

The Influence of Sustainability Reporting on Profitability in Iraqi Companies: Role of Information Disclosure as Moderating Variable

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Abstract

The role of information disclosure as a moderator in driving the effect of sustainability reporting on profitability was investigated. The study population entailed 25 listed companies on the Iraq Stock Exchange over the period of 2014-2017. The companies were assessed to determine their level of sustainability disclosure as reported in their annual reports. In realizing the research objectives, this study derived secondary data from the companies' annual report which was then analyzed using several panel data regression techniques specifically the fixed effect estimation, the random effects estimation and the ordinary least square regression. Using the Triple Bottom Line (TBL) entailing the dimensions of economy, social and environment, a total of 167 disclosure indices were investigated utilizing a zero-one procedure. Each company's corporate social responsibility disclosure was extracted and rated to determine its disclosure level. The relationships between the study variables were determined by examining the companies' sustainability reporting disclosures of the independent variables and the performance metrics using the dependent variable of accounting data (ROA). The findings reveal that the companies' corporate social responsibility disclosure is significantly correlated to their financial performance according to the accounting data. Implications-wise, the findings can enhance the confidence of investors to invest in companies with solid corporate governance. The findings of this study enrich the existing body of knowledge and drive the adoption of transparency among policymakers.

Keywords: Sustainability reporting, ROA, Global Reporting Initiative, Iraq.

1. Introduction

In recent times, stakeholders who put emphasis on company value have been putting greater pressure on companies to meet their diverse and ever-growing needs. The stakeholders scrutinize the companies' approach and performance in sustainability management in the dimensions of economy, social and environment along with their prospects in value creation as a result of their sustainability initiatives. On top of providing financial-related information to shareholders, organizations are also obliged to reveal relevant non-financial information. A company's social responsibility disclosure entails its report of its social and

environmental activities throughout the financial year (Xie, Nozawa, Yagi, Fujii & Managi, 2019). As part of its annual financial disclosure, a company needs to disclose to its stakeholders its performance in the social and environmental front (Tashman, Marano & Kostova, 2019). Companies choosing to disclose their sustainability activities in their annual reports on top of their financial disclosures are growing in numbers (www.industryweek.com). According to Hou (2019), more than half of the 250 giant companies worldwide provide reports of their sustainability activities. The highest reporting rates come from France, Germany, Japan, the United Kingdom, and the United States particularly in industries such as chemicals and synthetics, pharmaceuticals, electronics, computers, automotive, and oil and gas which are more environmentally sensitive (Lacy, Gupta & Hayward, 2019).

Companies worldwide are now shifting their attention to environmental initiatives following the growing awareness on global environmental preservation, particularly in tackling the issues of global warming and climate change. Companies are now paying more attention on environment-related matters as profit-making takes a slightly backseat as a determiner of business success. This basically means that product selling and service delivery must always be accompanied by environmental considerations including energy saving, global warming, healthcare, poverty, and others. Additionally, many leading multinational businesses have projected that the most prosperous companies in the future would be those that put substantial weight on social responsibility considerations in their business models (Shad, Lai, Fatt, Klemeš & Bokhari, 2019; Atan, Alam, Said & Zamri, 2018). Sustainability reporting entails the disclosure of sustainability commitments undertaken by a company. Many recent sustainability reports have reflected commitments to sustainable developments, particularly in the environmental and social dimensions. The growing trend in sustainability reporting is also driven by the growing number of guidelines introduced by governmental and industrial bodies (Hřebíček, Soukopová, Štencl & Trenz, 2014), one of which is the Global Reporting Initiative (GRI) i.e. a network-oriented organization that initiated the establishment of the framework for sustainability reporting. Most organizations today adhere to the GRI-developed framework and standard for sustainability disclosure (Trindade, 2016).

Many countries have carried out researches to determine the link between the practices/disclosures of corporate social responsibility and financial performance. Yet, the outcomes of those studies had been inconclusive. Additionally, those past studies had only investigated data derived from corporate social responsibility reports which only entail environmental and social disclosures as opposed to the more comprehensive sustainability reports which also incorporate economic performance disclosures on top of the two aforementioned dimensions. As an extension of past studies on Corporate Social Responsibility (CSR), this present study aims to examine the effect of sustainability performance disclosure on organizational performance utilizing the GRI-developed sustainability reporting framework, using case studies from the Iraqi Stock Exchange. Implications-wise, this study is expected to facilitate companies in taking more environmental-driven initiatives and maintaining sustainability practices which could potentially improve their financial performance (Belal, 2016; Khudhair, Norwani, Ahmed & Aljajawy, 2019).

2. Literature Review

2.1 Sustainability Reporting

The newly-coined term of sustainability reporting refers to the disclosure of a company's performance socially, environmentally and economically, which is also known as the 'triple bottom line reports' entailing profitability, the human factor, and the earth. Sustainability reports are issued by many major companies particularly those that are involved in industries with major environmental impacts such as mining, chemicals, electronics, computers, oil and gas, and automotive (Belal, 2016). Such reports are meant to address the requirements of various stakeholders including investors, creditors, staff, clients, suppliers, governing powers, advocates as well as the masses. Similar to corporate social responsibility disclosures, sustainability disclosures are also done voluntarily. Social disclosures include the assessment and reporting of information related to a company's impact on its employees' well-being, the surrounding community, and the environment. Employee well-being includes the aspects of work environment, job security, equal prospects, diversity of employees and child employment. Environmental-related matters entail the effect of the company's processes, products and services on the state of the air, water, land, biodiversity, and human health (Virakul & Russ-Eft, 2019).

