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Article

Corporate Disclosure of Sustainability Reports and Its Impact on Financial Performance: An Analytical Study in Light of International Standards

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Abstract: The research aims at examining the significance of corporate disclosure of sustainability reports and its impact on financial performance in private Iraqi companies in the light of the international standards. The descriptive analytical approach was used to complete the study, and a questionnaire was used as the study tool. The questionnaire was distributed to a study sample of 409 individuals working in private Iraqi companies. The data was then analysed the SPSS 25 statistical software. The researcher gained the following results: There is an impact of disclosing the sustainability reports by the Iraqi corporations on the corporate financial performance in the light of the international standards. There were no significant differences between the average of responses regarding the impact of disclosing the sustainability reports by Iraqi corporations on the corporate financial performance in the light of the international standards, depending on the experience variable of the research sample. The researcher proposed a set of recommendations, the most important of which are: ensuring the accuracy of disclosure and organizing it according to realistic and factual principles, choosing the appropriate timing for disclosure, and making disclosure understandable to all stakeholders.

Keywords: Corporate Disclosure, Sustainability Reports, Financial Performance, International Standards

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1. Introduction

In the recent years, the interest in the subject of financial disclosure has increased until it became the focus of various involved stakeholders on the level of corporate, both nationally and internationally [1]. Such an interest has occurred in order to provide reports that are convenient for users' needs, to make the right decisions from several variables available for achieving the required objectives [2]. Since decision-making is based on the available information, then the process of financial disclosure of the elements of sustainable development is considered extremely important, because it contributes to the process of revealing the financial and nonfinancial information. In addition, it plays a pivotal role in providing a clear and appropriate view that rationally fulfills the users' needs [3]. Further, resorting to financial disclosure of sustainability by corporations strengthens their positions because it aims at a sustainable development, which enhances the total performances of the corporate including the financial performance which is considered a financial objective sought by the financial function because it involves the financial stability of the corporate [4]. The subject of

sustainability reports also gains the attentions of researchers and organizations because of its positive effects on the financial and competitive performances of corporations, and because it creates value for stakeholders and contributes to the rationalization of investor's decisions. To investigate these issues, the researcher will study the impact of financial disclosure of sustainability reports by the Iraqi corporations on their financial performance in the light of the international standards.

2. Materials and Methods

Research Problem

The subject of sustainability reports has gained the interest of many international researchers and organizations due to its positive impact upon the financial and competitive performances of corporations, and because it creates value for the stakeholders and rationalizes the investors' decisions.

Recently, Iraq has given an attention to social and environmental issues emphasizing that the corporations should take action and show their social responsibilities towards the community. Therefore, some corporations began to adopt programs and initiatives of social responsibility. They also began to encourage and participate with the workers in these programs. Nonetheless, though all what has been taken place, it has been found that the disclosure of sustainability was still very limited and that the corporations giving attention to social responsibility do not disclose such reports accept in brief accounts in the annual financial report or the corporate website. It follows that the level of the disclosure of sustainability reports in the light of the international standards in Iraqi corporations has not yet reached to what it is in the advanced countries, and not disclosing by the corporations has led to give the impression that these corporations do not do their roles in the social responsibility. Therefore, there is an increasing need for these corporations to expand in disclosure and provide the information about environmental, economic, social and governmental performances, and not limiting the reports of the corporations to the financial performance which needs the framework of the mandatory disclosure with presenting reports about their effect on the community and the way they manage such an effect [5]. It follows that the researcher poses the main enquiry of the research which is:

What effect does the disclosure of sustainability reports by Iraq corporations have on the financial performance in the light of the international standards?

Significance of the Study

a. The significance of the study arises from the importance of the disclosure of sustainability reports among private corporations, because such reports represent a main element in the company continuity, and in attracting the investors by the corporate facilities which are committed to the environment and have sustainable resources.
b. The significance of the study is enacted in dealing with a practical and realistic issue needed by many corporations, i.e. the financial performance, which represents the fulfilling of the financial objectives by the corporate and proceeding with its plans towards success and advancement.
c. It also presents the results and recommendations to the administrators and workers of Iraqi private corporations in the light of the practical results of the study in order to contribute to the enhancement of their financial performances depending on the principles of the disclosure of sustainability reports by the Iraqi corporations.

