organizational boundaries and scope of the report, including subsidiaries, joint ventures, and supply chains.	4) Comparability: Assess the extent to which the report allows for comparisons of performance over time and with other organizations.
5) Reporting Principles: Adhere to established reporting principles, such as relevance, materiality, completeness, accuracy, and balance.	5) Transparency: Evaluate the report's transparency in terms of disclosing methodologies, assumptions, limitations, and governance structures.
6) Report Structure: Organize the report in a logical and coherent manner, using sections, headings, and subheadings to improve readability.	6) External Assurance: Consider obtaining external assurance to enhance the credibility and reliability of the report's content.

7) Data Collection and Management: Implement robust systems for collecting, validating, and managing sustainability data.	7) Stakeholder Feedback: Seek feedback from stakeholders on the report's content, format, and usefulness.
8) Clear Communication: Use clear and concise language, avoiding jargon, and provide explanations of technical terms where necessary.	8) Continuous Improvement: Assess the organization's progress in sustainability reporting and identify areas for improvement in future reports.

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This table presented in this academic work is extracted from GRI (2013)

### **2.1.10 Environmental disclosure and corporate performance**

Since stakeholder interests have shifted from traditional aspects to environmental and social issues and stakeholder preferences have changed to concentrate on operational impacts on the environment, the necessity of environmental disclosure has expanded considerably. It has not been possible for greenhouse gas companies to increase performance by reducing CO<sub>2</sub> emissions.

A modest effect of environmental disclosures on the performance of mining businesses listed on the Johannesburg Stock Exchange, for instance, was observed by Wasara and Ganda (2019). According to Al-Damasheh (2019), the environmental component of sustainability's many facets did not significantly improve the financial performance of companies listed on the Amman Stock Exchange. According to Polar (2019), debate is required to examine the causes of environmental factors' minimal contribution to raising shareholder expectations for the financial success of their companies.

## **2.2 Previous Studies**

A summary of the previous studies is presented in Table 0-3. However, each individual study is described and synthesized in the following sections.

### **2.2.1 Reddy and Gordon (2010)**

This is an empirical study of the impact of sustainability reporting on financial performance using publicly traded companies. It aimed to investigate how sustainability reporting affects business financial performance. Businesses voluntarily publish sustainability reports to inform stakeholders about the effects of their operations on the environment and society. The results of the combined cross-sectional analysis for the two nations provide credence to the idea that the industry type's contextual characteristics have a major bearing on the anomalous returns of the reporting enterprises. This study highlights a number of contextual variables that might affect the relationship, including the industry and kind of sustainability report. Only the Corporate Sustainability Disclosure (CSR) kind of sustainability report was important in explaining the anomalous returns of New Zealand corporations.

### **2.2.2 Khaveh et al., (2012)**

A broad spectrum of stakeholders is paying an unprecedented amount of attention to business transparency as well as environmental and social performance. Disclosure and environmental and social performance are not required in Singapore. As a result, Corporate Social Responsibility (CSR) activities are carried out and disclosed freely by

Singapore's publicly traded companies. outcomes of this study found a substantial and positive correlation between revenue and the disclosure of an organization's environmental and social performance. The research investigated how society and the environment interact. In the meantime, it has been shown that there is a large and favorable correlation between sustainability reporting, the amount of dividend paid, and the share price in Singapore. Disclosure and shareholder wealth.

### **2.2.3 Walker et al., (2014)**

The relationship between sustainability performance and transparency in the Australian extractive sectors is examined in this study. This study makes use of Ullmann's (1985) stakeholder paradigm, which portrays sustainability disclosure and performance as two parts of a management strategy for satisfying stakeholder needs. As anticipated, the study discovers a high correlation between corporate sustainability performance and transparency. According to press release activity, organizations with proactive communication strategies also disclose more about sustainability. Finally, the framework for stakeholders' predictions is supported by the findings that asset age and firm size are both positively correlated with sustainability.

### **2.2.4 Al Manaseer et al., (2014).**

This paper examines the impact of corporate governance dimensions on the performance of Jordanian banks. It uses pooled data and the OLS estimation method to examine 15 banks quoted on the ASE. Results show a positive relationship between

corporate governance dimensions (number of outside board members and foreign ownership) and performance, while board size and CEO-chairman separation have a negative relationship. The study also finds that banks benefit from their large size by offering services rather than loans. However, the study has limitations, such as using proxies for actual corporate governance mechanisms and being constrained to 2007-2009 financial data.

#### **2.2.5 Peter et al., (2015).**

The study's goal is to create a conceptual framework for the process of creating sustainability accounting reports specifically for the sector of commercial banks operating in Egypt. The study is based on the extrapolation of previous studies and research in this field in an attempt to meet the fruitful proposals and responses and collaborate with them within the framework of the principles and objectives. Procedures, problems, difficulties, and motivations for preparing sustainability reports, as well as the needs of these reports' users. This study concluded that the analytical framework for accounting for sustainability is critical for connecting information from various sources about the combination of social, economic, and environmental dimensions of sustainability. Additionally, this study specified that the conceptual framework for sustainability accounting consists of five key elements

#### **2.2.6 Nobanee and Nejla (2015)**

Using yearly data for listed banks in the United Arab Emirates (UAE) financial markets from 2003 to 2013, this article seeks to evaluate the amount of corporate

sustainability disclosure. The results show that the overall degree of sustainability disclosure for banks listed on the UAE financial markets is low based on sustainability reporting.

The results also demonstrate that conventional banks provide more corporate sustainability information than Islamic banks. Additionally, the results demonstrate that while sustainability disclosure has no impact on Islamic banks' performance, it has a large and favorable impact on conventional banks' performance.

#### **2.2.7 Hummel et al., (2016)**

There is much uncertainty about the theoretical and practical connections between sustainability performance and sustainability disclosure. According to the legitimacy theory, a negative connection should be avoided; in accordance with the notion of voluntary disclosure, the relationship should be favorable.

By shifting the focus of the analysis from the amount to the quality of sustainability disclosure, this study clarifies the theoretical justification for the two theories and offers empirical evidence for their reconciliation. The findings support the voluntary disclosure theory by demonstrating that exceptional sustainability performers prefer high-quality sustainability disclosure to communicate their superior performance to the public. Additionally, using the validity theory, Poor sustainability performers prefer to hide their real performance while maintaining their credibility by making low-quality sustainability disclosures.