According to Barnett (2019), sustainability reporting aims to communicate comprehensive information on the performance assessment of an organization with multiple stakeholders. Social disclosures entail the reporting of contributions to the society and community, the facilitation of employee growth and development prospects, and improvement of relations and practices for customers, suppliers, governing powers and the societies. The concept and goal of sustainable development have direct links with the reporting of the three bottom lines i.e. organizational performance socially, environmentally and economically (Hąbek & Wolniak, 2016).

Proper implementation of the triple bottom line reporting can facilitate in the sustainability assessment of the operations of a company or a community. In the long-term perspective, an organization is considered to be sustainable when it is financially secure (based on its measured financial performance), has lessened or eliminated its negative environmental impacts, and acts according to the outlooks of the society. Indeed, there is a high interconnectedness between the three factors (Vigneau, Humphreys, M. & Moon, 2015).

Companies have begun to realize that by re-orienting their processes and operations, they can play a role in sustainable development (Lopez et al., 2007), which is attainable by managing elements related to the environment, nature, society, culture, economy and politics. Such factors cannot be managed separately due to their interrelatedness (Hąbek & Wolniak, 2016). Investors are also becoming more interested in investing in socially-responsible investments (SRI) i.e. organizations that comply with socially and environmentally good practices. Apart from that, investors also put emphasis on disclosures related to the society, ethics, and environment. Expectedly, a sustainable organization has lesser risks than a non-sustainable one. Resultantly, many major companies highlight sustainability disclosures in their annual reports (Fussler, Cramer & Van der Vegt, 2017). As an organization's financial standing is directly affected by its performance socially, economically and environmentally (SEE), the company must deliver comprehensive SEE information to its investors (Vigneau, Humphreys & Moon, 2015; Vigneau, Humphreys & Moon, 2015).

2.2 Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is the network-oriented entity that initiated the world's most prominent framework for sustainability reporting. GRI-based sustainability reports can be utilized as a yardstick in measuring the performance of a company in terms of its adherence to the relevant legal requirements, standards, codes, performance-related norms and intentional ingenuities. The framework also facilitates the demonstration of the company's commitment towards sustainable development, and comparison of organizational performances. Such standardized approach is promoted and developed by GRI to meet the demands for sustainability disclosures. With economic globalization, the emergence of new prospects for generating profit and enhancing quality of life comes with new environmental risks. Lozano, Nummert and Ceulemans (2016) highlighted the disparity between enhanced life quality and rising disclosures on adverse environmental effects and continuous prevalence of global poverty and hunger. It brings forth the need for the creation of new and more innovative alternatives as well as ways of thinking. Companies are now pressured to change the way their operations, activities, products and services affect the people, the economy and the planet due to the emergence of novel information and technological advances, new managerial practices, and improved public policies (Kozłowski, Searcy & Bardecki, 2015; Adams, 2015).

The GRI aims to fulfill this requirement by establishing a reliable and sound sustainability reporting framework implementable by companies of all sizes, in all sectors, at all locations. Sustainability reports that use the GRI Reporting Framework disclose the company's outcomes in terms of its commitments, strategies and management approaches throughout the financial year (Barkemeyer, Preuss & Lee, 2015). The GRI Reporting Framework is widely accepted for the reporting of a company's performance economically, environmentally and socially (Pérez-López, Moreno-Romero & Barkemeyer, 2015).

2.3 Profitability

The profitability ratio indicates a company's financial performance and its capability in generating profits. This ratio measures the company's general efficacy and denotes the company's overall performance in making decisions and establishing policies. Sustainable companies grow by receiving continuous investment funds and achieving a certain level of profitability. Investors, creditors, and executives are mainly alarmed of this ratio (Jones, Murrell, 2001). The key profitability indicator i.e. return on assets

(ROA) is often used as a proxy variable for financial performance in past studies regarding the effect of CSR on financial performance. The assessment and analysis of an organization's operational achievements or performance is carried out using the financial ratio analysis (Khrawish 2011). Profitability is using the ROA (Maqbool & Zameer, 2018), which is a ratio that shows the income of the total asset and measures the capability of the bank management to create income by using the company asset. $ROA = \text{Net income} / \text{Total Asset} * 100$

The current study focuses on the effect of transparency as a moderator in driving the effect of CSR on company profitability. It emphasizes on the inconsistent findings in past studies on the relationship between CFP and profitability so that the effect of CSR on performance could be better determined.

2.4 Transparency as Moderating Variable

Transparent disclosures of an organization's undertakings related to the relationships between the board, the management and the company's financial performance are critical as they can solve the issue of information asymmetry and denote the company's commitment in providing important information to the stakeholders (Agyei-Mensah, 2018; Kajola, 2008; Adefemi, Hassan & Fletcher, 2018).

