THE IMPACT OF SUSTAINABILITY REPORTING ON A COMPANY'S FINANCIAL PERFORMANCE: EVIDENCE FROM THE EMERGING MARKET

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Abstract

The potential impact of sustainability reporting on a company's financial performance could be measured through its stock price, profitability, or other financial metrics. This research aims to investigate the relationship between sustainability reporting and financial performance, in order to provide insights for companies, investors, and other stakeholders on the potential benefits and drawbacks of sustainability reporting. The research community of this study is formed out of all the 13 Jordanian commercial banks listed in the Amman Stock Exchange, and covering the period from 2012–2021. The study is a census study as it involves collecting data from every member of the study population, which allows for a comprehensive analysis of the relationship between sustainability reporting and financial performance. The data was collected from publicly available sources and analyzed using multiple regression analysis. The results of the study suggest that there is a strong linear relationship between sustainability reporting and the dependent variables return on assets (*ROA*) and financial leverage (*LEV*), but the relationship between sustainability reporting (*SR*) and return on equity (*ROE*) is not statistically significant. These findings provide insights for companies, investors, and other stakeholders on the potential benefits and drawbacks of sustainability reporting and can inform decision-making around sustainability initiatives.

Keywords: Sustainability, Financial Performance, ROA, ROE, LEV, Jordan

Authors' individual contribution: Conceptualization — O.S.S. and A.B.; Methodology — O.S.S.; Software — O.S.S.; Validation — O.S.S. and A.B.; Formal Analysis — O.S.S.; Investigation — A.B.; Resources — O.S.S. and A.B.; Data Curation — O.S.S.; Writing — Original Draft — O.S.S.; Writing — Review & Editing — O.S.S. and A.B.; Visualization — O.S.S.; Supervision — O.S.S.; Project Administration — O.S.S. and A.B.

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1. INTRODUCTION

Sustainability reporting is a means by which companies disclose information about their environmental, social, and governance (ESG) performance and impacts. It is an increasingly important aspect of corporate transparency and accountability, as investors, consumers, and other stakeholders increasingly demand to know more about a company's non-financial performance (Adams & Abhayawansa, 2022; Andrian & Pangestu, 2022).

This research paper will try to explore whether companies that report on their sustainability efforts, such as reducing their carbon footprint or increasing their use of renewable energy, experience an improvement in their financial performance. This could be measured by looking at their stock price, profitability, or other financial metrics.

There are several reasons why it is important to study the impact of sustainability reporting on a company's financial performance. First, sustainability reporting helps to improve a company's reputation and brand image (Patara & Dhalla, 2022). By disclosing information about their ESG performance and impacts, companies can demonstrate their commitment to sustainability and responsible business practices (Buhr et al., 2014; Kostiuchenko et al., 2022). The impact of sustainability reporting on the reputation of international companies is particularly significant in industries that are subject to controversy. This can help to build trust with stakeholders, including investors, customers, and employees, which can have a positive impact on the company's financial performance. Second, sustainability reporting can help to reduce risks and increase opportunities for companies (Beerbaum & Puaschunder, 2019). By disclosing information about their ESG performance and impacts, companies can identify and mitigate potential risks, such as regulatory or reputational risks, that may impact their financial performance. Additionally, companies can use sustainability reporting to identify and seize new opportunities, such as the development of new products or services that address environmental or social challenges. Third, sustainability reporting can help to drive operational improvements and cost savings for companies (Dienes et al., 2016). By disclosing information about their ESG performance and impacts, companies can identify areas where they can improve their operations and reduce their environmental footprint. For example, companies may be able to reduce energy consumption, water usage, or waste generation, which can lead to cost savings and improved financial performance (Astuti et al., 2023; Atkins et al., 2015).

In conclusion, the study of the impact of sustainability reporting on a company's financial performance is important because it can help to improve a company's reputation and brand image, reduce risks and increase opportunities, and drive operational improvements and cost savings. So, the increasing focus on sustainability has led many companies to report on their efforts to reduce their environmental impact and improve their social and governance practices. However, there is a lack of consensus on whether sustainability reporting actually leads to improved financial performance for companies.

