





## The Mediating Role of Social Responsibility between Sustainability Accounting and Financial Performance

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### Abstract:

This research aims to identify the role of sustainability accounting in improving financial performance by adopting social responsibility indicators. The research aims to clarify how social responsibility can contribute to enhancing the financial benefits resulting from sustainability accounting practices, ultimately leading to improved financial performance of companies. A mixed-methods approach was employed to analyse both qualitative and quantitative data. A random sample of banks listed on the Iraq Stock Exchange was selected for the study, including five banks for a four-year time series, in addition to a sample of specialists for the purpose of answering the axes related to the qualitative variable of social responsibility indicators. A mixed model was formulated according to the MixMode method and tested by structural modelling. The research concludes that the impact of sustainability accounting appears through adopting the social responsibility model through several mechanisms such as focusing on economic efficiency, positive social relations and environmental compliance, which enhances the company's sustainability, reduces risks, increases profitability and improves financial performance. Among the most important recommendations are: Developing a comprehensive sustainability policy that clarifies its commitment to complying with environmental and regulatory requirements, which should include the objectives, standards and procedures that will be followed to ensure compliance.

**Keywords:** Sustainability accounting, social responsibility, economic performance, social performance, environmental performance, financial performance.

## 1. Introduction:

For three decades, the world has been witnessing many serious economic, environmental and social crises, including biodiversity loss, the shrinkage of green spaces, water and air pollution, child labor and forced labor. Accordingly, the United Nations called for measures and therapeutic solutions. As a result, the countries of the world agreed on criticising the development model (modernity model), which resulted in a lifestyle that consumes available resources. A new ideas have surfaced in the business world, with corporate responsibility possibly being the most significant, which translates the extent of companies' contribution to the sustainable development process through the extent of their adoption of sustainability dimensions in their environmental, social and economic performance (Jajawi & Jawad, 2019:6). The current era is characterized by increased environmental awareness and social responsibility, and the relationship between sustainability accounting and financial performance has emerged as a very important area of research. Organizations have become increasingly aware that their ability to survive in the long term is fundamentally linked to sustainable practices and ethical governance (Endiana et al., 2020:5). Therefore, it is necessary to explore the mechanisms by which sustainability accounting affects companies' financial results. Therefore, the motivation for our research was in light of the worsening social problems that came simultaneously with scientific and technological development, and even came as a natural result of it. It became necessary to search for scientific solutions to these problems on the one hand and to recognise the sustainability and social responsibility of economic institutions on the other hand. This requires developing a view towards economic institutions and not limiting their activity to the economic aspect only, but rather thinking about what they can do towards the worsening social problems and measuring their impact on overall financial performance by studying these interconnected elements. Studies have addressed these elements and indicators. The study (Khasharmeh, 2007: 3) analysed the level of disclosure of social responsibility accounting in Jordanian joint-stock companies and aimed to identify some features and characteristics in the specific company and concluded that the level of disclosure in this company needs to be improved using the latest scientific methods. In the same context, the study (Lusiana, 2021) came to measure the company's success based on its financial performance and social and environmental aspects. The relationship was measured by disclosing corporate social responsibility through the return on assets ratio and return on equity, while corporate social responsibility is a strategy to increase the value of the company (Han et al., 2016).

Finally, the importance of the research appears in light of the global trend towards sustainability and social responsibility. This research constitutes a valuable addition to financial and administrative practices, as it provides insights into sustainability accounting from a social responsibility perspective and its impact on the financial performance of companies. It also contributes to directing companies towards strategies that enhance sustainability and achieve economic benefits.

## 2. Literature Review and Hypotheses Development:

### 2.1. Sustainability Accounting:

Sustainability has become an important financial concept for many economists and international organisations in recent years due to the economic and social challenges facing the world (Saleh & Hamad, 2024:241). Sustainability accounting refers to the latest stages of accounting development as a source of information necessary to achieve sustainable development in various business organisations, as well as being the main element influencing the preparation and planning of economic and social development policies. The process of identifying the factors that affect the degree of disclosure of sustainability accounting elements is of great importance to various internal and external parties alike (Tlawla, 2016: 3).