In this current study, the measurement by Standard & Poor's had been chosen because it is one of the measurements that have been widely accepted in all international companies that are interested in measuring transparency. It is also suitable for organizations on the Iraqi Stock Exchange list which are measured by ownership structure and shareholders' rights (OWSR), the board of directors (BOD) structure and the transparency of financial and non-financial information (FNF), where this measure gave a point for each information and thus becomes the total this information includes 80 criteria in the following three areas and each one of the areas also includes many criteria established based on the OECD states' reporting standards: i) ownership structure and owners' rights (18 criteria), ii) disclosures on financial and non-financial information (40 criteria), and iii) board of directors (22 criteria) (Jahanshad, et al., 2013; Ali & Shaker, 2017; Al-Jumaili, 2016).

3. Conceptual Framework

Two framework models are proposed in this study. Figure 1 presents the first model where the dependent variable i.e. profitability performance is affected by the independent variable i.e. sustainability reports. Transparency acts as the moderating variable.

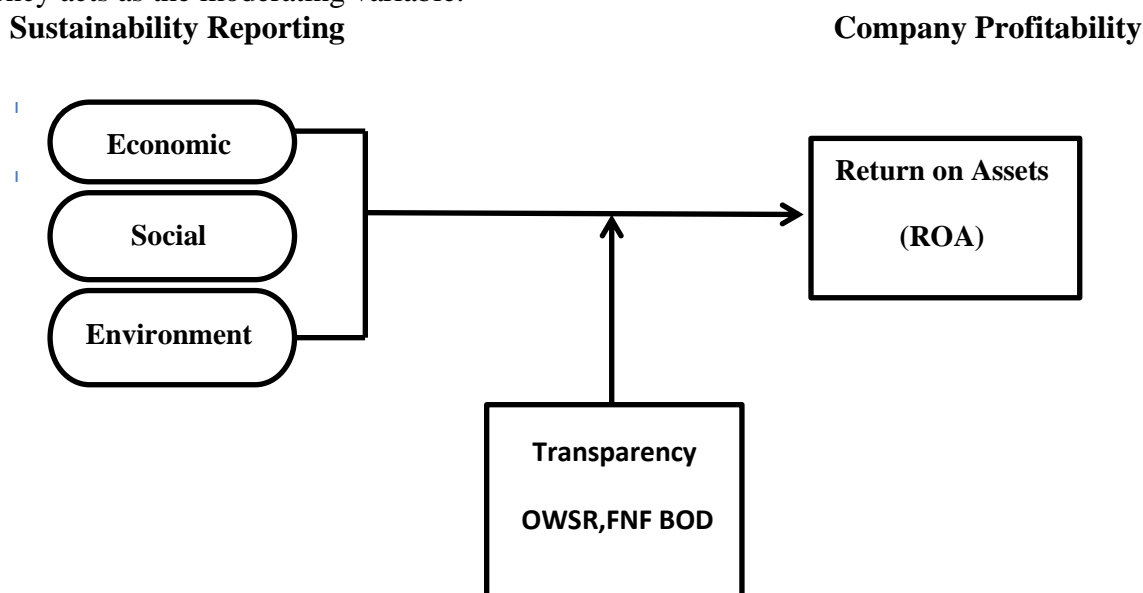


Figure 1: Conceptual Framework

4. Research Method

The study population comprises all Iraqi Stock Exchange (ISX) listed companies for 2014-2017. The companies were selected based on these criteria: non-financial companies listed on the ISX throughout 2014-2017, published their respective annual reports throughout 2014-2017, and published their respective sustainability reports throughout 2014-2017. The study collected secondary data from the companies' annual

reports and sustainability reports derived from the ISX. Data analysis involved the usage of the multiple regressions method whilst estimation was carried out using ordinary least squares (OLS). The approach for calculating the CSR and transparency indexes basically uses a dichotomy i.e. each CSR items in the research instrument is rated **1** if it is revealed in the company’s annual report and a value of **0** if not disclosed. The CSRI calculation formula is as follows:

$$CSR = \frac{\sum X_{ij}}{NJ}$$

CSR = Corporate Social Responsibility

NJ = total items for company j,

Xij = variable dummy: 1: for disclosed items; 0: for non-disclosed items on the annual report.

4.1 Model Specification

Transformed OLS multiple regressions was used for company performance (ROA) and sustainability reporting (SR-ECO, SR-ENVI, and SR-SOC) for the following subcategories of transparency index (OWSR, FNF, and BODS):

$$ROA = \beta_0 + \beta_1 SR-ECO + \beta_2 SR-ENVI + \beta_3 SR-SOC + \beta_4 BDS + \beta_5 OWSR + \beta_6 FNF + e.$$

$$ROA = \beta_0 + (\beta_1 BODS * SR-ECO + \beta_2 BODS * SR-ENVI + \beta_3 BODS * SR-SOC) + (\beta_4 OWSR * SR-ECO + \beta_5 OWSR * SR-SOC + \beta_6 OWSR * SR-ENVI) + (\beta_7 FNF * SR-ECO + \beta_8 FNF * SR-ENVI + \beta_9 FNF * SR-SOC) + e$$

Whereby....

