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RELATIONSHIP BETWEEN SUSTAINABILITY REPORTING AND FINANCIAL PERFORMANCE

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Abstract:
The purpose of this study is to investigate the complex link that exists between sustainability reporting and financial performance. More specifically, the study focusses on the impacts that transparent environmental, social, and governance (ESG) disclosures have on the economic results of a corporation. In light of the fact that stakeholders on a worldwide scale are increasingly demanding responsibility from corporations that extends beyond profit measurements, sustainability reporting has emerged as an indispensable instrument for establishing trust, strengthening reputation, and managing risks. The purpose of this study is to determine whether or whether businesses who implement comprehensive sustainability reporting frameworks, such as the Global Reporting Initiative (GRI) or integrated reporting, enjoy improvements in financial performance measures such as return on assets (ROA), return on equity (ROE), and market valuation. This study indicates that there is a positive association between strong sustainability practices and long-term financial advantages. This correlation is discovered through a review of current empirical evidence and case studies that were conducted across a variety of industries. Regulatory compliance, strategy alignment with environmental, social, and governance (ESG) goals, and stakeholder involvement are some of the factors that have been identified to have a mediating effect. In its conclusion, the abstract emphasises that sustainability reporting is not only an exercise in compliance but rather a strategic asset that has the potential to generate innovation, operational efficiency, and competitive advantage, ultimately leading to an increase in total business value.

Keywords: *between, sustainability, Financial, performance*

Introduction

As the landscape of corporate responsibility and transparency keeps changing, it is becoming increasingly necessary for firms to include sustainability reporting into their overall company strategy. A company's financial performance has been the only indicator of its success from the very beginning. However, investors, regulators, and other stakeholders have placed a growing emphasis on non-financial factors in recent decades, especially ESG dimensions, which encompass environmental, social, and governance aspects. The phrase "sustainability reporting" refers to the disclosure of a company's affects and activities around environmental stewardship, social responsibility, and ethical governance standards. It demonstrates that the company is serious about long-term success and is making an attempt to link financial gain with bigger social and environmental goals. The Paris Climate Agreement, the UN's Sustainable Development Goals (SDGs), heightened consumer awareness, and stricter regulatory frameworks are some of the worldwide trends that are driving the increased focus on sustainability. From this vantage point, companies that are transparent about their sustainability efforts are seen as better managed, more proactive, and ultimately safer. This has sparked an uptick in research on the question of whether or

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not disclosing such information yields quantifiable financial benefits. Multiple studies have found a positive correlation between sustainability reporting and improved financial results. Responsible practices may cut operational expenses, increase brand value, foster consumer loyalty, and entice environmentally conscious investors. Opponents of sustainability initiatives argue that they might divert attention and resources from essential business functions, leading to increased costs and hurting short-term profits. Examining the kind and strength of the connection between sustainability reporting and financial success is the goal of this research. This research delves into several reporting standards, including those of the Sustainability Accounting Standards Board (SASB), Integrated Reporting (IR), and the Global Reporting Initiative (GRI). This study aims to assess how structured environmental, social, and governance (ESG) disclosures affect key financial indicators like market capitalisation, return on assets (ROA), and return on equity (ROE). This research also considers regional regulatory policy shifts and company-specific patterns to provide a full picture of the ways in which sustainability reporting affects financial results. This research aims to offer a comprehensive overview of sustainability reporting's strategic value by reviewing the literature and drawing on experiences of multinational corporations and enterprises in developing economies. Ultimately, the study emphasises the increasing consensus that social and environmental concerns are critical to the creation of long-term value and the viability of companies, rather than competing with financial success. The increasing complexity of global challenges that businesses are trying to overcome has transformed the integration of sustainability into core strategy from a commendable goal to an absolute need. Problems with corporate governance, economic inequality, resource scarcity, and climate change are all examples of such difficulties. Both the deeds and the processes of businesses are under intense scrutiny from a wide range of stakeholders, including investors, customers, employees, and government agencies. In this context, sustainability reporting bridges the gap between an organization's internal goals and the expectations of its outside stakeholders. Insights about non-financial components that drive success may be shared with stakeholders, and companies can better articulate their long-term aim, manage reputational risks, and show accountability in this way. More accurate, more frequent, and standardised reporting are now within reach, all thanks to advancements in digital technology and data analytics. Using resources like ESG dashboards, sustainability performance indices, and AI-powered research, businesses may better assess and disclose their social and environmental impacts. These advancements have further incorporated sustainability reports into the decision-making processes of organisations and judgements regarding investments, improving their comparability and credibility. Various theoretical frameworks provide diverse explanations for the relationship between sustainability reporting and financial success. Businesses, according to stakeholder theory, may succeed more when they prioritise the needs of all stakeholders, not just shareholders. A company's social license to exist and legitimacy may be enhanced by the disclosure of sustainability information, according to the legitimacy hypothesis. Sustainable practices may help people acquire marketable skills, according to the resource-based approach, which highlights how these activities may lead to an edge in the marketplace. Innovation, efficiency, and the sharing of information are all part of these capacities. However, there is absolutely no linearity or consistency to the relationship. Industry, region, company culture, and regulations are some of the variables that could significantly affect sustainability reporting's effect on financial performance. Companies in the manufacturing sector that do business in highly regulated nations may be eligible for direct cash incentives to reduce emissions. In contrast, a tech firm operating in a less regulated market may use environmental disclosures for no other reason than to improve its public perception. Notwithstanding these differences, the general trend indicates that companies who engage in sustainability reporting likely to have better financial success, especially over the long term. They have a better chance of