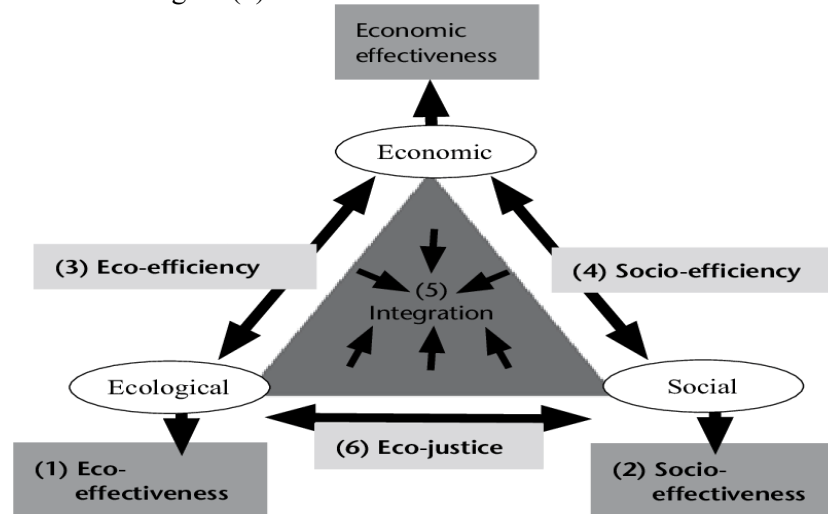
Since the current trend is towards disclosing sustainability accounting elements (economic, social, environmental) for business organizations, which has become part of the general framework of accounting disclosure as a result of the interest of governmental and civil organizations in the process of achieving development (Ali & Abdullah, :2021 188). Also, there is pressures exerted by international bodies regarding the disclosure of sustainability accounting elements in order to protect and develop them, based on adopting the concept of sustainable development as the best way to do business (Bartlett, 2012: 2). The concept of sustainability is used in the context of describing a desirable state of global balance that aims at the slogan: "We are looking for typical outcomes that represent a sustainable global system without sudden and uncontrolled collapse and capable of meeting the basic material requirements of all members of society" (Kratnová 2015: 14), the essential point is the continuing debate about the conflict of ideas about the content of sustainability, which requires compatibility between the past and the present on the one hand (Krause et al., 2016: 22), the future, on the other hand, demands that sustainability be pursued through optimal investment of the organization's available resources without compromising the future capacity of these resources (Camarero et al., 2015, 33). Companies seek to integrate sustainability into all their activities to achieve sustainable value for themselves and all stakeholders. Sustainability accounting, from an accounting perspective, refers to the ability of companies to continue their business in the long term to achieve continuous growth rates as an indicator (Abdullah, 2018: 4). According to IFAC, sustainability accounting is defined as managing environmental and economic performance by preparing and developing appropriate accounting systems related to the environment and their applications (Abdullah & wadi, 2018:588). It is the ability of the environment to operate indefinitely using clean technologies alongside renewable resources, and achieving sustainability in both consumption and production, i.e. meeting the needs of humans at the present time without endangering the well-being of future generations (Malette, 2008: 25). Sustainability accounting was known as environmental and/or social accounting, it is defined as the accounting that aims to create and provide high-quality information to support the company in its direction towards achieving sustainability (Schaltegger & Zvezdov, 2015:15). It represents the framework that can be used to reflect the economic, social and environmental impact and to show how they are related to each other (Stacchezzini et al, 2016:1). There is an importance to sustainable value added accounting in light of the existence of sustainability reports dedicated to measuring and disclosing sustainability (Abdullah & Ali,2021 :186), And Sustainability means the integration of the three dimensions: economic, environmental and social (Abdullah & Wadi,2018 :586).