### **2.2.8 Ellili and Nobanee (2016)**

The purpose of this study is to investigate how revenue growth, a moderating factor in firm value, is affected by leverage, profitability, and the quality of sustainability disclosures. It looks at businesses in the manufacturing sector that are listed on the Jakarta Stock Exchange. Selected businesses are required to include a sustainability report in their financial reports for 2011–2013. To investigate company years, 143 multiple regressions were employed in total.

The results showed that profitability and leverage had a positive and considerable influence on business value. The study also found that the association between corporate sustainability disclosure quality and firm value was moderated by sales growth.

### **2.2.9 Nor et al., (2016)**

This study included 100 companies listed on the Malaysian Stock Exchange with the aim of revealing the existence of a relationship between environmental disclosure, sustainability, and financial performance through the content of annual reports. The results showed variation in disclosure practices in addition to the existence of a relationship between overall environmental disclosure and profit margin.

### **2.2.10 Santis et al., (2016)**

The researcher made a comparison of the economic performance (profitability and liquidity ratios) between Brazilian companies listed in the Corporate Sustainability Index

and companies listed in the San Paulo Stock Market Index. The results showed that there were no differences in economic or financial performance between companies. However, some other characteristics, such as sector classification, had a greater impact on the economic and financial performance of companies.

#### **2.2.11 Maymon et al., (2017)**

The study's goal was to create a framework of thought for the concept of economic institution sustainability, as well as concepts related to permanent reports, and to specify any indicators for the information content of the reports. Sustainability is being studied in light of the survey and analysis of professional departments. The primary objective of the study is to illustrate the significance of disclosure in sustainability reports, which is a subset of non-financial information found in integrated business reports, and to determine whether professional assurance contributes further to the justification of internal and external users' decisions regarding publicly traded companies. In order to evaluate the effect, the study concentrated on five categories of stakeholders in Egyptian joint-stock companies (auditor, creditor, investor, supplier, and employee). The academic and practical importance of research may be separated into two groups. Academic research that supports the use of professional assurance services, enhancing business disclosure and openness, its influence on financial report consumers' judgments, and the advancement of research science in light of these issues is scarce.

### **2.2.12 Othman (2017)**

Where he studied the opinions of 64 individuals working in the National Industries Company, the Red Sea Plastic Company, and the Foz Carbonated Water Company. The study found that applying accounting policies to measure environmental costs helps increase the reliability of financial reports. Users' use of the dimensions of sustainable development helps them understand reports, thus increasing their confidence in financial reports and making sound decisions. Lack of care in saving energy and disposing of waste leads to environmental damage. To lack confidence in financial reports and thus make wrong decisions.

### **2.2.13 Yagi et al., (2018)**

In order to determine if businesses that care about environmental, social, and governance (ESG) concerns can still be efficient and successful, this study examined the relationship between corporate efficiency and sustainability. In order to determine organizational efficiency and profitability, we employed data envelopment analysis. Evidence demonstrates that corporate ESG information openness has a beneficial association with firm efficiency at the moderate disclosure level, rather than at the high or low level of disclosure. Social and environmental information disclosure has the strongest positive association between governance information disclosure and business effectiveness.

Additionally, we looked at the relationship between several company financial performance (CFP) metrics, such as corporate effectiveness, return on assets, and market value, and ESG actions. According to our research, the bulk of ESG activities have a positive correlation with CFP. The voluntary corporate social responsibility (CSR) strategy decisions made for enhancing business sustainability might be supported by these facts.

#### **2.2.14 Tobin (2018)**

In family firms, there is a negative correlation between board size and profitability, as measured by return on assets (ROA). However, no significant relationship was found between board size and corporate success in nonfamily businesses. In nonfamily enterprises, the presence of independent directors is significantly correlated with company success. The study also found evidence of a relationship between independent directors and performance in family businesses. Moreover, ownership concentration had minimal impact on corporate performance but exhibited a strong negative association with Tobin's Q in family firms. These findings suggest that both profitability and share returns are adversely affected by larger board sizes in family businesses

#### **2.2.15 Wasara and Ganda (2019)**

Many companies don't know how Corporate Sustainability Disclosure (CSD) impacts revenue. Investigating the relationship between corporate sustainability disclosure and return on investment was the goal of this article. In this case, a content analysis

method was used to acquire the data. A multi-regression study was used to look at how environmental disclosure and return on investment are related. This time, the same statistical method was applied to determine the connection between social disclosure and return on investment. The results show that environmental transparency and return on investment are not compatible.

The study demonstrates a favorable correlation between social transparency and return on investment. This suggests that businesses will report on social concerns more frequently. due to a higher return on investment, which leads to enhanced financial performance. The adoption of corporate social disclosure is encouraged by this study because it will motivate businesses to take social responsibility seriously while also benefiting their bottom lines. On the switch from voluntary to required corporate social disclosure, further research may be done.

#### **2.2.16 Petrescu et al., (2020).**

The aim of this study was to ascertain if Romanian managers had access to corporate sustainability reporting tools and what role they played in enhancing organizational financial performance. This study comes to the conclusion that a company's financial success may be reported with indications of corporate social responsibility, turning sustainability into a real benefit for all stakeholders. Additionally, the empirical results help us comprehend corporate social responsibility activities, which, although non-financial, appear to be financially significant at a certain level after accounting for other financial aspects.

**2.2.17 Alotaibi and Hussainey (2016)**

The study sought to define the significance of sustainability reports and examine how business financial performance on the Saudi capital market is impacted by the quantity and quality of disclosure. SPSS 17.0 was used to do multiple linear regression analyses on the data. Results indicated that the quantity of disclosure has a statistically significant effect on company financial performance but that the quality of disclosure has no meaningful effect. According to the research, Saudi institutions should offer courses on sustainable development and publish an accounting standard for the publication of sustainability reports.

**2.2.18 Dawood et al., (2021)**

The purpose of the current study is to evaluate the impact of sustainability reports' degree of transparency on the standard of profitability in Egyptian banks. It will offer primary data and carry out an applied study on shareholding businesses in the Egyptian banking industry using both inductive and deductive scientific research approaches. The study discovered that one of the elements influencing quality change is the variation in the amount of transparency in sustainability activities.

**2.2.19 Sampong et al., (2018)**

The study aims to provide a research framework and research guide for the interaction between the GRI's disclosure of social responsibility indicators for sustainability and the financial report's quality in light of the composition of the board of

directors and ownership structure. The most significant findings were that there are direct moral relationships between the quality of the financial reports and the disclosure of social responsibility indicators for sustainability, as well as between the characteristics of the board of directors and the relationship between the quantity of the entity's financial reports and the disclosure of each social responsibility indicator.