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anticipating changes in regulatory requirements, addressing stakeholder concerns, and making the most of opportunities in the green economy. Finally, there is a growing body of study at the intersection of sustainability reporting and financial success. It elucidates, in particular, the transformative power of non-financial disclosures in deciding a company's financial destiny and societal value. We hope to conduct a more thorough examination of when, how, and why sustainability reporting contributes to companies' bottom lines by completing this study.

Objectives of the Study:

1. To the profitability ratios of the organisations operating in the financial industry should be analysed.
2. To examine how sustainability reporting affects important financial performance metrics like market capitalisation, earnings per share (EPS), return on equity (ROE), and return on assets (ROA).
3. To discern patterns in the correlation between sustainability reporting and financial performance that are industry-and region-specific.

Literature Review:

The substantial growth in studies on the correlation between sustainability reporting and financial success over the last few decades is a reflection of the increasing recognition of ESG issues in business strategy. A number of theoretical frameworks have been employed to gain insight into the manner and causes of the effect that sustainability reporting has on a company's financial outcomes. These frameworks include stakeholder theory, legitimacy theory, and resource-based theory.

Lashitew, (2021) Disclosure of a company's environmental, social, and governance practices to investors is the objective of sustainability reporting, which is a kind of corporate governance. In most instances, this type of reporting will include information about a company's social impact, which may include its labour practices, diversity and inclusion efforts, and community engagement; its environmental impact, which may include its greenhouse gas emissions, water usage, and waste generation; and its governance practices, which may include its board composition and executive compensation. These are just some of the examples of the types of information that may be included.

The Evolution of Sustainability Reporting

Initiated by CSR (corporate social responsibility) programs, sustainability reporting evolved from voluntary disclosures. As time progressed, reporting frameworks such as GRI, SASB, and Integrated Reporting (<IR>) came into existence to offer structure and uniformity. The majority of the 250 biggest firms in the world now produce sustainability reports; more than 96% of them do so, according to KPMG's 2022 study on the topic. This increase may indicate a trend in institutional thinking towards making sustainability an integral part of how businesses operate.

Empirical Studies on the Financial Impact

A number of empirical studies have been carried out by researchers in order to analyse the impact that sustainability reporting has on financial performance, and the results of these studies have been inconsistent:

A healthy relationship Several studies have found that a company's bottom line may benefit from comprehensive sustainability reporting. For instance, Eccles et al. (2014) found that, over an 18-year period, accounting and stock market performance were much better for businesses that continuously shown high levels of sustainability practices compared to their counterparts. Dhaliwal et al. (2011) found a similar pattern, finding a strong correlation between voluntary disclosures of non-financial information and lower capital expenditures.