This research aims to investigate the relationship between sustainability reporting and financial performance, in order to provide insights for companies, investors, and other stakeholders on the potential benefits and drawbacks of sustainability reporting.

The study will conduct an empirical study that analyzes data on sustainability reporting and financial performance. This will involve gathering information on the sustainability practices and financial performance as seen in the research samples' return on assets (*ROA*), return on equity (*ROE*), and financial leverage (*LEV*).

The structure of this paper is as follows. Section 2 reviews the relevant literature; Section 3 presents the methodology adopted; Section 4 demonstrates the results; Finally, Section 5 introduces the conclusions and the limitations of the study.

2. LITERATURE REVIEW

The potential impact of sustainability reporting on a company's financial performance is an area of ongoing research and debate. Some studies have found a positive relationship between sustainability reporting and financial performance, while others have found no relationship or even a negative relationship. The potential impact of sustainability reporting on a company's financial performance could be measured through its stock price, profitability, or other financial metrics (Adams & Abhayawansa, 2022). This could include examining empirical studies on the relationship between sustainability reporting and financial performance, as well as the potential mechanisms by which sustainability reporting could influence financial performance (Atkins et al., 2015; Buallay, 2022). For example, some studies have found that companies that engage in sustainability reporting tend to have higher stock prices and better financial performance than companies that do not report on their sustainability efforts (Das et al., 2023). This may be due to a number of factors, such as the ability of sustainability reporting to signal a company's long-term financial health, or the potential for sustainability practices to reduce costs and increase revenue for the company (Harmadji et al., 2018; Aggarwal, 2013; Singh & Agrawal, 2022).

On the other hand, some studies have found that there is no statistically significant relationship between sustainability reporting and financial performance. This may be due to the complexity and diversity of sustainability practices, as well as the challenges of measuring and comparing sustainability performance across different companies (Cho et al., 2018).

Many researchers also found a relationship between the role of sustainability reporting in corporate governance. They discussed how sustainability reporting is used by companies to communicate their environmental, social, and governance practices to stakeholders, such as investors, employees, and customers. And they argued that sustainability reporting could promote transparency and accountability within organizations (Bradford et al., 2017; Cho et al., 2018; Kostyuk et al., 2016).

Sustainability reporting is used by companies to communicate their ESG practices to investors. This type of reporting typically includes information on a company's environmental impact, such as its greenhouse gas emissions, water usage, and waste generation; its social impact, such as its labor practices, diversity and inclusion efforts, and community engagement; and its governance practices, such as its board composition and executive compensation (Lashitew, 2021).

Sustainability reporting is often voluntary, and companies may choose to report on their ESG practices through a variety of channels, such as annual reports, sustainability reports, and corporate responsibility reports. Some companies may also choose to report their ESG information using standardized frameworks, such as the Global Reporting Initiative (GRI) or the Sustainability Accounting Standards Board (SASB), which provide guidance on the type of information that should be included in sustainability reports (Du et al., 2017; Christensen et al., 2021).

By providing information on their ESG practices, companies can help investors understand the potential risks and opportunities associated with their business, and make more informed investment decisions (Amel-Zadeh & Serafeim, 2018). For example, investors may be interested in a company's sustainability performance if they are concerned about the risks of climate change, or if they believe that companies with strong ESG practices are likely to have better long-term financial performance.

Overall, sustainability reporting is an important tool for companies to communicate their ESG practices to investors and other stakeholders, and to promote transparency and accountability in the financial markets.

In addition to communicating their ESG practices to investors, companies may also use sustainability reporting to communicate with their employees and customers. This can be a valuable way for companies to demonstrate their commitment to sustainability, and to engage and motivate their employees and customers on sustainability issues (Amel-Zadeh & Serafeim, 2018). For example, companies may use their sustainability reports to highlight their achievements and progress on sustainability goals, such as reducing their carbon footprint or increasing their use of renewable energy. This can help to build trust and loyalty among employees and customers and to promote a positive company image (Székely & Knirsch, 2005; Schaltegger & Csutora, 2012).