#### **2.2.20 Nour et al., (2022)**

The aim of the study was to look into how corporate social responsibility disclosure (CSR) affected the financial performance (FP) of banks in Jordan and Palestine. All banks that were listed between 2010 and 2019 on the Amman Stock Exchange (ASE) and the PEX were taken into consideration. On a sample of 150 Jordanian bank observations and 60 Palestinian bank observations, the study used a regression model. Return on assets (ROA), return on equity (ROE), and Tobin's Q were used to quantify FP, while a disclosure index with 30 elements was utilized to measure CSR.

According to the study's findings, there is a strong positive correlation between CSR and Tobin's Q (Q ratio). However, no connections between CSR and the other two FP markers were found. The study suggested that Palestine and Jordan should increase their minimal CSR regulatory criteria in order to improve the quality of CSR. All parties involved must also get education regarding the value of CSR and its procedures.

### **2.2.21 Shahen (2022)**

This study sought to shed light on the financial implications of implementing these three sustainability pillars in the context of a developing nation like Palestine. All 49 of the businesses listed on the Palestine Stock Exchange for the year 2021 made up the study population. A data set of 1805 views was used throughout the year, and fixed effect regression with robust standard errors was used to analyze the data.

The green agreement for the environment, the green transformation of the business sector, and the significant role that integrated disclosure of the environmental, social, and governance dimensions plays in improving the sustainability and financial performance of the Palestinian business sector have all received special attention from researchers. The findings indicated that while environmental disclosures did not have a statistically significant relationship to financial performance, they did have a positive and significant relationship when the three dimensions of sustainability disclosure were taken into consideration. To improve the sustainability and financial performance of Palestinian enterprises, the report advises investing in the integration of the three sustainability disclosure components.

### **2.2.22 Hardiningsih et al., (2022)**

The study analyzed the impact of disclosing sustainability information on the financial and market performance of companies listed on the Indonesia Stock Exchange

and the Malaysia Stock Exchange in the period from 2015 to 2018. This study included 21 companies in the mining sector in Indonesia and 18 companies in Malaysia.

The results show that environmental and social disclosure have a significant positive impact on return on assets, return on equity, and price-to-earnings ratio. In general, there is no significant difference in financial performance or market performance between companies in Indonesia and Malaysia. Good disclosure of sustainability information leads to improved financial performance and confidence among stakeholders and regulators in decision-making, which in turn increases company value.

#### **2.2.23 Alsahlawi et al., (2021)**

The study examined the relationship between disclosure of corporate environmental sustainability and the financial performance of companies as measured by the stock returns of these companies and whether this relationship is moderate due to financial constraints. The study sample included 34 companies listed on the Saudi Stock Exchange during the period from 2015 to 2019.

The results indicate that environmental sustainability disclosure has a significant and negative impact on stock returns, suggesting that investors do not consider environmental disclosure when evaluating stocks. Moreover, the negative effect of environmental disclosure on stock returns is more pronounced in firms with financial constraints.

#### **2.2.24 Kumar et al., (2022)**

By analyzing the relationship between environmental, social, and governance (ESG) disclosures and corporate financial performance (CFP) in India, the study data included 77 companies during the period from 2015 until 2019.

The results of the study indicate that environmental, social, and governance (ESG) disclosure practices have a positive and significant impact on the financial performance of companies (CFP). ESG disclosures also help companies improve their financial performance (CFP), create a good image and credibility, and enhance corporate ethical practices. Moreover, corporate growth positively affects the financial performance of companies.

#### **2.2.25 Abdul Hadi (2023)**

This research aims to determine the impact of the level of disclosure of various sustainability activities (economic, social, and environmental) on the financial performance of companies by applying it to 110 companies listed on the Egyptian stock market for the period from 2017 to 2020. The results of the applied study confirmed: There is a positive and significant effect of the disclosure of economic activities on the financial performance of companies.

There is a positive and significant effect of the disclosure of social activities on the financial performance of companies.

There is a positive and significant effect of the disclosure of environmental activities on the financial performance of companies. From these results, the study recommends increasing investors' awareness of the importance of disclosing companies' sustainability activities so that they represent an essential dimension in making investment decisions, which contributes to encouraging companies to disclose their sustainability activities. Establishing more incentives for companies that adopt a high level of disclosure of sustainability activities, such as tax and financing incentives and other initiatives that encourage companies to increase the level of disclosure of sustainability activities. The Egyptian Stock Exchange should place many controls and restrictions on companies proven to be polluting the environment.

**Table 0-3 Summary of Previous Studies**

Reference	Country	Methods	Period of analysis	Variables	Conclusion
Reddy and Gordon (2010)	Australia	Sustainability performance index	2006	<ul style="list-style-type: none"> <li>▪ Sustainability Disclosure</li> <li>▪ Performance</li> </ul>	Positive significant effect
Khavesh et al., (2012)	Singapore	cross-sectional ordinary least square regression, correlation analysis	2008 - 2010	<ul style="list-style-type: none"> <li>▪ Sustainability reporting</li> <li>▪ Index</li> <li>▪ Revenue</li> </ul>	Positive significant effect
Walker et al., (2014)	Australia	Ullmann's (1985) stakeholder paradigm	2011 – 2013	<ul style="list-style-type: none"> <li>▪ Sustainability performance</li> <li>▪ Transparency</li> </ul>	Positive significant effect
Al Manaseer et al., (2014)	Jordan	Pooled data & The OLS estimation	2007-2009	<ul style="list-style-type: none"> <li>▪ Size</li> <li>▪ Composition</li> <li>▪ (CEO)Status</li> <li>▪ Foreign Ownership</li> </ul>	Positive significant effect
Nobanee & Nejla (2015)	UAE	Yearly data	2003-2013	<ul style="list-style-type: none"> <li>▪ Sustainability Reporting.</li> </ul>	Positive significant effect Negative non-significant effect
Peter et al. (2015)	Egypt	Ordinary least squares	2012 – 2014	<ul style="list-style-type: none"> <li>▪ CSR reports</li> </ul>	Negative significant effect
Hummel et al., (2016)	Tehran	Voluntary disclosure theory Legal disclosure theory	2010 – 2015	<ul style="list-style-type: none"> <li>▪ Leverage</li> </ul>	Negative significant effect
Ellili & Nobanee (2016)	Jakarta	Multiple panel regression analysis	2011-2013	<ul style="list-style-type: none"> <li>▪ Profitability</li> <li>▪ Leverage</li> <li>▪ Operate sustainability disclosure quality</li> <li>▪ Firm value</li> </ul>	Positive significant effect Moderate effect
Nor et al., (2016)	Malaysia	Analysis of companies' annual reports	2011	<ul style="list-style-type: none"> <li>▪ Environmental disclosure</li> <li>▪ Financial performance</li> </ul>	Positive significant effect Negative significant effect
Santis et al., (2016)	Brazil	Corporate Sustainability Index	2009 – 2013	<ul style="list-style-type: none"> <li>▪ Environmental disclosure</li> <li>▪ Financial performance</li> </ul>	Positive significant effect