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Results that are neither positive nor negative There are a number of studies that take a more measured approach. According to Cho, Michelon, and Patten (2012), sustainability reports mainly serve to manage credibility rather than to reflect actual performance, and their content may be more symbolic than substantive. Consequently, in certain cases, the monetary effect is limited or postponed.

Relationships that are detrimental Programs with sustainability goals may require substantial funding, especially in the near term, according to a limited body of studies. Barnea and Rubin (2010) state that agency conflicts and poor financial performance might arise when managers get too involved in ESG activities, even if these initiatives don't necessarily align with shareholder interests.

Theoretical Perspectives

Businesses, according to Freeman's (1984) Stakeholder Theory, may accomplish more when they align their activities with the expectations of all stakeholders, not only shareholders. Sustainability reporting may be a useful tool for conveying this connection. A Legitimacy Theory Sustainability reporting may help organisations win over the public and get a "license to operate," especially for environmentally conscious companies. According to A Perspective Based on Resources (Barney, 1991), strategies that are put into place to improve long-term performance include reputation, employee engagement, operational efficiency, and other skills that are developed through environmental, social, and governance practices.

Reporting Frameworks and Quality of Disclosure

To measure sustainability's effect, one must look at its legitimacy and quality of reporting. In 2015, Michelon, Pilonato, and Ricceri It should be stressed that standardised and verified reports have a better chance of influencing investor sentiment and producing positive financial outcomes. Internationally accepted standards like GRI or IR can help increase comparability, reliability, and investor confidence.

Sectoral and Regional Variations

Neither industries nor regions have a standard correlation between sustainability reporting and bottom-line results. To prove that resource-intensive and consumer-facing companies place a higher value on environmental, social, and governance performance (Clark, Feiner, & Viehs, 2015). Environmental, social, and governance (ESG)-financial links are typically better for companies operating in regions with stricter regulatory systems or substantial investor activism, like the European Union or North America, as compared to developing market companies.

Role of ESG in Investor Decisions

Sustainability reporting is starting to make a big splash in the world of investment. According to Harvard Business Review (2019), ESG regulations are currently in place for over $30 trillion worth of managed assets throughout the world. The likelihood of institutional investment and the stability of a company's stock price are both enhanced by its degree of environmental, social, and governance (ESG) transparency, according to studies such as Serafeim (2020).

METHOD

The authors of this study evaluated sustainability reporting and financial performance data empirically. The study also looked at the possibility that companies' bottom lines can benefit from transparency on their sustainability initiatives. Examining how sustainability reporting relates to financial success was the driving force for this research. Triggering financial performance, which is the dependent variable, are returns on equity (ROE), returns on assets (ROA), and financial leverage (LEV). Leverage in the financial sector is abbreviated as LEV. The following equations represent the measurement scale for each of them:

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$$ROE = Net\ Income / Shareholder\ Equity \quad (1)$$

$$ROA = Net\ Income / Total\ Assets \quad (2)$$

$$LEV = Total\ Debts / Total\ Equity \quad (3)$$

For the sake of these calculations, let's pretend that we know the following: total assets, net income, shareholder equity, and the current number of outstanding shares. A firm's total assets include both its liabilities and the assets that shareholders personally own. The number of outstanding shares refers to the total number of stock shares that have been issued and are currently held by shareholders. Shareholder equity measures the amount of assets that shareholders possess inside the company. The sum of all a business's profits is called its net income.