Company Performance measure used was ROA,

SR-ECO: Economic Performance of Sustainability Reporting

SR-ENVI: Environmental Performance of Sustainability Reporting

SR-SOC: Social Performance of Sustainability Reporting

FNFD: Financial and Non-Financial Information Disclosure

OWSR: Ownership Structure and Investor Relations

BOD: Board of Directors Disclosure

Table 1. *Definition of Operation Variables*

Abbreviated Name	Full Name	Data Source	Measurement
<i>Dependent Variables</i>			
ROA	Return on Asset	Annual Report	income/Total Assets
<i>Independent Variables</i>			
SR-ECO	Economic	Annual Report	(Dichotomies 1, 0)
SR-ENVI	Environment	Annual Report	(Dichotomies 1, 0)
SR-SOC	Social	Annual Report	(Dichotomies 1, 0)
<i>Moderating variable</i>			
Transparency (OWSR, FNF, and BOD)	Ownership Structure Disclosure	Annual Report	(Dichotomies 1, 0)
	Financial and Non-Financial Information Disclosure		
	Board of Directors Disclosure		

5. Result And Discussion

5.1 Descriptive Statistic

Table 2:
Descriptive Statistic for all the Variables

Variable	ObS	Mean	S.D	Minimum	Maximum
ROA	100	8.85	34.26	-66.57	200.74
SR-ECO	100	39.68	7.01	18.52	51.85
SR-ENVI	100	7.86	2.99	2.78	16.67
SR-SOC	100	155.54	1441.77	1.45	14429.00
OWSR	100	8.63	1.13	6.25	10.00
FNF	100	131.55	382.82	12.00	1500.00
BODS	100	11.13	2.30	7.50	15.00

Notes: ROA= Return on Assets, (SR= Sustainability Reports, ECO =Economic, ENVI =Environment, SOC = Social), OWSR= Ownership Structure and Investors of Rights, FNF=Financial and Non-Financial Information, BOD= Board of Directions.

The deviations between maximum and minimum for ROA ranged from -66.57% to 200.74%. The standard deviation for social indicator of SR (SRSOC) was highest (1441.77), while the lowest belongs to Board of Directors (BOD) as transparency indicators with the value of 2.30 and environmental indicator of SR (SREVI) with the value of 2.99 that were not much different from mean, suggesting that BOD and SREVI were centrally distributed. The mean SRECO, SRENI, and SRSOC (indicators of corporate social responsibility) are 39.68, 7.86 and 155.54 accordingly. Following that, the average value of OWST, FNF and BOD (indicators of transparency) were 8.63, 131.55 and 11.13 respectively.

4.2 Correlation analysis

The correlations between each pair of variables are shown in Table 4.3. This study analyzes and shows the Pearson-correlation coefficient i.e. a widely-used method for assessing the correlation power between any two of the variables.

Table 3:
Correlation (Pearson) ROA as the Dependant Variable

		(1)		(2)		(3)		(4)		(5)		(6)	(7)
1	ROA	1.00											
2	SR-ECO	0.15		1.00									
		0.14											
3	SR-ENV	0.13		0.18	***	1.00							
		0.19		0.07									
4	SR-SOC	0.57	***	0.02		-		0.03		1.00			
		0.00		0.87		0.76							
5	OWSR	0.85		0.16		0.07		-		0.10		1.00	
		0.98		0.11		0.51		0.32					
6	FNF	-		-		-							
		0.00		0.17		0.04		0.03		0.08			1.00
7	BOD	0.08		0.10		0.70		0.76		0.42			
		0.16		0.22	*	0.23	*	0.16		0.51	***	0.16	1.00
		0.12		0.03		0.02		0.11		0.00		0.12	

Note: ROA= Return on Assets, (SR= Sustainability Reports, ECO =Economic, ENVI =Environment, SOC = Social), OWSR= Ownership Structure and Stakeholders of Rights, FNF= Financial and Non-Financial Information, BOD=Board of Direction.

Table 3
Panel Data Regression Result: Return on Assets (ROA) as Dependent Variable

Variables	Coefficient		Std. Err.	t-statistics	Prob.
CSR Dimensions					
SRECO	1.54	***	0.48	3.23	0.00
SRENV	5.40		6.30	0.86	0.40
SRSOC	-2.41		2.61	-0.92	0.37
Transparency Dimensions					
OWSR	-0.89		6.87	-0.13	0.90
FNF	0.00		0.05	-0.02	0.99
BOD	10.08	*	5.16	1.95	0.06
Moderating					
SRECO*OWSR	0.07		0.11	0.61	0.55
SRENV*OWSR	-0.71		0.67	-1.06	0.30
SRSOC*OWSR	0.50		0.52	0.97	0.34
SRECO*FNF	0.00		0.00	-1.33	0.20
SRENV*FNF	0.00		0.00	1.23	0.23
SRSOC*FNF	0.00		0.00	-0.33	0.75
SRECO*BOD	-0.19	**	0.07	-2.51	0.02
SRENV*BOD	0.04		0.25	0.16	0.88
SRSOC*BOD	-0.18		0.24	-0.74	0.47
Constant	-92.09		55.08	-1.67	0.11
N	100				
R-square	0.61				