Othman (2017)	Sudan	Survey by survey	2016	<ul style="list-style-type: none"> <li>▪ Accounting for sustainable development</li> <li>▪ Credibility of financial reports</li> </ul>	<p>Negative non-significant effect</p> <p>Negative significant effect</p> <p>Positive significant effect</p>
Maymon et al., (2017)	UK	Economic, environmental, social and integrated indicators	2015-2017	<ul style="list-style-type: none"> <li>▪ Minerals and Sustainable Development (MMSD) project.</li> </ul>	<p>Negative non-significant effect</p> <p>Negative significant effect</p>
Tobin (2018)	USA	The regression analysis	2008 – 2015	<ul style="list-style-type: none"> <li>▪ ROA</li> <li>▪ Tobin's Q</li> <li>▪ Size</li> </ul>	<p>There was no established connection between nonfamily businesses and corporate success</p> <p>The profitability, Tobin's Q, and share returns are all negatively impacted by board size.</p>
Yagi et al., (2018)	India	Data envelopment analysis	2009-2018	<ul style="list-style-type: none"> <li>▪ Corporate efficiency and sustainability</li> <li>▪ Several company financial performance (CFP) metrics, such as corporate effectiveness, return on assets, and market value, and ESG actions</li> </ul>	<p>The bulk of ESG activities have a positive correlation with CFP.</p>
Wasra & Ganda (2019)	Johannesburg	Independent T-tests	2015-2017	<ul style="list-style-type: none"> <li>▪ DSRI, GMI, AQI, SGI, DEPI, SGAI, TATA, LVGI</li> </ul>	<p>Only SGI, TATA and DSRI have Significant effect on EM.</p>
Petrescu et al., (2020)	Romania	Path analysis CR AVE AMOS	2019-2020	<ul style="list-style-type: none"> <li>▪ ROA</li> <li>▪ CSR</li> </ul>	<p>Institutional, stakeholder, legitimacy, and signaling theories can provide explanations for the motives and practices adopted by non-listed companies.</p>
Nour et al., (2022)	Jordan & Palestine	Regression model	2010-2019	<ul style="list-style-type: none"> <li>▪ GRI</li> <li>▪ CSRD</li> <li>▪ ROA</li> </ul>	<p>A strong positive correlation between CSRD and Tobin's Q</p>

Alotaibi & Hussainey (2016)	Saudi Arabia	CSR disclosure index	2013-2014	<ul style="list-style-type: none"> <li>▪ Market Capitalisation</li> <li>▪ Tobin'S Q</li> <li>▪ Return On Assets (Roa)</li> </ul>	Positive and negative correlations between CSR disclosure quantity and various corporate governance variables and firm characteristics
Kumar et al., (2022)	India	OLS multivariate regression analyses	2015-2019	<ul style="list-style-type: none"> <li>▪ Roce (Return On Capital Employed)</li> <li>▪ Roa (Return On Assets)</li> </ul>	Positive relationship between ESG disclosure scores and CFP, as well as individual ESG factor scores except for social disclosures
Alsahlawi et al., (2021)	Saudi Arabia	Pooled ordinary least squares (OLS), random effects, and fixed effects regressions	2015-2019	<ul style="list-style-type: none"> <li>▪ Stock Return</li> </ul>	The stock return has a negative correlation with the explanatory variable ENV. SIZE and ROA have positive correlations, and DEBT has a negative correlation with the stock return.
Dawood et al., (2021)	Egypt	Multivariate regressions	2012-2019	<ul style="list-style-type: none"> <li>▪ Financial Performance</li> <li>▪ Roa (Return On Assets)</li> <li>▪ Roe (Return On Equity)</li> <li>▪ Cfp 1</li> <li>▪ Capacity Ratio</li> </ul>	CSR has a positive relationship with financial performance (FP) and a negative correlation with non-performing loans
Hardiningsih et al., (2022)	Malaysia	Regression analysis with WarpPLS	2015-2018	<ul style="list-style-type: none"> <li>▪ Environmental disclosure score</li> <li>▪ Social disclosure score</li> <li>▪ Price-earnings ratio</li> <li>▪ Tobin'Q,</li> <li>▪ ROA</li> <li>▪ ROE</li> <li>▪ debt to assets</li> </ul>	Positive correlations between sustainability reporting and financial performance
Shahen (2022)	Palestine	Regression	2009-2021	<ul style="list-style-type: none"> <li>▪ ROA</li> <li>▪ ESG</li> <li>▪ ENV.DIS</li> <li>▪ SOC.DIS</li> <li>▪ GOV.DIS</li> </ul>	Positive and important relationship between the 3 dimensions of sustainability disclosure (Environmental, Social, Corporate Governance) and financial performance of Palestinian companies

This table presented in this academic work is exclusively prepared by the researcher

### **2.3 What makes this study unique?**

Previous research has highlighted the significance of financial performance and sustainable development. However, it is noteworthy that there has been limited attention given to the accounting aspects of sustainable development, including measurement methodologies that can effectively evaluate the performance of economic entities in relation to sustainable development and the techniques employed in this measurement process. Therefore, there is a critical need to examine the influence of corporate sustainability reporting on the financial performance of organizations which is explored in the present study.

Previous studies in the field of sustainability research have made valuable contributions, but they are not without limitations. Firstly, a common limitation is the relatively small sample sizes and lack of representativeness, which may restrict the generalizability of findings to a broader population. Secondly, the measurement of complex concepts such as sustainability disclosure and economic performance can present challenges, as different studies may employ diverse methodologies and metrics, leading to inconsistent or incomparable results. Additionally, establishing causality between sustainability disclosure and economic performance is difficult, as external factors and temporal issues may confound the relationship. Moreover, data quality and reliability can be a concern, as studies rely on reported data that may be subject to biases or inconsistencies. Furthermore, contextual factors and external influences, such as industry dynamics and regulatory frameworks, may not always be fully considered. Lastly, the

scope of analysis in some studies may be narrowed, focusing on specific aspects or relationships, thus limiting the comprehensive understanding of the topic.