To examine the link between sustainability reporting (the independent variable) and the size and age of the bank (the moderated variables), the empirical model formula was used. The dependent variables in this study were financial leverage (LEV), return on equity (ROE), and return on assets (ROA). Thirteen commercial banks made up the sample:

$$ROE = a + b1\,(sustainability\ reporting) + b2\,(size\ of\ bank) + b3\,(age\ of\ bank) + c\,(error\ term) \quad (4)$$

$$ROA = a + b1\,(sustainability\ reporting) + b2\,(size\ of\ bank) + b3\,(age\ of\ bank) + c\,(error\ term) \quad (5)$$

$$LEV = a + b1\,(sustainability\ reporting) + b2\,(size\ of\ bank) + b3\,(age\ of\ bank) + c\,(error\ term) \quad (6)$$

A "sustainability reporting" independent variable and two "size of bank" and "age of bank" dependent variables make up the model. Under a zero-sum setting, the letter "a" denotes the intercept, the value thought to be associated with the dependent variable. For sustainability reporting, bank size, and bank age, the corresponding words are b1‖, b2‖, and -b3‖, respectively. The anticipated change in the dependent variable for a one-unit change in these independent variables is another way to look at these coefficients. Lastly, the letter "c" stands for the error term, which encompasses all components that cannot be measured or identified but might potentially impact the contingent variable. Thirteen commercial banks' sustainability reports, sizes, ages, and dependent variables (ROE, ROA, and LEV) were gathered between 2012 and 2021 for the purpose of estimating this model. We calculated the values of the parameters —a‖, ‘b1‖, —b2‖, and —b3‖ using the social statistical program SSPS. All of the information used in this study came from secondary sources. Academic journals, books, and scientific papers were utilised as secondary sources to construct the study's methodology, variables, and theoretical and conceptual framework. Secondary sources, including financial reports and statistics supplied by Jordanian commercial banks listed on the Amman Stock Exchange, were also used to create the study's test variables. Several research methodologies, including the aforementioned empirical model, might be examined for examining the correlation between sustainability reporting and financial performance for Jordanian commercial banks listed on the Amman Stock Exchange. A second course of action would be to study the long-term financial health of different institutions. Changes in sustainability reporting methods and their potential effects on financial measures are the intended foci of this type of research. This method may help shed light on how sustainability reporting impacts financial outcomes in the long run. Alternatively, you may employ a qualitative method, such conducting interviews or case studies. This approach allows us to explore the connection between sustainability reporting and financial performance from several perspectives, which might help us understand the processes and issues involved better. The viewpoints and experiences of many

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stakeholders, including bank executives, investors, and others, might be better understood using this method's thorough and nuanced insights. Researchers may utilise these various methodologies to investigate Jordanian commercial banks more thoroughly and understand the complex linkages between sustainability reporting and financial performance.

Research community & sample

For the purpose of this study, the research community that is now being carried out includes each and every one of the thirteen Jordanian commercial banks that are listed on the Amman Stock Exchange for the period of time ranging from 2014 to 2023. The research project is referred to as a census study because it necessitates the collection of information from each and every individual who is a part of the population under investigation.

Research questions & hypotheses

The most pressing question in this area of study is whether or not financial success is correlated with the frequency of sustainability reports. The question at hand is whether companies who report on their sustainability efforts do better financially than those who don't. The second thing that needs fixing is the matter of whether factors like company age and size govern the correlation between sustainability reporting and financial performance. Here is the main hypothesis that has to be developed on the relationship between sustainability reporting and financial performance, based on the study questions:

H1: There is financial performance unaffected by sustainability reporting (statistically speaking).

There are several sub-hypotheses that may be derived from this primary hypothesis:

H1a: There is no sustainability reporting's statistically significant effect on LEV.

H1b: There is no the effect of sustainability reporting on ROA that is statistically significant.

H1c: There is no the effect of sustainability reporting on ROE that is statistically significant.

H1d There is no the effect of firm size on financial performance is statistically significant.

H1e: There is Age of the firm does not have a statistically significant effect on financial success.