Objectives of the Study

a. The study aims at identifying the impact of the disclosure of sustainability reports by Iraq corporations on the financial performance of the corporate in the light of the international standards.
b. It also aims at specifying the meaningful differences among the responses average about the impact of the disclosure of sustainability reports on the financial performances of the

corporate in the light of the international standards according to the experience variable of the research sample.

Hypotheses of the Study

a. **First Assumption**: There is an impact for the disclosure of sustainability reports of Iraqi corporations on the financial performance of the corporate in the light of the international standards.
b. **Second Assumption**: There are no meaningful differences among the responses average about the impact of the disclosure of sustainability reports of Iraqi corporations on the financial performance of the corporate in the light of the international standards according to the experience variable of the research sample.

This part explores the community and sample of the study, its boundaries, methodology, and its assumed layout, as follows:

Study Boundaries

a. Place Boundaries: A number of private corporations in Iraq.
b. Time Boundaries: The academic year of 2024-2025
c. Human Boundaries: A sample of workers of private corporations in Iraq under study.
d. Subject Boundaries: (The importance of the disclosure of sustainability reports and its impact on the financial performance in the light of the international standards).

Methodological Approach

They study will depend on the analytic descriptive methodology as an overall method for the research, where the researcher employs deduction as a general rule for thinking, because the descriptive, also the analytical, method is appropriate for the objectives and contents of the study. The researcher will consult a number of previous scientific studies and researchers that have tackled the importance of the disclosure of sustainability reports and its impact on the financial performance in the light of the international standards in private corporations. A questionnaire will be employed as a tool to complete the field part by distributing it among a specific group of the workers of private corporations in Iraq, where the study is conducted, a number of 409 individuals, then to analyze the gained responses in accordance with the statistical analysis of SPSS 25 software.

Study Model

a. Independent Variable: The disclosure of sustainability reports.
b. Dependent Variable: The financial performance in the light of the international standards.

Diagram 1. Study Model



Source: Set by the researcher

Previous Studies

Naji [6]. *The impact of environmental accounting disclosure on the value of enterprise and financial performance: An applied study.*

The objective of this study was to reveal the impact of the disclosure of the environmental accounting in the light of the initiatives of the involved organizations and its impact on the enterprise value and the financial performance of the industrial corporations listed on Egypt Stock Exchange. The researcher depended on Content Analysis style in analyzing the responses of an eighty-corporation sample from the corporations listed on the Egypt Stock Exchange during the period from 2018 to 2023 in order to assess the assumptions that reflect the relationship between the indicator of the disclosure of environmental accounting, whose selected elements were agreed upon and accepted by most professional editions and academic researchers, and the enterprise value and the financial performance. Some appropriate statistical styles were used and applied through SPSS

software to analyze the results and assess the assumptions. The results showed the existence of an impact for the environmental accounting disclosure in the light of the initiatives of the involved organizations on the enterprise value and the financial performance of the industrial corporations that are listed on the Egypt Stock Exchange. It was also concluded that the environmental performance control was a responsibility for all departments, including the financial one. Most cost components of the environmental activity can be submitted to the financial measure very accurately. The study also showed that corporate age and size, and type of sector have positive impact on the level of environmental disclosure, the enterprise value and its financial performance.