## 2.2. Social Responsibility:

The concept is based on the necessity of creating a kind of harmony between the conflicting interests embodied in profitability on the one hand and the necessity of taking into account the interests of society on the other hand. Based on these assumptions, it was necessary to establish a corporate social responsibility program within a framework that attempts to integrate it within the company's activities (Akdogan et al., 2020: 3). One of the contemporary administrative ideas that resulted from mounting pressure on organisations is the idea of social responsibility (Ahmed&Ibrahim, 2020:452). This is because organizations' roles are not just about serving their own interests and making money, they also have to work to further in order to achieve growth and ensure their survival (Qaid, 2017: 3). Social responsibility is defined as the moral commitment and responsible behavior towards a group of stakeholders (Veronica, 2017: 2). The world bank defines it as the dedication of entrepreneurs to support sustainable development by collaborating with their workers, their families, the local community, and society (Fayhan, 2012: 3). The practices of social responsibility contribute to building a positive reputation for organisations and enhancing trust among stakeholders (Taher & Faisal,2024:166).

### 2.3. Social Responsibility Indicators:

Recent years have witnessed the need for companies to report on sustainability as part of their normal business to meet the expectations of stakeholders, investors and society due to increasing public concerns about these issues (Nanci G. & Harris, 2021: 3). Hence, the concept of comprehensive sustainability emerged, which focuses on efficiency in achieving these dimensions, as shown in Figure (2).



**Figure 2:** The relationship between the components of sustainability (Schaltegger & Christian, 2006: 8).

Environmental and economic issues are addressed together within the framework of environmental accounting, but they represent only two of the pillars of sustainable development (Schaltegger & Christian 2006: 8). Accordingly, a large number of stakeholders have begun to focus on sustainability accounting research and its applications, which aim not only to include comprehensive environmental and economic factors, but also the necessary and essential social aspects of a sustainable environment (Santos, 2020: 3).

#### 1. Economic Factor:

This element is rooted in the principle of maximising the welfare of society and eliminating poverty through optimal exploitation of natural resources, by stopping the waste of resources (Hameed&Al-Mashhadani, 2024:539). To achieve development in its early stages, it requires a large use of resources, which leads to their depletion. Hence, sustainable development came as an urgent need to rationalize the consumption of resources as well as change consumption patterns that threaten biodiversity, such as endangered animal products and to make continuous reductions in the levels of consumption of natural resources by radically changing lifestyles and improving the level of efficiency (7: 2014, Olkinuora).

#### 2. Social Factor:

It represents the reflection of the company's activity on the social side of all stakeholders, and is concerned with how the company manages the impacts of its work on the communities in which it operates, whether positive or negative (Al-Tamimi & Abdul, 2015:691). Therefore, the company's approach to these impacts naturally affects the well-being of its community and ultimately its business. The corporate social performance model consists of three elements, which are: the basic definition of corporate social responsibility, defining the social areas for which companies are responsible, and defining the scope of companies' response to social issues (Al-Ani & Mohammed, 2012:371). Social responsibility involves a type of commitment represented by the company's policies and procedures that are reflected in the company's social performance and can be evaluated through how the company manages its community relations and social impact and the results of its policies and procedures related to social performance (Banerjee, 2007: 16)

**3. Environmental Factor:**

The environment represents the general framework that is affected by the company's economic activities and the behaviours of community members, and affects the company and the activities and conditions of community members (Al-Aside & Al-Kubaisi, 2023:117). Environmental performance was defined as the company's effectiveness in meeting and exceeding the aspirations and expectations of society regarding the continuity of the natural environment. Integrating environmental concerns into the company's core strategy is essential for enhancing the company's ability to develop a sustainability strategy by taking advantage of the competitive advantage and thus improving environmental performance. There are several factors that affect the possibility of integrating environmental issues into the company's strategy and affect environmental performance, including legislation, government regulation, community and public concerns, voluntary measurements, and stakeholder pressures (Santos, 2020:3).