A representation of the study's design is shown below:

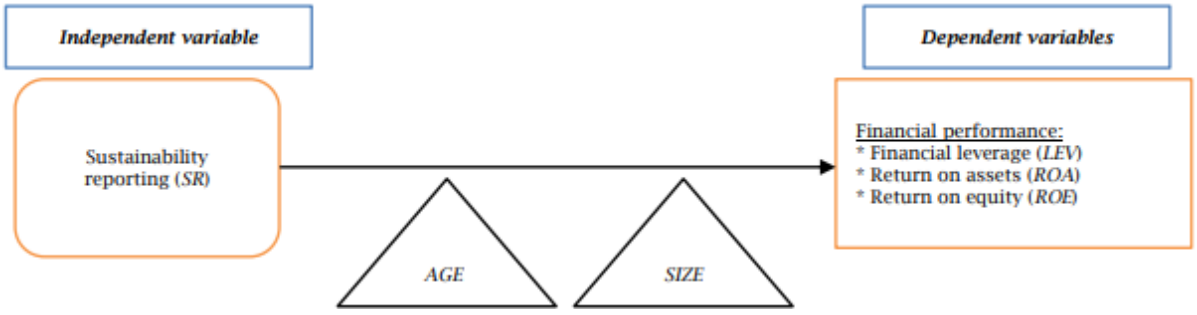

Figure 1. Planning for research

RESULTS

Descriptive statistics

The thirteen commercial banks from Jordan that are listed on the Amman Stock Exchange are shown in Table 1 along with their average financial performance, including LEV, ROA, and ROE. From 2014 all the way up to 2023, this table has you covered. The fact that return on equity and return on assets have been positive for most years suggests that the banks are doing well financially. For 2020, ROE might be as low as 5.1% and as high as 11%, whereas for 2014, ROA could be anywhere from 0.6% to 1.4%. The range of return on equity values is predicated on 2020. If this is the case, it means the banks have been profitable and have made good use of their assets to generate income during the period. From a low of 11.7% in 2023 to a high of 13.3% in 2014, the bank's level of financial leverage (LEV) remained relatively constant during the time. Financial organisations

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have consistently used debt financing to maintain their operations and make investments, if this is indeed the case. But if a company can't generate enough income to cover its debts, then using too much financial leverage may be disastrous. Remember this, since it is very important.

Table 1. The performance of the research sample on average in terms of finances

Year	ROE	ROA	LEV
2012	8.6%	1.1%	13.3%
2013	9.9%	1.2%	12.9%
2014	11%	1.4%	12.5%
2015	10.3%	1.3%	12.7%
2016	8.9%	1.1%	12.9%
2017	9.1%	1.2%	13.2%
2018	9.6%	1.2%	12.60%
2019	9.44%	1.18%	12.4%
2020	5.1%	0.6%	12.2%
2021	8.3%	1%	11.7%

Each variable used in regression statistics has descriptive statistics that may be seen in Table 2. R.O.I., ROA, LEV, SIZE, AGE, and SR are all part of this group of variables. For your convenience, we have included a table outlining the most important features of the tested companies. The ratios of 9.27% for return on equity (ROE), 1.19% for return on assets (ROA), and 12.80% for return on equity (LEV) reflect this. Maintaining consistently high levels of profitability, asset utilisation, and profitability indicates that the firm has achieved financial success. These variables have consistently high values across the data set, as seen by their tiny standard deviations. This is because there is a severe lack of data from the sample. For SIZE, the mean is 19.06 and the standard deviation is 1.63 degrees. This data points to a normal distribution for the sample firms' sizes, with the majority of businesses grouping near the mean. There is a standard deviation of 16.589 and a mean of 37.13 for AGE. Accordingly, the sample appears to include firms of varying ages, spanning from the very young to the very old. Sustainability reporting (SR) has a computed value of 0.172 and a standard deviation of 0.061. It would appear that the majority of the sampled firms report on sustainability at a moderate to high level, and that this consistency holds true across the board.

Table 2. Statistics that are descriptive of the variables

Variables	Obs.	Mean	St. dev.	Min	Max
ROE	130	9.27	0.015	5.10	11.00
ROA	130	1.19	0.002	0.60	1.40
LEV	130	12.80	0.005	11.70	13.30
SIZE	130	19.06	1.63	16.01	27.23
AGE	130	37.13	16.589	7	111
SR	130	0.172	0.061	0	.482

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Regression analysis statistics

An explanation of the multiple regression analysis of the variables that were investigated in Table 3 is provided in the following paragraphs.