Through previous studies, the researcher benefited from the process of building the idea of the study in a way that suits the changing Palestinian environment, determining statistical methods, choosing the appropriate study methodology and tool, as well as determining appropriate statistical methods. The current study is distinguished from previous studies in that it is one of the first existing studies in Palestine, to the researcher's knowledge, that deals with the impact of corporate sustainability reports on financial performance evidence from the PEX. There are 22 companies, according to the PEX statistics for the year 2020. The current study is also distinguished by its shedding light on the topic of sustainability reports, and it specializes in the industrial and service sectors, as most studies have dealt with the topics of sustainability reports in terms of disclosing financial performance indicators.

## **Chapter 3:Methodology**

### **3.1 Chapter overview**

This chapter begins with an overview of the reality of the Palestine Stock Exchange and the companies listed there before moving on to the field study, which includes a description of the study methodology, sample data selection, study population, variable definition measurement, and statistical.

### **3.2 Companies Listed on the Palestine Exchange**

In 1997, 18 companies with a capital of 81.6 million dollars were listed on the Palestine Stock Exchange. By 2000, there were 25 companies with a capital of 766 million dollars; by 2007, there were 35 companies with a capital of 950 million dollars. There were 37 firms listed on the Palestine Stock Exchange in 2008 after the addition of two new companies, and 48 companies were listed there in 2019.

### **3.3 Research Methodology**

The research methodology employed in this study aims to be comprehensive by utilizing a quantitative research technique. This approach is suitable for gathering relevant data for analysis and determining the study's outcomes in the form of statistical values. Specifically, quantitative content analysis is conducted to evaluate each company's sustainability reporting, relying on secondary information extracted from annual reports.

### 3.4 Study Population

To ensure comprehensiveness and representativeness in the study population, the researchers chose to utilize the Palestine Stock Exchange guide for the years 2018-2020. This guide serves as a reliable and authoritative source for identifying companies listed on the exchange during that period. By focusing on this specific timeframe, the researchers aimed to capture a comprehensive snapshot of the companies operating in the Palestinian private sector.

The justification for selecting the years 2018-2020 is based on the need to have a sufficiently large and diverse sample of companies for analysis. These three years provide a substantial time span to observe and analyze sustainability reporting practices among the selected firms. Additionally, using consecutive years enhances the ability to track changes and trends in sustainability reporting over time.

The rationale for choosing the 48 businesses from various sectors (banking, industrial, insurance, investment, and services) is to ensure a representative sample that encompasses different segments of the private sector. By including companies from these diverse sectors, the study can capture variations in sustainability reporting practices across industries and provide a more comprehensive understanding of the overall landscape.

Overall, the choice of the Palestine Stock Exchange guide for the years 2018-2020, along with the selection of the 48 prominent companies from different sectors, was made to ensure a comprehensive and representative study population for analyzing sustainability reporting practices in the Palestinian private sector. The Palestine Stock Exchange guide

for the same year was used to identify the firms in the study population, comprising all companies listed on the exchange from 2018 to 2020. These 48 businesses, spread across the banking, industrial, insurance, investment, and services sectors, were selected as a population only because they have prominent positions in the private sector.

### **3.5 Sample and Data Collection**

The sample consists of the industrial and service sectors, in which the number of companies reached 22, including 13 industrial companies and nine service companies. There are two ways to get data: primary data and secondary data. According to Hox and Boeije (2005), primary data is information that the researcher gathers for the first time from sources, whereas secondary data is previously gathered information. Secondary data gathering is connected to this study. The researcher gathers information from selected annual reports of publicly traded firms for the years 2018 through 2020 that were listed on the Palestine Exchange. For the purpose of this study, data on financial performance reports was gathered. Annual reports, websites, and businesses are some examples of data sources (See Table 0-1).

Table 0-1: Palestinian Stock Exchange - Summary of Listed Companies and Market Capitalization (2018-2022)

Year	Number of listed companies	Number of Listed services companies	Number of Listed industry companies	Sector Market Capitalization (USD)	Market Capitalization for Service sector (USD)	Market Capitalization Industrial Sector (USD)
2018	48	8	13	3,734,921,019	1,157,825,515	410,841,312
2019	48	8	13	3,757,501,158	1,164,825,358	413,325,127
2020	46	8	13	3,446,913,516	1,068,543,189	379,160,486
2021	47	9	13	4,407,120,635	1,366,207,396	484,783,269
2022	49	9	13	4,896,117,627	1,517,796,464	538,572,938

This table presented in this academic extracted from Palestinian Stock Exchange reports (2023)

### 3.6 Definition of variables

#### 3.6.1 Dependent variables

##### 3.6.1.1 Return on Assets (ROA)

Return on Assets (ROA) is a metric used to assess a company's capacity to generate profits from its available assets. A higher ROA indicates a more efficient use of business resources when represented as a percentage. It is calculated by dividing a company's net income for a particular period by the sum of the company's assets:

- ROA is beneficial for comparing two firms involved in the same industry, because it may take time to correctly compare, for example, an airplane and a legal firm, since the assets required to function in diverse industries may differ significantly from one another.

### **3.6.2 Independent variables**

#### **3.6.2.1 Sustainability Reports.**

Businesses can share their performance and results on various sustainability-related topics, such as social, environmental, and governance factors. Providing stakeholders with extra information about performance outside of the bottom line enables organizations to be more transparent about the risks and opportunities they face (GRI, 2013).

Reporting on sustainability includes financial statistics and details on social and environmental activities that aid in the growth and sustainability of enterprises. The performance gained by balancing the three variables of people, planet, and profit is the triple bottom line or sustainable performance. Setting objectives, tracking performance, and managing change through sustainability reporting may help organizations sustain their operations (GRI, 2013).

According to Burhan and Rahmanti (2012), a new term, "sustainability reports," is often used to communicate data on an organization's influence on its social, environmental, and financial performance. With the help of sustainability reporting, organizations may define objectives, better manage change, and track, analyze, and communicate the performance of their economic, environmental, social, and governance systems.