*** Significant at 1%, ** Significant at 5%, * Significant at 10%.

After declaring the most suitable method of panel data analysis which is Fixed effect for the first equation and checking the assumption of regression models, this section discusses about the outcome of first equation that ROA acts as a dependent variable, SRECO, CSRENV, and SRSOC are independent variables and finally, OWSR, FNF, and BD are moderating variables. Table 4.21 shows the final outcome of the fixed effect analysis of the first equation. The impact of independent variables will be discussed in this section. According to the result of panel data regression in table 4.21, Economic dimension of SR (SRECO) has significant probability at 1% that implies the meaningful impact of SRECO on Return on asset (ROA). Hence, it shows that if SRECO increase by one 1 unit, ROA will increase by 1.54 unit that is confirmed by the finding of (Lin, Ho & Sambasivan, 2019). Meanwhile, the probability of the Environmental dimension of SR (SRENV) and Social dimension of SR (SRSOC) are larger than 0.1 which implies the insignificant impact of SRENV and SRSCO on ROA. Therefore, these two independent variables have no meaningful impact on ROA in the first equation which is in line with the finding of (Saleh, Zulkifli & Muhamad, 2011; Hirigoyen & Poulain-Rehm, 2014).

Table 4.20 elaborates the moderating impact of these three factors of transparency on the relationship between the three dimensions of CSR and ROA. According to the outcome of the moderating impact analysis, the probability of the role of the BOD as a moderator in driving the effect of the economic dimension on CSR (CSRECO) and ROA is significant at 5% which implies the meaningful effect of the BOD as a moderator in driving the effect of CSRECO on ROA by the amount of -0.19. The p-value of the rest of moderating impacts of transparency factors are not significant. So, the rest of moderating roles are not meaningful in the first equation of this study.

5 Conclusion

This paper examines the impact of SR performance on company performance, moderated by transparency. By employing a study population comprising Iraqi Stock Exchange listed companies over the period of 2014–2017, the regression results indicated that positive SR performance has a significant effect in reducing the companies' financial problems. Additionally, the adverse relationship between positive SR activities and financial distress increased in companies that have reached their maturity. Matured companies with positive SR performance are shown to have lesser financial issues. These findings are sound to an alternate proxy measure of positive SR activity and the life cycle stages. The study results enrich the existing literatures on the contributing factors to financial issues and the economic impacts of positive SR activity engagement.

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APPENDEX: CSR Checklists According to the GRI Indicators

Economic Dimension Indicators

Standard	Indicator	Disclosure requirements	Disclosu	NON Disclosu
Economic Performance	The generation and distribution of direct economic values.	Generation, distribution and retention of direct economic values.		
	The effect of climate change on organizational activities specifically financial implications as well as other risks and opportunitie.	Description of the emergent risks and opportunities due to climate change, its impacts, classification, management methods, and material obligations before taking management actions and costs of management procedures.		
	The organization's defined benefit plans coverage.	The projected pension plan liability value when covered by the general resources of the Company.		
		An estimate of the plan obligations' coverage by the assets reserved to fulfill those obligations, and the basis for the estimate and the time it will be taken in the case of a separate fund to pay pension liabilities		
		Explicate the adopted strategies used by the employer in completing the coverage of the plan's obligations in case not fully covered by the fund and the time frames during which full coverage is likely.		
	Provision of financial aid by the government	Participation level in the retirement plans and percentage of employee salary contribution		
		The overall financial aid value in monetary terms given by the government to the company throughout the reporting period and according to country.		
		Probability of representation of the government in the capital structure		
Market Presence	Gender-based ratios of customary entry level pay in comparison to local minimum wage at key operating locations.	Provide an initial salary level for employees by gender at important operational locations when they are compensated on the basis of wages subject to the minimum wage rules.		
		Describe measures for determining if other staff (excluding employees) receives higher pay than the standard pay when they are compensated on the basis of wage, based on the rule of minimum wage.		
	Senior management proportion employed among the locals at key operating localities.	The percentage of senior management at designated critical location locations contracted by the community.		
		The definition used for "top management" and "local" and "location of important operations"		
		The extent of investment developme		

Indirect Economic Impacts	Investments on infrastructural developments and their effects as well as supported services.	importance infrastructure support services.		
		Existing or potential societal and economic effects, whether positive or negative.		
		If such investments and services are in the form of commercial contracts, in kind or free of charge		
	Economic effects that occur indirectly along with their level of significance.	Examples of indirect economic impacts and their relevance to external standards and stakeholder priorities.		
Anti-Corruption	Operations assessed for corruption-related risks.	Proportion of procurement budget for key operational locations and subsequent expenditure on local suppliers.		
		Geographical definition of the word "local" used by the company.		
	Communication and training on anti-corruption policies and procedures.	Overall total and proportion of operations examined for corruption-related risks		
		Significant corruption-linked risks acknowledged via risk assessments.		
		Overall total of employees and members of the management body who have been informed of the organization's anti-corruption policies and procedures and their percentages are distributed according to the category of employees and the region.		
	Confirmed corruption cases and subsequent actions taken.	Overall total and proportion of business partners reported to the company's anti-corruption policies and procedures distributed by business type and region.		
		Total number of confirmed incidents and their nature and staff who have been terminated or reprimanded.		
		Overall total of definite incidents that led to the cancellation or non-renewal of contracts with trading partners as a result of corruption.		
Anti-Competitive behavior	Legal measures taken against anti-competitive behavior, anti-trust, and monopoly.	General legal cases related to corruption against the company or its employees throughout the reporting period and their end results.		
		Overall total of legal measures awaiting or finalized throughout the reporting period on anti-competitive practices and violations of the anti-trust and monopoly laws that show the company's involvement.		