Khalil and Saghir [3]. *The impact of disclosing sustainable development elements on increasing enterprise value: An empirical study on a sample of Sudanese industrial corporations.*

The study aimed at tracing the impact of disclosing the sustainable development elements on increasing the enterprise value and identifying the impact of disclosing the environmental element of the sustainable development on the increasing the enterprise value, It also aimed at showing the impact of disclosing the social element of sustainable development on increasing the enterprise value as well as revealing the impact of disclosing the economical element of sustainable development on increasing the enterprise value. The study depended on descriptive analysis method. The results of the study concluded that there was a statistical relationship between disclosing the environmental performance and increasing the enterprise value. It also showed that there was a statistical relationship between disclosing the social performance and increasing the enterprise value. The study recommended the importance of disseminating the environmental performance information by Sudanese corporations due to its active role in improving decision-making for this information users and revealing the information of social and environmental performances in such a way as to enhance the enterprise value.

Rahim [7]. *Sustainability report and financial performance: Evidence from mining companies in Indonesia.*

This study aimed at delineating the impact of disclosing sustainability reports on the commercial, environmental and social aspects of the corporate financial performance by using the Return of Equity, Return on Sales and Return on Assets ratios. The study relied on Collecting Data Method in recording the data related to the financial reports of the corporations listed on the Indonesia Stock Exchange during the period from 2018 to 2022. The research population consisted of mining corporations listed on the Indonesia Stock Exchange using Purposive Sampling Method, using a sample of fifty corporations. The researchers employed Multiple Linear Regression models, with the aid of SPSS software as an analysis model. The results of analysis showed that the economical aspect of the sustainability report variable has a major effect on the corporate financial performance using the Return of Equity. The sustainable report (SR) variable within the economical aspect considerably affects the financial performance using the Return on Equity (ROE) ratio and it is significant for the financial performance using the Return on Sales (ROS) ratio. There is not any impact for the environmental aspect on, and it has no significance for, the financial performance using Return on Assets (ROA). Sustainability report variable considerably affects the financial performance using Return on Equity (ROE) ratio. The environmental aspects of sustainability report have no impact on, and have no significance for, the financial performance using the Return on Sales (ROS). The social aspect affects the sustainability report variable and it is significant for the financial performance using the Return on Assets (ROA). The sustainability report social variable has no effect, and it is significant for, the financial performance using the Return on Equity (ROE). The sustainability report social variable considerably affects the financial performance using the Return on Sales (ROS).

Thun and Zülch [8]. *The effect of chief sustainability officers on sustainability reporting: A management perspective.*

This study is concerned with exploring how chief strategy officer (CSO) in board of directors on the quantity and quality of sustainability reports. The quantity is measured by the amount of the disclosed information (sustainability disclosure). Quality is measured as a decision for an external assurance for the sustainability report, by using Global Reporting Initiative (GRI) standards as a

framework for preparing the reports and disseminating an aggregated report. Then, employing a sample of German corporations listed during the years from 2017 to 2020. The primary regressive analysis has been conducted to analyze the impact of CSOs on sustainability reports. The results show how the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) affect sustainability reports when they work also as CSOs. The results also show that CSOs improve the disclosure of sustainability. In addition, the CSO has a positive effect on the external assurance decision of the sustainability report, but it does not have any impact on using GRI standards and disseminating an aggregated report. The results also reveal that the CFO has a positive impact on the disclosure of sustainability, whereas the CEO has no effect on this aspect.

Commentary on Previous Studies

There is a similarity between the current research and the mentioned previous researches in terms of subject, on one hand, and in variables, on the other hand. Nonetheless, the variables addressed in the current research have not been tackled in any of the previous studies. This aspect emphasizes the originality and novelty of the current research. In addition, the current research differs from the previous studies in terms of study population and sample, and the application environment. Given the vast body of research on disclosure and sustainability, and their significances in improving the financial performance of Iraqi corporations, then this research has a significance because it provides the Arab library with a modern reference for researchers and those who are interested in this field.

Definitions of Terms

a. Disclosure: Disclosing financial and nonfinancial information, the corporate need for enhancing credibility and reliability of financial reports by disclosing environmental and social information, and activate the environmental and social dimensions of corporations in future programs in order to fulfil the community objectives [9].
b. Financial Performance: The optimal utilization by the organization of its resources in long- and short-term uses in order to create financial wealth [10].
c. International Standards: The sum of standardized and accepted principles at the international level that govern professional practice [11].