### **3.6.3 Disclosure of Economic Performance**

It highlights the importance of companies disclosing their economic performance as part of their long-term sustainability strategy. Disclosing economic performance refers to providing transparent and comprehensive information about the financial aspects of a company's operations, including its revenues, expenses, profits, investments, and other relevant financial indicators.

By disclosing economic performance, companies demonstrate their commitment to accountability and transparency, allowing stakeholders such as investors, customers, employees, and the public to assess the company's financial health and performance. This disclosure helps stakeholders make informed decisions and evaluate the company's sustainability practices, as economic viability is a crucial aspect of long-term sustainability. (GRI 2013)

### **3.6.4 Disclosure of Environmental Performance**

Presenting and disseminating information about an organization's environmental performance is known as disclosure of environmental performance. This is done through various channels, including financial and administrative reports, independent environmental reports, websites, conferences, and newspapers, to give stakeholders access to the data they need for planning, monitoring, and performance evaluation (Hahn & Kühnen, 2013).

Since it is governed by a set of laws and regulations by governmental bodies or professional associations, disclosure of environmental performance may be required or discretionary (Fink, 2014). It is enhancing its defenses against the threats of pollution in

all of its manifestations, gaining competitive and environmental benefits for that institution, and attaining the objective of providing that knowledge to all parties that require it.

Voluntary environmental disclosure: This sort of disclosure is one whose legality is determined by administrative judgments about the economic enterprise in question; in this case, the firm is not required to reveal environmental information but has the choice to do so. Values, moral standards, and norms, as well as the degree of environmental awareness, the culture of the institution, and its understanding of the significance of this, are a collection of elements that significantly impact the selection process (Borenstein et al., 2009).

The term "process of measuring and evaluating environmental performance" refers to a method for making management decisions that are related to the environmental performance of the organization by choosing indicators: gathering and analyzing data, comparing information to established environmental performance standards, creating reports and communicating information, and periodically reviewing and improving this curriculum. It strives to evaluate the institution's efficacy and efficiency in accomplishing its environmental goals. An essential source of crucial information is the environmental performance assessment's findings, which allow several decisions for internal and external stakeholders at multiple organizational levels to be taken (Braam, 2016).

### Disclosure of Social performance

According to the Social Performance Disclosure, companies that use best management practices can build trust and loyalty among their employees, clients, and society. This metric indicates the company's standing, essential in determining if it can produce long-term shareholder value (Refinitiv, 2020).

The social performance disclosure indicator assesses a company's capacity to apply its best management techniques to foster trust and loyalty among clients, staff, and society, two critical determinants of its capacity to create long-term shareholder value. In other words, social performance is about making an organization's social mission a reality, whatever that mission is. The following are some of the more commonly promoted social values in microfinance (Refinitiv, 2020).

- Improving the quality of products.
- Increasing revenues.
- Building clients' sense of empowerment.
- Dipping vulnerability.

### 3.7 Econometric model

$$ROA = \beta_0 + \beta_1 SR + e \dots\dots\dots (1)$$

$$ROA = \beta_0 + \beta_1 ECN + \beta_2 ENV + \beta_3 SOC + e \dots\dots\dots (2)$$

Where,

ROA = Return on Assets

SR = Sustainability Reporting Index

ECN = Economic Performance Disclosure Index

ENV = Environmental Performance Disclosure Index

SOC = Social Performance Disclosure Index

$\beta_0$  = Constant

$\beta_1$ ,  $\beta_2$  and  $\beta_3$  = Coefficients of Performance Disclosure Indices

e = Error term

## Chapter 4

### Results

#### 4.1 Definition of Variables

Studies based on content analysis frequently employ the annual reports of publicly traded firms as a major source, and they are then used to track reporting and voluntary disclosure. Annual reports are utilized because they often refer to what businesses view as significant via the reporting and disclosure process, emphasizing more critical issues and less on less essential ones. What businesses decide to include or exclude from their annual reports is also a significant statement to stakeholders (Guthrie et al., 2006).

Return on assets (ROA) is the dependent variable used to evaluate business performance. One of the profitability ratios, return on asset, gauges a company's earnings or operational success over a specific period (Weygandt, 2007). Furthermore, compared to the return on equity (ROE), which is more closely associated with efficiency (Lorenzo et al., 2009), ROA is recognized as the variable to quantify economic success (Dincer, 2011; Nakamura, 2011). The formula of ROA:

$$ROA = \frac{Net\ Profit}{Total\ Assets}$$

In this study, two models are recommended for testing. The only independent variable in the first model is the sustainability performance disclosure index. When a company's sustainability performance is evaluated from the angles of economics, the

environment, and society, it is revealed in sustainability reports. As a result, the second model has three independent variables. Which are:

- 1) Economic Performance Disclosure
- 2) Environmental performance disclosure
- 3) Social performance disclosure

A scoring index based on the performance indicators provided in the Global Reporting Initiative Guidelines (GRI Guidelines) will be used to assess these four independent variables. The most well-known reporting standards currently are the Global Reporting Initiative (GRI) Sustainability Guidelines on Economic, Environmental, and Social Performance (Morhardt et al., 2002). According to research done in 2011 by Dincer, the company should utilize the GRI format as its CSR reporting methodology when providing information. The following equation determines the index score:

$$Index = \frac{N}{K}$$

#### **4.2 Index for Sustainability Reporting**

The Sustainability Reporting Index, Economic Performance Index, Environmental Performance Index, or Social Performance Index is calculated by dividing the Total Occurrence Score by the Total Level of Disclosure Score.

$$Index = \frac{Total\ Occurrence\ Score}{Total\ Level\ of\ Disclosure\ Score}$$

### 4.3 Descriptive Statistics Findings

Table 0- displays the financial performance as indicated by the variable ROA and the descriptive statistics for SR and its independent variables ECN, ENV, and SOC. The mean represents the average value of the data collection. The data collection's most significant and lowest values are denoted by the words maximum and minimum. A data collection's standard deviation shows how far or differently each individual's data deviates from the mean value. The average ROA for the companies under examination is 4.78%. The ROA ranges from -10.64% to 17.41%, depending on the firm. The standard deviation of the ROA is 5.51%. It means there is a low likelihood that the data set will differ significantly from the mean ROA value.