Table 3. The analysis of regression

Variables	Coefficients	Standard error	t-stat	P-value	Lower95.0%	Upper95.0%
Intercept total value	1.95381E-17	1.27316E-17	1.534612929	0.175778345	-1.16151E-17	5.06913E-17
ROE	-1.81142E-16	2.0146E-16	-0.89914601	0.403215057	-6.74096E-16	3.11813E-16
ROA	1.8	1.53226E-15	1.17474E+15	2.56838E-89	1.8	1.8
LEV	-1.27126E-16	9.97978E-17	-1.27383183	0.249840147	-3.71322E-16	1.17071E-16
AGE	-0.065851186	0.035650046	-1.847155717	0.107213609	-0.150150149	0.018447777
SIZE	-0.21378464	0.22391933	-0.954739548	0.37150885	-0.743269717	0.315700438

An R-value of 1 indicates a very significant and linear relationship between SR and the dependent variables (ROE, ROA, and LEV). As SR increases, the values of R.O.I., ROA, and LEV also tend to climb. With an R-squared value of 1, the model seems to capture every single variation in the dependent variables. Overfitting, in which the model does not change enough to accommodate new data, could be to blame. Be wary of R-squared values of 1, as they may not show how well the model predicts the future, regardless of how well the model describes the data. When all other model variables have been adjusted for, the ROE, ROA, and LEV coefficients reveal the average change in the dependent variable for a one-unit change in SR. The standard error values of the coefficients show how reliable the estimations are. In order to test if there is a relationship between the variable and SR, the t-values and p-values that go along with them assume that the coefficient is zero. The dependent variable may have a negative correlation with SIZE and AGE, respectively, according to the coefficients of the moderator variables. However, with p-values as high as 0.11 and 0.37, respectively, these relationships cannot be considered statistically significant. It would indicate that the linkage between the moderator characteristics and SR does not much improve our understanding of the relationship between the two. With a p-value of 0.40 for the ROE coefficient, the data show a modest association between ROE and SR, which is not unexpected. The confidence range for the coefficient includes 0, suggesting that there could not be a meaningful link between these factors. The ROA coefficient has a substantially lower p-value of 2.57 × 10^(-89). These findings point to a strong statistical relationship between ROA and SR. The notion that these variables are strongly connected is supported by the fact that the coefficient's confidence range does not cover 0. Because the LEV coefficient has a p-value of just 0.25, it would indicate that the statistical relationship between LEV and SR is weak. A possible lack of statistical significance between these variables is supported by the fact that the coefficient's confidence range includes 0.

Table 4. Analysis of variance (ANOVA) analysis

Type of analysis	df	SS	MS	F	Significance
Regression	3	0.000135613	4.52045E-05	3.62742E+31	3.66643E-94
Residual	6	7.47712E-36	1.24619E-36		
Total	9	0.000135613			

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The analysis of variance (ANOVA) is detailed in Table 4, which you may get here. The data in the table shows that the model has a very high F-value, measuring 3.63 × 10^31. Meanwhile, the p-value linked to it is very small, measuring 3.67 × 10^(-94). That the model fits the data well is the obvious conclusion to draw from this.