Theoretical Framework

Disclosure of Sustainability

Disclosure information about sustainable development is conducted as sustainability reports which present quantitative and descriptive, and financial and nonfinancial information, and deliver this information to stakeholders [12]. There various forms and models for assessing the information of sustainable development accounting, including performance reports, which is defined as providing information about the current and expected environmental and social performances in relation to the corporation strategy and environmental and social responsibilities as a result of practicing the operational activities by the corporation, which have effects on the environment, local community members, workers, clients and other groups of stakeholders [3].

Significance of Disclosure of Sustainability

Recently, the corporations have sought to disclose sustainability reports because of what they have achieved of internal and external aspects for facilities. World Business Council for Sustainable Development (WBCSD) has explored direct and indirect aspects of sustainability reports, which can be summarized as follows: [13], [14], [15]

a. Maintaining corporation continuity: Sustainability reports give the opportunity for the stakeholders to discuss with the corporation what business it is conducting, delineate the strengths and weaknesses, and take the necessary measures for the progress and continuity of corporation.
b. Creating corporate financial value: Sustainability reports show the corporate capacity to improve the long-term value of stakeholders' intangible assets.
c. Attracting capital: Sustainability reports contribute, through what they present to the stakeholders, in attracting capital to the facility, and reduce the capital attraction risks.

d. Concentration on transparency: This achieved by addressing the objectives and strategic vision of the corporation, how it manages risks, and how it deals with the effects of environmental, social and economic aspects.
e. Raising awareness about the risks in the corporation: This is conducted by showing the corporation capacity to face the internal and external risks that surrounds it, the model that the administration employs to limit the negative effects as much as possible.
f. Improving compliance with procedures and legislations: Sustainability reports contribute to the finding of communication channels with stakeholders by what they present of information revealing the extent to which the corporation complies with the legislations, laws and regulations related to its work field.

Financial Performance

European researchers and thinkers have differing views about what performance in general exactly is, because they looked at it from two different angles [16]. The first angle, on one hand, attaches the term 'performance' to the attained results, plans and objectives comparing them to those that have previously specified [17]. On the second hand, the second angle focuses on the corporation capacity to utilize its resources efficiently and actively [18]. Whatever the angle from which performance is viewed, in the two cases the performance is considered a total activity and it continues with corporation continuity. It is the level of the contribution of activities that are daily conducted in order to fulfil a value during a specific time period, then to reach the financial objectives with the lowest possible cost [19].

Factors Affecting Financial Performance

Financial performance is affected by several internal and external factors; the following might be the most important among them: [19]

a. Internal Factors: They are represented by the amount of liquidity level in firms, and the degree of financial leverage, the cost of capital, and the efficiency of utilizing available financial resources.
b. External factors: They are represented in the financial and economic policies of the state, the degree of client satisfaction about presented services, risks facing corporations, and laws and regulations imposed by control parties.

Relationship between Variables

International standards give considerable attention to disclosure because consistent requirements improve the quality, comparability, and reliability of information [20]. Within financial reporting, disclosure requirements are addressed through standards such as IAS 1, IAS 24, and IFRS 7 [21]. The sustainability-reporting architecture has also expanded: IFRS S1 establishes general requirements for sustainability-related financial disclosures intended to provide decision-useful information about sustainability-related risks and opportunities [26], while the European Sustainability Reporting Standards (ESRS) were formally adopted through Commission Delegated Regulation (EU) 2023/2772 [27]. These developments strengthen the expectation that corporations provide transparent and reliable information to stakeholders. Corporate disclosure and governance mechanisms can support accountability and financial compliance [22], while stronger environmental regulation and preventive environmental management have become increasingly important internationally [23]. Industrial corporations are therefore under growing pressure to account for social and environmental responsibilities [24], and global sustainability-reporting standards increasingly shape corporate disclosure practices [25]. In this context, financial performance remains a central component of overall corporate performance because it reflects the organization's ability to use resources, generate income, meet financial obligations, and support investment objectives [4].