**Table 0-1: Statistics for SR and its variables ECN, ENV and SOC**

	ECN	ENV	SOC	SR	ROA
Mean	.574	.344	.408	.412	.102
Max.	44.3077	54.1026	49.0578	51.7516	12.1203
Min.	7.69231	0.00000	5.88235	7.79221	-10.6418
Std. Dev	.229	.269	.239	.226	.125

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### 4.4 Correlation Analysis

Correlation analysis is used to look at the relationship between the independent and dependent variables. According to Table 0- , there is no statistically significant

relationship between SR and the dependent variable ROA at this significance level since the probability value is more than 0.05 ( $p > 0.05$ ), which is statistically insignificant at the 5% significance level. The relationship between SR and ROA is only very faintly negative, as indicated by the correlation coefficient value of -0.087. This demonstrates that using sustainable business methods does not affect how successful a corporation is financially, as determined by ROA. Aggarwal (2013) found minimal connection between a company's financial performance and its overall use of sustainable practices.

**Table 0-2: Correlation Analysis of SR and ROA**

Variables	SR	ROA
ROA	-0.087154	1.000000
	0.1548	-----
SR	1.000000	
	-----	

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**Table 0-3: Correlation Analysis of Variables**

	ECN	ENV	SOC	ROA
ECN	1.00			
	-----			
ENV	0.353	1.00		
	0.00	-----		
SOC	0.724	0.763	1.00	
	0.00	0.0000	-----	
ROA	-0.080	0.012	-0.153	1.00
	0.125	0.763	0.030	-----

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The correlation between variables is shown in Table 0-. The assumption implies that there is no significant relationship between ENC and ROA since the p-value (0.1258) is larger than the significance level of 0.05 ( $p > 0.05$ ). The correlation coefficient value indicates that there is just a very slight negative connection between ECN and ROA, given that ROA's r value is -0.0902. At the 5% significance level, the probability value also shows a negligible negative association ( $p = 0.7634$ ) between ENV and ROA. ENV and ROA show an insignificant positive correlation ( $r = 0.013$ ).

As the p-value, which is 0.0306, is below the significant level of 0.05, the probability value of SOC and ROA indicates a meaningful relationship between those two variables. According to the r-value of -0.153, there is a somewhat unfavorable relationship between them. According to researchers Burhan and Rahmanti (2012), only social performance disclosures were significantly correlated with financial performance, and their results support this conclusion. Table 0- shows no association between environmental disclosure and performance. Where the correlation coefficient r is 0.012628 at Sig. 0.7634.

#### 4.5 Testing Hypotheses

##### 4.5.1 Outcomes of hypothesis $H_{01}$ , the impact of sustainability on the performance.

$$ROA = \alpha_0 + \alpha_1 SR$$

**Table 4-4: The Impact of Sustainability disclosure on the performance**

<b>Variable</b>	<b>Coefficient.</b>	<b>Std. Error</b>	<b>t-Statistic</b>	<b>Prob.</b>
<b>C</b>	3.610	1.064	5.475	0.00
<b>SR</b>	-0.244	0.021	-1.085	0.154
Dependent Variable	ROA		R-squared	0.007596
			Adjusted R-squared	0.001152

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SR

Table 4-4 shows the value for SR, which is 0.1548, and the SR response coefficient is -0.244090. This shows that there is no impact of sustainability disclosure on performance. According to an adjusted R-squared value of 0.001152, other factors explain 99.9% of the variance in ROA, leaving the change in USD to account for just 0.1% of it. Overall sustainability reporting, therefore, has minimal impact on financial success as measured by ROA.

**4.5. Examine the impact of (Economic, Environmental and Social disclosure) dimensions of sustainability on the performance.**

$$ROA = \alpha_0 + \alpha_1 ENC + \alpha_2 ENV + \alpha_3 SOC$$

**Table 0-5: The impact of ECN, ENV and SOC on ROA**

Variable	Coefficient.	Std. Error	t-Statistic	Prob.
<b>C</b>	2.661061	1.092416	4.366621	0.0000
<b>ENC</b>	0.016575	0.177641	0.516610	0.1633
<b>ENV</b>	0.076002	0.015118	2.787532	0.0023
<b>SOC</b>	-0.092113	0.039675	-4.497888	0.0007
Dependent Variable	ROA		R-squared	0.083373
			Adjusted R-squared	0.065282
Prob. (F-statistic)	0.004077			

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The variance in those three components may explain 0.083373 of the observed variability in the ROA, as shown in Table 0- by R-squared value, which is 0.0833. This demonstrates that the influence of ECN, ENV, and SOC only accounts for 0.083373 of the impact, with the remaining (93.5%) impact coming from the components not suggested by the model. The three independent variables—ECN, ENV, and SOC—substantially influence ROA at the 5% significance level, according to the F-statistics p-value of 0.004077. The p-value is less than 0.05. According to the results of the coefficient calculation for each SR proxy, ECN (t=0.516610) has a negligible impact on ROA since the p-value, which is 0.1633, is higher than the significance level. ENV significantly influences ROA (t = 2.78) since the p-value of 0.0023 is less than the significance level (p

0.05). Because the p-value of 0.0007 is less than the significance level of 0.05, SOC significantly impacts ROA at the 5% significant level ( $t = -4.497$ ). With coefficient values of -0.09211, ENV and SOC both favorably impact the dependent variable ROA. SOC's coefficient value is -0.092113, in comparison.

#### 4.5.3 Testing the impact of Economic perspective on sustainability on the performance of the listed company on the PEX.

$$ROA = \alpha_0 + \alpha_1 ENC$$

**Table 4-6: The Impact of Economic perspective on sustainability**

Variable	Coefficient.	Std. Error	t-Statistic	Prob.
C	0.873566	1.122750	0.2655	0.0000
ENC	-0.050269	0.547441	-1.085684	0.6147
Dependent Variable	ENC.		R-squared	0.653898
			Adjusted R-squared	0.608090

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According to

Table 4-, the p-value for ENC, which is 0.6147, has no impact on the ROA across the businesses since the p-value is higher than the significant level of 0.05. According to an adjusted R-squared value of 0.608090, other factors explain approximately 40% of the variance in performance. The economic sustainability reporting, therefore, has no impact on financial success as measured by the ROA.