Companies may also use sustainability reporting to engage their employees and customers on sustainability issues. For example, they may invite employees and customers to provide feedback on their sustainability performance or to participate in sustainability-related initiatives and programs. This can help to build a sense of community and collaboration around sustainability and to foster a culture of sustainability within the company (Dauvergne & Lister, 2012; Alkaraan, 2023).

Overall, sustainability reporting can be a valuable tool for companies to communicate with their employees and customers about their ESG practices, and to promote sustainability within their organizations and beyond (Legaspi, 2023).

Many researchers also tried to answer if there is a relationship between the level of sustainability reporting and financial performance. In their research findings, they found that there is some evidence that companies with higher levels of sustainability reporting tend to have better financial performance (Journeault et al., 2021). This is because sustainability practices can lead to a range of benefits for businesses, such as reduced costs, increased efficiency, and improved stakeholder relations. For example, a company that has implemented sustainable practices may be able to reduce its energy and resource consumption, leading to lower operating costs. Additionally, consumers and investors are increasingly interested in companies that are socially and environmentally responsible, and this can lead to improved financial performance by attracting more business and investment (Farooq & Villiers, 2019; Dauvergne & Lister, 2012).

However, it is important to note that the relationship between sustainability reporting and financial performance is complex and not necessarily causal. There are many other factors that can impact a company's financial performance, and it is difficult to disentangle the specific impact of sustainability practices.

Overall, it seems that companies with a strong focus on sustainability tend to be well-managed and financially successful, but it is not necessarily the case that sustainability practices alone are the cause of this success.

The legitimacy theory is a framework that is often used to explain and understand the motivations behind sustainability reporting. It suggests that organizations engage in sustainability reporting in order to maintain or improve their legitimacy in the eyes of various stakeholders, such as shareholders, regulators, customers, and the general public (Zarefar et al., 2022).

According to the legitimacy theory, organizations must meet the expectations and norms of their stakeholders in order to be perceived as legitimate. Sustainability reporting can be a way for organizations to demonstrate that they are meeting these expectations and norms by providing information about their ESG performance. By doing so, organizations can improve their reputation and demonstrate their commitment to sustainability, which can help to maintain or enhance their legitimacy (Zarefar et al., 2022; Yassin, 2017).

There are several factors that can influence the legitimacy of an organization, including the level of transparency and accountability in its operations, the quality of its products and services, and its compliance with laws and regulations. Sustainability reporting can help organizations address these factors by providing information about their ESG performance and the actions they are taking to address sustainability challenges (Alkaraan, 2023; Nurhayati et al., 2016).

Overall, the legitimacy theory suggests that sustainability reporting is driven by the need to maintain or improve an organization's legitimacy in the eyes of its stakeholders. It is an important consideration for organizations that want to demonstrate their commitment to sustainability and maintain a positive reputation in the marketplace (Azizul Islam, 2017).

The investigation of financial performance in this study is reflected in three measures only, financial leverage (*LEV*), return on assets (*ROA*), and return on equity (*ROE*). Financial leverage (*LEV*) refers to the use of borrowed money to finance a company's assets. It allows a company to increase its potential return on investment by using debt to invest in additional assets, but it also increases the risk of financial distress if the company is unable to generate sufficient profits to meet its debt

obligations (Saleh & Abu Afifa, 2020). There are several ways to measure financial leverage. One common measure is the debt-to-equity ratio, which compares the amount of debt a company has to the amount of equity (i.e., the value of the company's assets minus its debts). A higher debt-to-equity ratio indicates a higher level of financial leverage. Another measure is the interest coverage ratio, which compares a company's earnings before interest and taxes (EBIT) to its interest expenses. A lower interest coverage ratio indicates a higher level of financial leverage and a higher risk of financial distress (Daniswara & Daryanto, 2020).

Return on assets (*ROA*) is a financial measure that reflects the efficiency with which a company is using its assets to generate profits. It is calculated by dividing the company's net income by its total assets. A high *ROA* indicates that the company is effectively using its assets to generate profits, while a low *ROA* may suggest that the company is not efficiently utilizing its assets (Afifa et al., 2023; Asikin et al., 2020).

Return on equity (*ROE*) is a financial measure that reflects the efficiency with which a company is using its shareholders' equity to generate profits. It is calculated by dividing the company's net income by its shareholders' equity. *ROE* is often used to evaluate a company's management and to compare the profitability of different companies (Daniswara & Daryanto, 2020).