3. Results

This section presents the empirical findings obtained from 409 employees of private Iraqi corporations. The analysis covers respondent experience, measurement reliability and validity,

descriptive statistics, simple linear regression for the first hypothesis, and one-way ANOVA for the second hypothesis.

Population and Sample of the Study

The population of the study consists of private corporations in Iraq, whereas the sample has included purposive sample of workers in private corporations in Iraq, totalling 409 individuals who have full knowledge and awareness of the research subject. Consequently, it is possible to gain accurate and correct preliminary data suitable for statistical analysis.

The following table illustrates the data of research sample:

Table 1. Years of Practical Experience

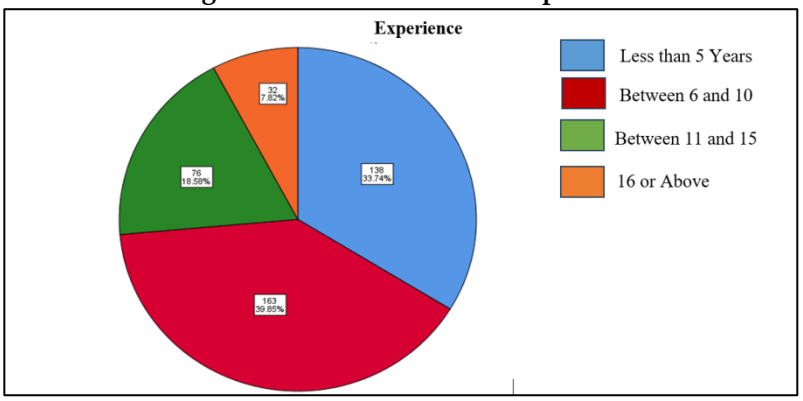
	Frequencies	Percentage
Less than 5 Years	138	33.7
Between 6 and 10 Years	163	39.9
Between 11 and 15 Years	76	18.6
16 Years and Above	32	7.8
Total	409	100.0

Source: SPSS 25 Software

The distribution of the sample according to the years of experience as follows:

a. (33.7%) Less than 5 Years
b. (39.9%) Between 6 and 10 Years
c. (18.6%) Between 11 and 15 Years
d. (7.8%) 16 or Above

Diagram 2. Years of Practical Experience



Source: The Results of SPSS 25

Assessing Reliability and Validity of the Measure:

Reliability of the measure has been assessed by calculating the overall Cronbach's Alpha Values of the questionnaire, for each item of the questionnaire. The structural validity has also been assessed by calculating Pearson's Correlation Coefficient Value, as follows:

Reliability of the Measure:

Table 2. Cronbach's Alpha Values

Dimensions	Reliability	Prompts
Disclosing Sustainability Reports	0.955	6
Financial Performance	0.964	5
Total Degree of Questionnaire	**0.979**	**11**

Source: The Results of SPSS 25

The reliability coefficients for all dimensions exceed 0.70, indicating acceptable internal consistency. Cronbach's alpha is 0.955 for sustainability-report disclosure, 0.964 for financial performance, and

0.979 for the full 11-item questionnaire.
Structural Validity:

Table 3. Correlation Coefficients

Dimensions	Pearson	Sig.
Disclosing Sustainability Reports	**0.994**	**0,00**
Financial Performance	**0.991**	**0.00**

Source: The Results of SPSS 25

The Pearson correlation coefficients are statistically significant, supporting the structural validity of the questionnaire dimensions.