Environmental Dimension Indicators

ASPECT	Indicators	Disclosure requirements		
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Materials	Weight- or volume-based materials used.	Total volume or weight of materials used for the production and packaging of the company's essential products and services throughout the reporting period.		
	Proportion of materials used for recycled materials, reclaimed products, packaging materials	Proportion of recycled input materials utilized in the manufacturing of FAO's core products and services.		
Energy	Energy usage by the company.	Aggregate fuel, electricity, heating, cooling, and steam usage by the organization sourced from renewable and non-renewable energy estimated by the round or its complications, including fuels used.		
		Overall energy intake in the round or its multiples.		
		Standards, methodologies, assumptions and or calculation instruments and source of conversion coefficients used		
	Energy usage external to the company.	Overall external energy usage is estimated by the round or its multiples.		
		Standards, methodologies, assumptions and or calculation instruments and source of conversion coefficients utilized.		
	Energy intensity	The power ratio of the company and the scale used by the company for its account		
		Energy types integrated within the intensity ratio: fuel, electricity, heating, cooling or steam or all.		
		Whether the ratio uses energy consumed within the company, outside or both.		
	Reduction of energy consumption	Amount of energy intake reductions directly due to preservation and efficacy ingenuities, estimated by round or multiples.		
		Energy typed reduced (fuel, electricity, heating, cooling, or steam).		
		Base for energy usage reductions calculation (e.g. base year or baseline) and its selection rationale.		
	Reduction in energy intake of products and services	Energy usage reduction for products and services sold throughout the reporting period, estimated by the roll or multiples, and the calculation base.		
Water	Source-led water extraction.	Overall volume of water extracted.		
		Criteria, methodologies, assumptions and or calculation tools used.		
	Water sources impacted by water extraction.	Overall aggregate of water sources heavily impacted by clouds		
		Criteria, methodologies, assumptions and or calculations utilized.		
	Water recycled and reused	Total recycled water volume reused by the company.		
		The total volume of recycled and recycled water is used as a proportion of total water extracted		

		mentioned in the preceding paragraph.		
Biodiversity	Operational sites held, rented out, managed in, or contiguous to, secured areas and those with high biodiversity.	Information on operating sites owned, leased or managed in, or contiguous to, secured areas and areas with high biodiversity value.		
		List of status of protection (e.g. IUCN protected area management categories, Ramsar Convention, national legislation).		
	Effects on biodiversity due to activities, products and services.	Direct and indirect biodiversity effects.		
		Significant direct and indirect impacts, whether positive or negative, with mention of (affected breeds, extent of affected areas, vulnerability period, possibility of reversing effects or not)		
	Habitats secured or reinstated	Size and location of these areas, and if the restoration success has been sanctioned and implemented by independent external experts.		
		If there are third-party partnerships to safeguard or reinstate areas of the citizen separately from cases where the company supervised or carried out recovery or protective measures.		
Regional status as end of reporting period.				
IUCN Red List species and national conservation list species with habitats in operationally-impacted locations.	The total number of species included in the IUCN Red List and species listed on national conservation lists in the affected areas is classified according to the level of risk of extinction: (highly threatened, threatened, vulnerable, threatened, less vulnerable)			
Emissions	Direct greenhouse gas (GHG) emissions	Total gases covered in the calculations and total direct greenhouse gas emissions in metric tons of carbon dioxide equivalent.		
		CO2 emissions in metric tons of CO2 equivalent.		
		Approaches to standardization of emissions; whether equity, financial control, or operational control.		
		The base year chosen, the base year selection logic, emissions in the base year and the background of emission changes leading to the re-calculation of base year emissions.		
		The source of the emission factors and the global warming rates (GWP) used or a reference to the source of global warming.		
	Energy indirect greenhouse gas (GHG) emissions	Total non-site-based greenhouse gas emissions in metric tonnes of CO2 equivalent.		
	Other indirect greenhouse gas (GHG) emissions	If available, indirect market-based GHG emissions per metric tonne of CO 2 equivalent.		
		Gases included in the calculations, if available.		
The source of the emission factors and global warming rates (GWP) or reference to the global				