Overall, *ROA*, *ROE*, and *LEV* are all important measures of financial performance that can provide insight into a company's profitability, efficiency, and management. They can be used individually or in combination to assess a company's financial performance and to compare it to other companies.

3. METHOD

To investigate the relationship between sustainability reporting and financial performance, the study conducted an empirical study that analyzed data on both sustainability reporting and financial performance and also investigated whether companies that report on their sustainability efforts see an improvement in their financial performance. *Financial performance* is the dependent variable and it's reflected in three variables namely, financial leverage (*LEV*), return on assets (*ROA*), and return on equity (*ROE*). The following equations are the measurement scale for each of them:

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

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

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

These equations assume that net income, shareholder equity, total assets, and the number of outstanding shares are all known. Net income is a company's profits, shareholder equity is the amount of a company's assets that are owned by shareholders, total assets is the sum of a company's liabilities and assets, and the number of outstanding shares is the number of shares of stock that have been issued and are held by shareholders.

The empirical model formula was used to measure the relationship between *sustainability reporting* (the independent variable) and *size* and *age of bank* (the moderated variables) in a sample of 13 commercial banks, with return on equity (*ROE*), return on assets (*ROA*), and financial leverage (*LEV*) as the dependent variables:

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

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

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

In this model, "*sustainability reporting*" is the independent variable that is being measured, and "*size of bank*" and "*age of bank*" are the moderated variables. The "a" term represents the intercept or the expected value of the dependent variable when all of the other variables are equal to zero. The "$b1$", "$b2$", and "$b3$" terms represent the slope coefficients for *sustainability reporting*, *size of bank*, and *age of bank*, respectively, or the estimated change in the dependent variable for a unit change in these variables. Finally, the "c" term represents the error term, which captures any unmeasured or unpredictable factors that may affect the dependent variable.

To estimate this model, the study collected data on *sustainability reporting*, *size of bank*, *age of bank*, and the dependent variables (*ROE*, *ROA*, and *LEV*) for the 13 commercial banks sample covering the period from 2012 to 2021. The social statistical program SSPS *was* used to estimate the values of the parameters "a", "$b1$", "$b2$", and "$b3$".

Secondary sources were entirely used in the data collection process in this study, as scientific papers, books, and academic periodicals were used as secondary sources to construct the study methodology, variables, and theoretical and conceptual framework, while data and financial reports published for Jordanian commercial banks listed on the Amman Stock Exchange were used as secondary sources for the study's test variables.

In addition to the empirical model presented in the previous section, alternative research methods could also be considered for investigating the relationship between sustainability reporting and financial performance in the context of Jordanian commercial banks listed on the Amman Stock Exchange. One alternative method is a longitudinal study that tracks the financial performance of banks over a specific period, capturing changes in sustainability reporting practices and their potential impact on financial indicators. This method would provide insights into the long-term effects of sustainability reporting on financial performance. Another alternative method is a qualitative approach, such as interviews or case studies, which would allow for a more in-depth exploration of the underlying mechanisms and contextual factors that influence the relationship between sustainability reporting and financial

performance. This method would provide rich and nuanced insights into the experiences and perspectives of bank executives, investors, and other stakeholders. By considering these alternative methods, researchers can further enrich the understanding of the complex dynamics between sustainability reporting and financial performance in the specific context of Jordanian commercial banks.

3.1. Research community & sample

The research community of this study is formed out of all the 13 Jordanian commercial banks listed in the Amman Stock Exchange for the period from 2012 to 2021. The study is a census study as it involves collecting data from every member of the study population.

3.2. Research questions & hypotheses

The main research question to be answered is *whether companies that engage in sustainability reporting have better financial performance than those that do not, or whether there is a correlation between the level of sustainability reporting and financial performance*. The second question is *if there are any factors that moderate the relationship between sustainability reporting and financial performance, such as company size, and age.*

Based on the research questions, the main hypothesis to be developed about the relationship between sustainability reporting and financial performance is:

H1: There is no statistically significant impact of sustainability reporting on financial performance.