Discussion

A decline in return on equity and return on assets caused the bank's financial performance to decline in 2020, according to descriptive performance data. The particular difficulties encountered by the healthcare sector or the monetary fallout from the COVID-19 epidemic could have contributed to this. By poring into the bank's financial records, one may learn what factors are impacting the bank's financial performance and how these factors have changed over time. The level of competition and the present state of the industry are two other considerations. Because banks' ROE and ROA numbers have been positive over the years, regression analysis indicates that they are financially performing well. According to the results of the multiple regression analysis, the dependent variables and SR are linearly related. Just a heads up, the model can struggle to apply to new data due to its strong R-squared and slightly high p-values. You should give this a lot of thought. Academics, clinicians, and public policymakers alike should brace themselves for far-reaching effects from this study. This study contributes to the current literature on the subject and finds that sustainability reporting is beneficial to the economy of developing nations. This part is crucial for the study. The findings elucidate the precise dynamics and mechanisms at play in this link, adding to the existing body of knowledge. Sustainability, corporate social responsibility, and financial researchers can benefit from incorporating these findings into their own research. Researchers can apply the method and strategy employed in this paper to perform similar evaluations in various situations, such underdeveloped markets. likely effects on medical treatment Many practical considerations for businesses operating in developing nations stem from the results of this study. The findings suggest that the company's bottom line may benefit from improved sustainability reporting. The reputation, stakeholder connections, and success possibilities of a firm can benefit from attracting socially responsible investors if it is transparent and honest about its environmental, social, and governance (ESG) initiatives. Financial performance may be enhanced through sustainability reporting, according to the study's conclusions, which can be useful for CEOs and management. Hence, this is demonstrated by the ROE ratio of 9.27%, the ROA ratio of 1.19%, and the LEV ratio of 12.80%. When a company's profitability, asset utilisation, and profitability are consistently high, it can be considered financially successful. These variables display persistently high values across the dataset, as seen by their incredibly tiny standard deviations. This is the outcome of using insufficient sample data. The fact that the standard deviation of SIZE is 1.63 and the mean is 19.06 is also noteworthy. Based on the statistics, it appears that the sample firms' sizes are distributed normally, with the majority of them clustering around the mean. There is a standard deviation of 16.589 and a mean of 37.13 for AGE. It would appear that the sample included both new and long-standing companies. Surprisingly, SR's standard deviation is 0.061 and its mean is 0.172. All things considered, the majority of the sampled organisations seem to report on sustainability to varying degrees. Compared to ROE and LEV, the p-value for ROA and SR is substantially lower, suggesting the possibility of a statistically significant connection. An abbreviation for return on actual investment (SR) would do the trick. There may be a connection between changes in ROA and variations in SR, as previously stated. A lack of statistical significance between ROE, LEV, and SR is supported by the huge p-values of their corresponding coefficients. This result was obtained using the statistical analysis. The obvious conclusion to be made from this is that increasing SR is likely not linked to changing ROE or LEV. Based on the results of the analysis of variance (ANOVA) table, the overall link between SR and the dependent

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variables is statistically significant, with an extremely low p-value. Since SR changes in relation to dependent variable changes, we may conclude that the model is a good fit for the data.

Conclusion:

Sustainability reporting and financial performance in today's business climate are intricately related, and this correlation is only strengthening. If conducted in an open, consistent, and goal-oriented way, sustainability reporting has the power to improve a company's bottom line, according to this study's analysis of theoretical and practical evidence. Increased stakeholder trust, investor confidence, operational efficiency, and long-term profitability are common outcomes for companies that openly disclose their ESG practices. Previous studies have shown that this link is not immediately advantageous and takes some time to develop. A lot of factors, including the industry, the regulatory climate, the location, and the degree of transparency, determine the kind and degree of the impact. An organization's bottom line has a higher chance of benefiting from high-quality, consistent, and validated sustainability reports that meet stakeholder expectations and align with the company's overarching goals. There is mounting evidence that the long-term benefits of sustainability initiatives, which include increased brand value, loyal consumers, less compliance concerns, and access to finance pertaining to ESG issues, more than make up for the initial expenses. Businesses may better handle uncertainty, tackle global challenges, and create long-term value by integrating sustainability into their core financial and operational strategy. Sustainability reporting is more than just a legal need; it's a strategic planning tool that shows how conscientious and proactive a company is. Businesses must integrate sustainability into their operations and be transparent about their progress towards sustainability goals if they want to remain profitable and relevant in the face of changing global markets and rising demands from stakeholders. Improving measuring methodologies and investigating causation across different sectors and places should be ongoing goals of future research in order to provide further evidence for this crucial link.

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