Descriptive Statistics:

The study relies on the 5-point Likert Scale to evaluate the level of descriptive statistics, as follows:

Table 4. Statistics of Questionnaire Items

No.	Item	Arithmetic Mean	Standard Deviation	Standard Error	Sig.
	First Dimension: Disclosure of Sustainability Reports				
1	Accounting disclosure guides corporation towards paying attention the environment around them and taking care of corporate wastes as to prevent the environment from risks.	3.58	1.48	0.07	0.00
2	Accounting disclosure presents the financial information suitable for making decisions serving the environment.	3.73	1.25	0.06	0.00
3	Accounting disclosure urges the corporate environmental costs to follow conditions leading to protect the environment.	3.68	1.44	0.07	0.00
4	Accounting disclosure of environmental costs seeks to follow environment-friendly models	3,28	1.46	0.07	0.00
5	Accounting disclosure of environmental costs contributes to providing the information that reflects the environment-oriented activities in the corporation.	3.53	1.27	0.06	0.00
6	Accounting disclosure of the environmental costs shows the extent of the corporate responsiveness to the environmental obligations.	3.45	1.14	0.05	0.00
	Second Dimension: Financial Performance				
7	Accounting disclosure presents the possibility of comparison among corporations identical in the same output.	3.51	1.38	0.06	0.00
8	Accounting disclosure gives the clients an idea whether the	3.49	1,18	0,05	0.00

No.	Item	Arithmetic Mean	Standard Deviation	Standard Error	Sig.
	corporation is trustworthy or not.				
9	Accounting disclosure reveals an overall assessment for the corporate position among its identical competitive corporations.	3.63	1.44	0,07	0.00
10	Accounting disclosure reflects how the corporations manage its resources and the differences between the income and overall profits.	3.71	1.18	0,05	0,00
11	Accounting disclosure gives an insight of future profitability expectations of corporations.	3.70	1.18	0,05	0.00

Source: The Results of SPSS 25

The item means indicate generally moderate-to-high evaluations across both dimensions. The highest mean for sustainability-report disclosure is 3.73, while the financial-performance items reach a maximum mean of 3.71.

Assessing Assumptions of the Study:

First Assumption: There is an impact for the disclosure of sustainability reports by Iraqi corporations on the corporate financial performance in the light of international standards.

The assumption has been assessed by the Simple Linear Regression Test, as follows:

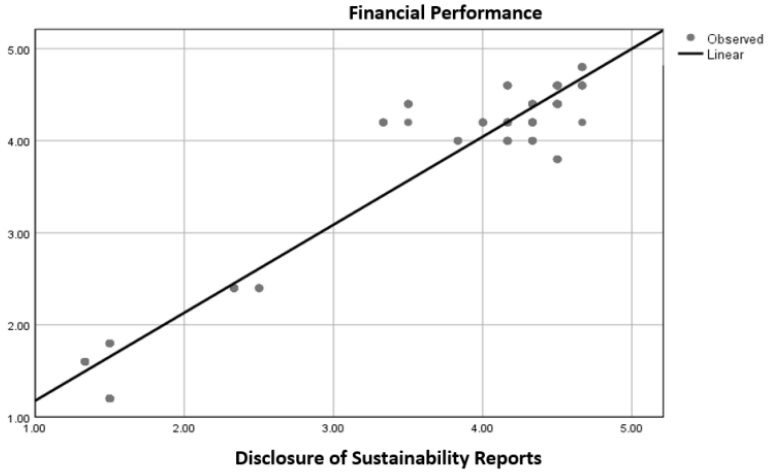
Table 5. Assessing First Assumption

Error		Adjusted *R*-squared		Determination	*r* Pearson
.288		.942		.942	.971
Sig.	df	MS	df	SS	Regression
.000	6663.095	552.237	1	552.237	
		.083	407	33.732	Residuals
			408	585.969	Sum

Source: The Results of SPSS 25

a. The Pearson correlation coefficient is 0.971, indicating a very strong positive relationship between sustainability-report disclosure and financial performance.
b. The adjusted R-squared is 0.942, indicating that the model explains 94.2% of the variance in perceived financial performance.
c. The regression is statistically significant ($p < 0.001$), supporting the first hypothesis.

Diagram 3. Relationships between the First Assumption Variables



Source: The Results of SPSS 25

Second Assumption: There are no meaningful differences between the average of responses to the impact of disclosing the sustainability reports by Iraqi corporations on the corporate financial performance in the light of the international standards in terms of the experience variable for the research sample.