This main hypothesis can be sub-divided into the following:

H1a: There is no statistically significant impact of sustainability reporting on financial leverage (LEV).

H1b: There is no statistically significant impact of sustainability reporting on return on assets (ROA).

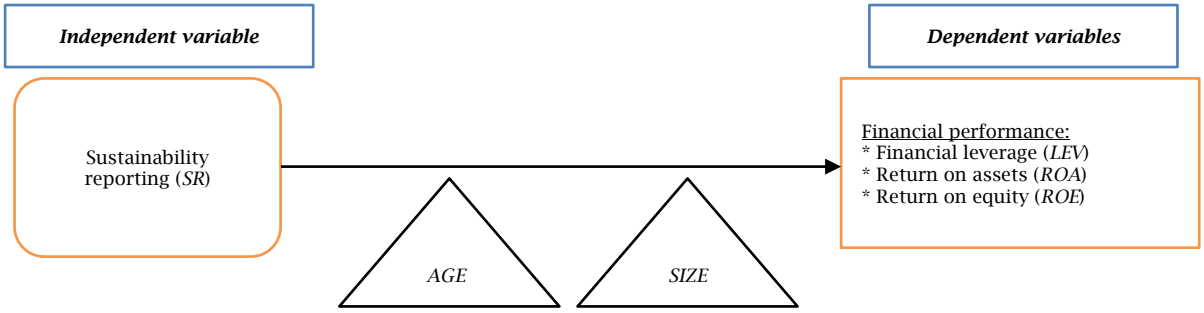
H1c: There is no statistically significant impact of sustainability reporting on return on equity (ROE).

H1d There is no statistically significant impact of company Size on financial performance.

H1e: There is no statistically significant impact of company Age on financial performance.

The following represents the study design:

Figure 1. Research design



4. RESULTS

4.1. Descriptive statistics

Table 1 illustrates the average financial performance (*LEV*, *ROA*, and *ROE*) for all of the 13 Jordanian commercial banks listed in the Amman Stock Exchange for the period 2012–2021. The banks seem to be performing well financially, as indicated by the positive values for *ROE* and *ROA* in most years. The *ROE* values range from a low of 5.1% in 2020 to a high of 11% in 2014, while the *ROA* values range from a low of 0.6% in 2020 to a high of 1.4% in 2014. This suggests that the banks have been able to generate profits and effectively use their assets to generate income over the period.

The bank's financial leverage (*LEV*) has remained relatively stable over the period, with values ranging from a low of 11.7% in 2021 to a high of 13.3% in 2012. This may indicate that banks have been consistent in their use of debt financing to fund their operations or make investments. However, it is important to note that high financial leverage can be risky if the company is unable to generate sufficient profits to cover its debt payments.

Table 1. Average financial performance of the study sample

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%

Source: Central Bank of Jordan (2021).

Table 2 illustrates the descriptive statistics of all variables (*ROE*, *ROA*, *LEV*, *SIZE*, *AGE* and *SR*) used in regression statistics. The table provides a summary of the key characteristics of the sample of companies. The mean values for *ROE*, *ROA*, and *LEV* are 9.27%, 1.19%, and 12.80%, respectively. These values suggest that the company has been performing well financially over the period, with consistently high levels of profitability and asset utilization. The standard deviations for these variables are relatively small, indicating that the values are relatively consistent across the sample.

The mean value for *SIZE* is 19.06, with a standard deviation of 1.63. This suggests that the size of the companies in the sample is relatively consistent, with most companies falling within a narrow range around the mean.

The mean value for *AGE* is 37.13, with a standard deviation of 16.589. This suggests that the age of the companies in the sample is somewhat variable, with some companies being relatively young and others being more established.

The mean value for sustainability reporting (*SR*) is 0.172, with a standard deviation of 0.061. This suggests that the level of sustainability reporting among the companies in the sample is relatively consistent, with most companies falling within a narrow range around the mean.

Table 2. Descriptive statistics of 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

Source: Authors' elaboration using SSPS.

4.2. Regression analysis statistics

Table 3 below describes the multiple regression analysis of the study variables.