**4.5.4 Testing the impact of Environmental perspective on sustainability on the performance of the listed companies on the PEX.**

$$ROA = \alpha_0 + \alpha_1 ENV$$

**Table 4-7: The Impact of Environmental perspective on sustainability on the ROA**

Variable	Coefficient.	Std. Error	t-Statistic	Prob.
C	0.050269	0.842271	0.4026	0.7865
ENV	-0.050269	0.547441	-1.073245	0.5236
Dependent Variable	ENV.			R-squared
				0.15678
			Adjusted R-squared	0.1413

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According to Table 4-, the p-value for ENV, which is 0.5236, has no impact on the ROA across the businesses since the p-value is higher than the significant level of 0.05. According to an adjusted R-squared value of 0.1413, other factors explain approximately 85% of the variance in performance. The environmental sustainability reporting, therefore, has no impact on financial success as measured by the ROA.

**4.5.5 Testing the impact of social perspective on sustainability on the performance of the listed company on the PEX.**

$$ROA = \alpha_0 + \alpha_1 SOC$$

**Table 4-8: The Impact of Economic perspective on sustainability**

Variable	Coefficient.	Std. Error	t-Statistic	Prob.
C	0.044566	0.678248	0.4999	0.0000
SOC	-0.050269	0.547441	-1.085684	0.9526
Dependent Variable	Soc.		R-squared	0.653898
			Adjusted R-squared	0.63649

This table presented in this academic work is exclusively prepared by the researcher

According to

Table 4-, the p-value for SOC, which is 0.9526, has no impact on the ROA across the businesses since the p-value is higher than the significant level of 0.05. According to an adjusted R-squared value of 0.063649, other factors explain approximately 37% of the variance in performance. The social sustainability reporting, therefore, has no impact on financial success as measured by the ROA.

## Chapter 5

### Discussion and Conclusion

#### 5.1 Conclusion Remark

This thesis examines the impact of sustainability disclosure on the performance of the listed corporation on the Palestine Exchange. The panel data of 22 listed corporations, including 13 industrial and nine service companies, were employed. Statistical methods were used (descriptive statistics, correlation analysis, and regression analysis). The thesis concludes with a set of outcomes. The following are the primary outcomes:

- The sustainability disclosure index does not impact the performance of the listed corporation on the Palestine Exchange.
- When the components of sustainability were examined using multiple regression, the findings of multiple regression showed a positive significant impact of environmental disclosure of sustainability on performance. Also, there is a negative significant impact of social disclosure of sustainability on the performance of the listed corporations on the PEX.
- The outcome of simple linear regression shows no impact of economic disclosure of sustainability on the financial performance of the listed corporations on the PEX.

- The outcome of simple linear regression shows no impact of environmental disclosure of sustainability on the financial performance of the listed corporations on the PEX.
- The outcome of simple linear regression shows no impact of environmental disclosure of sustainability on the financial performance of the listed corporations on the PEX.

In conclusion, the findings of this thesis support that there is no influence of sustainability disclosure on the financial performance of the listed industrial and service corporations on the Palestine exchange. This result may refer to more regulations and sustainability disclosure requirements.

## **5.2 Recommendation and Future Research**

Based on the findings of this thesis, I suggest the following recommendations and future research.

- I recommend that the Palestine Exchange regulate sustainability disclosure according to the clean index.
- I advise the Palestinian companies listed on the Palestine Exchange to disclose the dimensions of sustainability and their commitment to achieving sustainability in order to reach the highest level of disclosure and to include this within their objectives and policies to achieve cognitive excellence for their readers.

- Provide scientifically and practically qualified and trained staff to disclose the dimensions of sustainability and raise their awareness of the importance of sustainability dimensions and their disclosure.
- Conducting future studies related to the disclosure of the dimensions of sustainability in various sectors and adopting other financial indicators, as well as the possibility of using other indicators to measure financial performance to give more appropriate results for future study.
- I advise other researchers to explore the influence of corporate social responsibility, environmental disclosure, and corporate governance on the value of firms.

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## Appendix A List of Palestinian Exchange Companies

**List of Palestinian Exchange Companies**

Company Name	Symbol	Age	Industry Type	Established Year
Birzeit Pharmaceuticals	BPC	49	industrial	1973
Jerusalem Pharmaceuticals	JPH	53	Industrial	1969
Palestine Poultry	AZIZA	25	Industrial	1997
Golden Wheat Mills	GMC	27	Industrial	1995
Jerusalem Cigarette	JCC	58	Industrial	1964
The Vegetable Oil Industries	VOIC	69	Industrial	1953
National Aluminum and Profile	NAPCO	31	Industrial	1991
Pharma care Pharmaceuticals	PHARMACARE	56	Industrial	1962
The National Carton Industry	NCI	29	Industrial	1993
Al Sharq Electrode Company	ELECTRODE	49	Industrial	1973
Palestine Plastic Industries	LADAEN	24	Industrial	1999
Palestine for Industrial Investment	PIIC	27	Industrial	1995
APC Paint	APC	34	Industrial	1989

Palestine Telecommunications	PALTEL	27	Service	1995
Palestinian Company for Distribution & Logistics Services	WASSEL	17	Service	2005
Wataniya Palestine Mobile Telecommunications	OOREDOO	12	Service	2010
The Ramallah Summer Resorts	RSR	77	Service	1945
Al-Wataniah Towers	ABRAJ	27	Service	1995
Palestine Power Company Ltd	PEC	24	Service	1999
Arab Hotels Corporation	GSC	3	Service	2020
Nablus Surgical Center	NSC	5	Service	2018

**Source:** prepared by the researcher based on data available on the PEX website.

## ملخص الدراسة

تناولت رسالة الماجستير هذه تأثير تقارير استدامة الشركات على الأداء المالي للشركات الفلسطينية المدرجة في بورصة فلسطين. تم تحليل عينة مكونة من 22 شركة، منها 13 من القطاع الصناعي و9 من قطاع الخدمات، باستخدام بيانات بورصة فلسطين في الفترة من 2018 إلى 2022. وكشفت نتائج هذه الدراسة أن مؤشر الإفصاح عن الاستدامة لم يكن له تأثير كبير على الأداء المالي أداء الشركات المدرجة في البورصة. علاوة على ذلك، تبين أن الأبعاد الاقتصادية والبيئية والاجتماعية للإفصاح عن الاستدامة ليس لها أي تأثير ملحوظ على الأداء المالي للشركات المدرجة. تساهم هذه النتائج في فهم أعمق للعلاقة بين تقارير الاستدامة والنتائج المالية في سياق الشركات الفلسطينية المدرجة في البورصة. يُنصح بأن تستكشف الدراسات المستقبلية العلاقة بين المسؤولية الاجتماعية للشركات، والإفصاح البيئي، وحوكمة الشركات، وتقييم الشركات.