To assess this assumption, the researcher employs ANOVA Test, as follows:

Table 6. Assessing Second Assumption

ANOVA					
	Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	3.307	3	1.102	.764	.515
Within Groups	584.102	405	1.442		
Total	587.409	408			

Source: The Results of Statistical Analysis Using SPSS 25

The ANOVA result is not statistically significant ($F = 0.764$, $p = 0.515 > 0.05$). Therefore, the null hypothesis is retained, indicating no significant differences in perceptions across the respondents' experience groups.

4. Discussion

The regression findings provide strong empirical support for the proposed relationship between sustainability-report disclosure and financial performance. The very high correlation ($r = 0.971$) and adjusted R-squared (0.942) indicate that respondents perceive disclosure quality as closely connected with financial outcomes. This result is consistent with prior evidence that environmental and sustainability disclosure is associated with firm value and financial performance [3], [6], [7]. In practical terms, more complete disclosure can improve the information available to investors and other stakeholders, strengthen transparency, and support better assessment of corporate performance [1], [12].

The descriptive results reinforce this interpretation. Respondents rated the provision of decision-useful environmental information relatively highly, and they also gave strong evaluations to disclosure as a means of explaining resource management, profitability, and the corporation's competitive position. At the same time, the lower mean for the item concerning the adoption of environment-friendly cost models suggests that awareness of sustainability disclosure may be stronger than the operational integration of environmental accounting practices. This distinction is important because reporting quality depends not only on the amount of information disclosed but

also on the degree to which environmental and social considerations are embedded in corporate processes [13], [14], [15].

The second hypothesis is also supported by the ANOVA result, which shows no statistically significant differences across experience groups ($F = 0.764$, $p = 0.515$). This means that the perceived importance of sustainability-report disclosure for financial performance is broadly shared by employees with different lengths of practical experience. The finding suggests that sustainability disclosure is not viewed as a concern limited to more experienced personnel; rather, it appears to have become a cross-cutting organizational issue. This is compatible with the growing institutional emphasis on standardized and comparable sustainability information under international reporting frameworks [25], [26], [27].

These findings should nevertheless be interpreted in light of the study design. The analysis is based on a purposive, cross-sectional questionnaire sample and measures respondents' perceptions rather than audited sustainability disclosures and objective financial ratios. The very high reliability coefficients and explanatory power demonstrate strong internal consistency, but they may also reflect the use of closely related self-reported measures within a single instrument. Future studies can strengthen the evidence by combining disclosure indices with audited measures such as return on assets, return on equity, profitability, or market value, and by using longitudinal or multi-sector designs. Such extensions would help determine whether the strong relationship observed in this study is sustained across time and across different institutional settings.

5. Conclusion

The study concludes that sustainability-report disclosure is strongly and significantly associated with the perceived financial performance of private Iraqi corporations, as demonstrated by a correlation coefficient of 0.971, an adjusted R-squared of 0.942, and a statistically significant regression result ($p < 0.001$). The absence of significant differences across experience groups ($F = 0.764$, $p = 0.515$) further indicates that this perception is broadly shared among respondents regardless of practical experience. These findings reinforce the importance of sustainability reporting as a mechanism for improving transparency, supplying decision-useful financial and nonfinancial information, strengthening stakeholder confidence, and supporting corporate performance in an environment increasingly shaped by international sustainability-disclosure requirements. Accordingly, Iraqi private corporations should improve the accuracy, timing, clarity, consistency, and comparability of sustainability disclosures; align reporting practices with relevant international frameworks; strengthen internal controls over sustainability information; and provide continuous training so that employees can understand and apply reporting requirements effectively. Disclosure should remain understandable to investors and other stakeholders and should be grounded in verifiable corporate activities rather than symbolic reporting. Future research should complement perceptual evidence with objective disclosure indices and audited financial-performance measures so that the relationship between sustainability reporting and financial outcomes can be tested more rigorously across sectors and over time.

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