Table 3. Regression analysis

Variables	*Coefficients*	*Standard error*	*t-stat*	*P-value*	*Lower 95.0%*	*Upper 95.0%*
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

Source: Authors' elaboration using SSPS.

The multiple R-value of 1 indicates that there is a strong linear relationship between the independent variable (*SR*) and the dependent variables (*ROE*, *ROA*, and *LEV*). This means that as *SR* increases, the values of *ROE*, *ROA*, and *LEV* are also likely to increase. The R-square value of 1 suggests that the model explains 100% of the variance in the dependent variables. This could be an indication of overfitting, where the model may not generalize well to new data. It is also possible that the model is accurately describing the data, but it is important to be cautious when interpreting R-square values of 1, as they may not be representative of the model's predictive accuracy.

The coefficients for *ROE*, *ROA*, and *LEV* indicate the average change in the dependent variable associated with a one-unit change in *SR*, while controlling for the other variables in the model. The standard error values for the coefficients provide an indication of the precision of the estimates. The t-values and corresponding p-values test the null hypothesis that the coefficient is equal to zero (i.e., that there is no relationship between the variable and *SR*).

The coefficients for the moderator variables suggest that there may be a negative relationship between *AGE* and the dependent variable and a negative relationship between *SIZE* and the dependent variable. However, the p-values for these coefficients are relatively high (0.11 and 0.37, respectively), indicating that these relationships are not statistically significant. Overall, it seems that the relationship between *SR* and the moderator variables does not significantly improve our understanding of this relationship.

The p-value for the coefficient of *ROE* is relatively high, at 0.40. This suggests that there is not a strong statistical relationship between *ROE* and *SR*. The confidence interval for the coefficient also includes zero, further supporting the idea that there may not be a significant relationship between these variables. The p-value for the coefficient of *ROA* is much lower, at $2.57 \times 10^{(-89)}$. This suggests that there is a strong statistical relationship between *ROA* and *SR*. The confidence interval for the coefficient does not include zero, further supporting the idea that there is a significant relationship between these variables. The p-value for the coefficient of *LEV* is 0.25, indicating that there is not a strong statistical relationship between *LEV* and *SR*. The confidence interval for the coefficient includes zero, further supporting the idea that there may not be a significant relationship between these variables.

Table 4. Analysis of variance (ANOVA) analysis

Type of analysis	*df*	*SS*	*MS*	*F*	*Significance F*
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			

Note: df — degree of freedom; SS — sum of square; MS — mean of square.
Source: Authors' elaboration using SSPS.

Table 4 describes the ANOVA analysis, the table shows that the F-value for the model is very large (3.63×10^{31}), and the corresponding p-value is very small ($3.67 \times 10^{(-94)}$). This suggests that the model is a good fit for the data.

4.3. Discussion

According to the descriptive statistics, there was a dip in the bank's financial performance in 2020, as indicated by the lower values for *ROE* and *ROA*. This may have been due to factors such as the economic

impact of the COVID-19 pandemic or other industry-specific challenges. It is important to carefully analyze the bank's financial statements and consider other factors (such as industry conditions and competitive landscape) to understand the reasons for any changes in financial performance.

According to the regression analysis, banks seem to be performing well financially, with consistently positive values for *ROE* and *ROA* over the period.

Overall, the results of the multiple regressions indicate that there is a strong linear relationship between *SR* and the dependent variables, but it is worth noting that the model may not generalize well to new data due to the high R-square value and the relatively high p-values for some of the coefficients.

The findings of this study have significant implications for academia, practice, and policy.

Academic implications: The research contributes to the existing academic literature by providing empirical evidence on the relationship between sustainability reporting and financial performance in emerging markets. The results add to the body of knowledge by expanding the understanding of the specific dynamics and mechanisms underlying this relationship. Researchers in the fields of sustainability, corporate social responsibility, and finance can benefit from these findings and incorporate them into future studies. Moreover, the study's methodology and approach can serve as a reference point for researchers interested in conducting similar research in other emerging market contexts.

Practical implications: The outcomes of this study have practical implications for companies operating in emerging markets. The findings suggest that implementing effective sustainability reporting practices can positively impact a company's financial performance. By disclosing ESG information and demonstrating their commitment to sustainable practices, companies can enhance their reputation, attract socially responsible investors, and strengthen stakeholder relationships. The study's results provide guidance for managers and executives in formulating and implementing sustainability reporting strategies that can contribute to improved financial performance.