		warming source, if existing.		
		Grouping approaches to emissions, whether equity, financial control or operational control.		
		The base year selected, the logic of its selection and emissions, and the background of any emission changes leading to the re-calculation of baseline year emissions		
	Greenhouse gas (GHG) emissions intensity	The percentage of the company's greenhouse gas emission		
		Metric metric specified for the organization (percentage ratio) selected for ratio calculation.		
		GHG emission types inclusive in the intensity ratio: direct and indirect emission energy.		
	Greenhouse Gas (GHG) emissions reduction	Quantity of greenhouse gas emission reductions as a direct result of emission reduction initiatives estimated in metric tonnes of CO2 equivalent.		
		The baseline or base year chosen and its rationale, criteria, methodologies, and assumptions used.		
		Ranges where decreases occurred either in direct emissions (range 1), in indirect emission energy (range 3) or in other indirect emissions (range 3).		
	Ozone-depleting substances (ODS) emisisions	Quantities of production, import, and export of ozone-depleting substances are estimated in metric tonnes of CFC		
Effluents and Waste	Quality and destination of water discharge	Overall volume of intended and unintended water releases (by destination, water quality, including method of treatment, whether water is re-used by another company).		
		Standards, methodologies, and assumptions used.		
	Waste by type and disposal method	Total weight of hazardous waste, distributed according to disposal methods		
		Total weight of non-hazardous waste, distributed according to disposal methods		
		How to determine the method of waste disposal		
	Significant spills	The total number and size of large leaks recorded.		
		Additional information on each leak reported in the company's financial statements.		
		Effects of large leaks.		
	Transport of hazardous waste	The total weight of each of the hazardous wastes transported, imported, exported and treated.		
		Proportion of hazardous wastes transported internationally.		
Water bodies impacted by water releases and/or runoff	Areas and water habitats that are considerably impacted by water discharge and/or runoff.			
Environmental Compliance	Non-adherence to environmental laws and regulations	Large fines and non-monetary penalties for non-adherence to environmental laws and or regulations in terms of: total monetary value of large fines; total		

		non-monetary penalties; cases filed through dispute settlement mechanisms.		
		If non-adherence to environmental laws and/or regulations is unspecified by the company, a short notification is adequate.		
Supplier Environment Assessment	New suppliers vetted based on environmental criteria	Proportion of new suppliers surveyed using environmental standards.		
	Negative environmental effects on supply chain and mitigation measures.	Number of suppliers evaluated for environmental impacts.		
		Number of suppliers known to have considerable adverse environmental impacts/potentials.		
		Actual and possible adverse environmental effects acknowledged in the supply chain.		
		Proportion of suppliers known to pose actual and potential adverse environmental effects and enhancements have been decided on as an outcome of the valuation.		
		The proportion of suppliers known to pose considerable adverse physical and possible environmental impacts that have been terminated based on the outcome of the assessment, and the reasons for this.		

Social Dimension Indicators

Aspect	Indicators	Disclosure Requirements		
Employment	New employees hired and employee turnover.	Total number of new staff recruited during the reporting period and their percentage by age, gender, and region.		
		Total number and turnover of staff during the reporting period, by age group, gender, and region.		
	Benefits for permanent staff not given to provisional or short-time staff, by key operating locations.	Standard benefits or benefits for full-time employees of the Company but not for temporary or non-full-time employees classified by important locations.		
	Work return and retention rates following parental leave, by gender	Overall staff eligible for parental leave, by gender.		
		Overall staff that took parental leave, by gender.		
		Overall employees that came back work throughout the reporting period after parental leave, by gender.		
		Total number of staff who returned to work during the reporting period after parental leave, by gender.		
Labor or Management Relations	Minimum notice periods of operational changes, counting if these are	The minimum notice period per week usually given to staffs and their chosen reps before any substantial operational changes that may significantly impact them.		

	specific in collective	If the notice period and the texts for consultation and negotiation are defined in collective bargaining agreements		
Occupational Health and Safety	Proportion of overall staff denoted in formal joint management-worker health and safety committees that aid the monitoring and advising on occupational health and safety programs	The level at which each of the official health and safety committees is usually shared by the management and the workers within the company.		
		Proportion of total labor force embodied in official health and safety committees between management and workers.		
	Type and rate of injury, occupational diseases, lost days and absenteeism, and overall work mortalities, by region and gender	Types and rate of injuries, rate of occupational diseases, lost days, absenteeism, and work-related deaths to the total number of employees and supervisors, classified according to (region, gender).		
		Types, rate of injury, and labor-related deaths for all workers (except employees) who are controlled by the company in their work or place of work are classified according to: (region, gender).		
		The rules system applied in the recording and reporting of accident statistics.		
	Staff with high occupational disease incidence or risk.	Whether workers are under the control of the company for their work or place of work and participate in operational activities with high rates of injury or risk of certain diseases.		
	Health and safety matters addressed in official settlements with trade unions	Whether official arrangements (both domestic and global) with trade unions address health and safety.		
The degree to which these conventions cover, in percentage, various health and safety issues.				
Training and education	Average training hours annually for each staff by gender and employee group	Average training hours annually for each staff by category and gender		
	Skills and continuous learning programs that ensure sustained employability and career endings.	Program type and scope and assistance to advance employees' skills.		
		Transitional assistance programs to expedite continued recruitment and management of job endings due to retirement or employment termination.		
Percentage of staff getting consistent performance and career development reviews, by gender and staff group	Percentage of total staff by gender and category of staff who were given a consistent performance reviews and career progressions throughout the reporting period.			
	Structure of governance	Fraction of individuals within corporate governance bodies in each of the categories of diversity (age, gender, minority, etc.)		