Policy implications: The study also has implications for policymakers and regulatory authorities. The findings highlight the potential benefits of promoting and incentivizing sustainability reporting among companies in emerging markets. Policymakers can consider developing supportive frameworks, regulations, and reporting standards that encourage companies to disclose their ESG performance. By doing so, policymakers can foster a more sustainable business environment and stimulate economic growth. Furthermore, the study's results can inform policymakers' decisions regarding the design and implementation of policies related to sustainable development and responsible business practices.

5. CONCLUSION

The multiple regression results indicate that there is a strong linear relationship between *SR* and the dependent variables *ROA* and *LEV*, but the relationship between *SR* and *ROE* is not statistically significant.

The mean values for *ROE*, *ROA*, and *LEV* are 9.27%, 1.19%, and 12.80%, respectively. These values suggest that the company has been performing well financially over the period, with consistently high levels of profitability and asset utilization. The standard deviations for these variables are relatively small, indicating that the values are relatively consistent across the sample. Furthermore, the mean value for *SIZE* is 19.06, with a standard deviation of 1.63. This suggests that the size of the companies in the sample is relatively consistent, with most companies falling within a narrow range around the mean.

The mean value for *AGE* is 37.13, with a standard deviation of 16.589. This suggests that the age of the companies in the sample is somewhat variable, with some companies being relatively young and others being more established. Also, the mean value for *SR* is 0.172, with a standard deviation of 0.061. This suggests that the level of sustainability reporting among the companies in the sample is relatively consistent, with most companies falling within a narrow range around the mean.

The p-value for the coefficient of *ROA* is much lower than the p-values for the coefficients of *ROE* and *LEV*, indicating that there is a strong statistical relationship between *ROA* and *SR*. This suggests that changes in *SR* are likely to be associated with changes in *ROA*. The p-values for the coefficients of *ROE* and *LEV* are relatively high, indicating that there is not a strong statistical relationship between these variables and *SR*. This suggests that changes in *SR* are not likely to be associated with changes in *ROE* or *LEV*.

The ANOVA table shows that the overall relationship between *SR* and the dependent variables is statistically significant, with a very small p-value. This suggests that the model is a good fit for the data and that changes in *SR* are likely to be associated with changes in the dependent variables.

Overall, the results suggest that the companies in the sample have been performing well financially, with high levels of profitability and asset utilization. The relationship between *SR* and the dependent variables *ROA* and *LEV* is statistically significant, while the relationship between *SR* and *ROE* is not statistically significant. The *SIZE* and *AGE* of the companies in the sample are relatively consistent, while the level of sustainability reporting is also relatively consistent. It is important to note that these conclusions are based on the results of the multiple regression and the descriptive statistics, and should be interpreted with caution. It would be helpful to further examine the data and consider other potential explanatory variables that may help to improve the model's fit.

Based on the above conclusions, here are a few potential limitations of the study, but it is important to keep these limitations in mind when interpreting the results of the study and considering its implications. It would be helpful to further examine the data and consider other potential explanatory variables that may help to improve the model's fit and address these limitations.

The sample size may be too small to accurately represent the population. With only 13 companies in

the sample, it may be difficult to generalize the results to the larger population of Jordanian commercial banks.

The sample may not be representative of the population. If the sample is not representative of the larger population of Jordanian commercial banks, the results of the study may not be applicable to the population as a whole.

The time period of the study may be too short to accurately assess the relationship between the variables. With a time period of only 10 years, it may be difficult to accurately assess the long-term relationship between sustainability reporting and financial performance.

The model may be oversimplified. The multiple regression model used in the study only includes three explanatory variables (*SR*, *ROE*, and *ROA*), and may not accurately capture the complexity of the relationship between these variables. It may be helpful to include other explanatory variables in the model to improve its fit.

Finally, the study is based on financial data, which may not accurately reflect the social and environmental impact of sustainability reporting. While financial performance is an important aspect of sustainability, it is only one aspect and may not accurately capture the full range of social and environmental impacts.

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