Diversity and equal opportunity	bodies and itemization of employees per employee group based on gender, age, minority membership and other diversity determiners.	Percentage of individuals for each employment category in each of the categories of diversity (age, gender, minority, etc.)		
		The percentage of basic salary and wages for women in comparison to men is grouped by employee and locations of important operations.		
Non-Discrimination	Discriminatory incidents and remedial measures taken.	Overall discrimination-related cases throughout the reporting period.		
		Incident status and actions taken with respect to (incidents reviewed by the company, treatment or repair plans being implemented and implemented and results of implementation).		
		Incidents that are no longer subject to procedures.		
Freedom of association and collective bargaining	Operations and suppliers where freedom rights of association and collective bargaining could at risk	Processes and suppliers in which the rights of workers to exercise freedom of association or collective bargaining have been violated or are at grave risk.		
		Measures assumed by the company throughout the reporting period aimed at supporting the rights to exercise freedom of association and collective bargaining.		
Child labor	Operations and suppliers at high risk of child labor incidents	Operations and suppliers deemed to have a high risk of accidents: (child labour; young workers unprotected against dangerous work).		
		Operations and suppliers who are considered to have a high risk of child labour accidents in terms of work type and workplace.		
		Actions taken by the company during the reporting period aimed at eliminating child labor.		
Forced or compulsory Labor	Operations and suppliers at high risk of mandatory labor	Processes and suppliers who are deemed to have a high risk of mandatory labor accidents in terms of work type and workplace.		
		Actions taken by the Company throughout the reporting period aimed at eliminating of all forms of mandatory labor.		
Security practices	Security employees taught in human rights policies or procedures	Calculate the percentage using the total number of security personnel, whether they are employees of the company or employees of external organizations.		
		Clarify whether the staff of third-party organizations is also included in the account.		
Rights of indigenous peoples	Violations of indigenous people's rights	The total number of violations of human rights violations identified during the reporting period.		
		Incident status and actions taken with respect to (incidents reviewed by the company, treatment or repair plans being implemented and implemented and results of implementation).		
Human rights	Operations subjected to human rights reviews or	The total number and percentage of human rights review processes or human rights impact		

assessment	impact assessments	assessments, by country.		
	Employee training on human rights policies or procedures	Total number of hours in the reporting period for training on human rights policies or procedures related to human rights aspects of operations.		
		Percentage of staff trained during the reporting period in human rights policies or procedures related to human rights aspects of operations.		
Crucial investment arrangements and contracts inclusive of human rights clauses or those after human rights vetting	The total number and percentage of important investment agreements and contracts covering human rights or human rights examined.			
Local communities	Local community engagement operations, impact assessments, and development programs	Percentage of processes carried out with community participation, impact assessments and/or environmental and social development programs.		
		General disclosure of the environmental and social impact assessments results.		
	Operations with substantial actual and possible adverse effects on the locals	Processes with significant potential negative impacts on local communities (e.g. location of operations; actual and potential significant negative impacts of operations);		
Supplier social assessment	New suppliers vetted based on social criteria	Percentage of new suppliers surveyed using community impact criteria.		
	Adverse social effects in the supply chain and measures undertaken	Number of suppliers subject to impact assessments on the community.		
		Number of suppliers identified as having significant and potentially significant negative social impacts.		
		Significant actual and potential impacts on the community found in the supply chain.		
		Percentage of suppliers with significant and potentially significant negative impacts on the community with whom improvements have been agreed based on evaluation findings.		
	Percentage of suppliers found to have significant and potentially significant negative impacts on the community with whom relationships were terminated based on evaluation findings and reasons.			
Public policy	Political offerings	The total monetary value of the political and financial contributions made by the company directly or indirectly distributed according to the receiving country/beneficiary		
		How to estimate the cash value of contributions in kind, if any.		
Customer health and	Assessment of the health and safety impacts of product and service	Percentage of important product and service categories evaluated to improve health and safety impacts.		

safety	categories			
	Non-adherence in relation to health and safety of products and services	Overall non-compliance cases with voluntary regulations and rules regarding health and safety of products and services throughout the reporting period are classified as non-compliance incidents with regulations that led to fines, penalties or warnings, non-compliance incidents with voluntary rules. If the Company does not specify non-compliance with voluntary regulations and rules, it is sufficient to state this in brief.		
Marketing and labeling	Provisions for product and service information and labeling	Information on the description of products and services. Percentage of the categories of products or services covered by such actions and assess their compliance.		
	Non-adherence related to product and service information and labeling	Total number of incidents of non-compliance with and legislation on product and service information and services legislation and regulations. If non-compliance with voluntary regulations and rules is unspecified by the company, it is sufficient to state this in brief.		
	Non-adherence to marketing communications	Total number of cases of non-compliance with voluntary regulations and/or codes relating to marketing communications, including advertising and promotion.		
		If non-compliance with voluntary regulations and rules is unspecified by the company, it is sufficient to state this in brief.		
	Customer privacy	Proven grievances about customer privacy breach and customer data loss	Overall complaints of customer privacy breaches.	
Overall customer data leaks, thefts or loss.				
When documented grievances are unidentified, a short declaration is adequate.				
Socioeconomic compliance	Non-adherence to social and economic-related laws and regulations.	Large fines and non-monetary penalties for non-adherence to laws and or regulations in the social and economic sphere in terms of (total monetary value of large fines; total number of non-monetary sanctions); cases filed through dispute settlement mechanisms.		
		Context in which substantial fines and non-monetary penalties were incurred.		
		If the company does not specify any non-compliance with the laws and or regulations, a brief statement of this fact is sufficient.		

Sustainability reporting indicators denote the reporting requirements i.e. economically, socially and environmentally. This standard is implementable by any company of all sizes, types, sectors or geographic locations reporting on the aforementioned dimensions (GRI 2016).