**2.4. Financial Performance:**

The financial concept of performance is related to the field related to achieving profits, increasing market share and generating cash flows. It is thus concerned with improving the profitability of the organisation. Some measures can be used, such as the return on invested capital resulting from reducing costs and growing sales volume for existing and new products, return on equity, and return on sales. This concept also reflects the interest of the organization's activities in contributing to improving short- and long-term financial performance (Nanci & Harris, 2021: 3). Financial performance is one of the important aspects in evaluating the performance of companies in general, and this importance increases from the absence of the concept of financial performance and its determinants (Mohamed & Farhan, 2020:538). Each party interprets it in a way that serves its interests. The shareholder seeks to maximize his wealth, the company aims to continue and survive, the employee demands a raise in wages and incentives, the government apparatus aims to increase tax revenues, and society desires and awaits economic prosperity, individual well-being and the achievement of social justice (Msua, 2016: 13). Financial performance has been defined differently by researchers; some emphasize the company's capacity to pay its debts (Ganyam & Ivungu, 2022: 42). Financial performance is the sum of an organization's financial stability, its willingness and ability to meet its long-term financial obligations, and its dedication to continuing to provide services into the foreseeable future (Etengu & Amony, 2016: 330). Financial performance is also considered a reflection of the company's ability and capacity to achieve its goals, as it is the mirror reflecting the company's activities and achievements and determining the level of its achievement and the extent of its exploitation of its resources and capabilities (Rai, 2019: 9). Hence, financial performance indicates the extent to which a company or organization can achieve profits and maintain the sustainability of its financial operations in the long term. Financial performance is evaluated through a set of financial indicators that are used to analyse the financial strength and operational efficiency of the company by studying the financial statements that depict a real situation of the organisation's business for a specific period of time based on returns, revenues, risk avoidance and other financial indicators.

**3. Research Methodology:****3.1. Research Problem:**

Sustainability and social responsibility accounting is considered one of the very important theoretical foundations that take into account the environmental, social and economic impact of the institution's activities on society. This accounting seeks to achieve the optimal balance between current needs and the ability to meet future needs by promoting principles based on continuity and sustainable development. This theory includes many aspects, including financial, administrative, social and environmental, where the relationship between strong financial performance, sustainability and the company's social responsibility is analysed. In addition, this accounting enhances transparency and accountability and works to enhance customer confidence in the company by adopting unified and accurate accounting standards.

By adopting integrated accounting concepts, companies can achieve strong financial performance and effectiveness in the use of resources, in addition to achieving the required sustainability and social responsibility in light of global environmental and social challenges. The weakness of accounting disclosure in the financial structure of social responsibility will reflect the weakness in the social role of companies and the expenses they bear in taking into account the dimensions of social responsibility and adopting it in all their activities. This requires understanding how companies' adoption of sustainability accounting practices in accordance with social responsibility affects their financial results. It is well known that adopting these practices requires additional costs, whether related to improving environmental operations or social responsibility obligations. These costs may lead to a short-term decrease in profits, which raises questions about the financial feasibility of these practices and their impact on their financial performance. Finally, the research problem can be formulated as: Does sustainability accounting according to social responsibility contribute to improving financial performance?

### **3.2. Research Importance:**

Companies that do not adopt sustainability and social responsibility practices face the risk of losing their competitive advantage in the future, and they may find themselves under pressure from society and legislators to change their policies, which may lead to higher costs in the future. In addition, ignoring social responsibility can lead to a deterioration in the company's reputation, which may impact its sales and relationships with partners and investors. Companies are now facing increasing pressure from various stakeholders such as investors, customers and communities to adopt more sustainable and socially responsible practices. However, there is still ambiguity about how these practices affect the overall financial performance of companies through sustainability accounting, which has become an important tool that contributes to measuring and analysing the factors. However, there are questions about whether these practices actually contribute to improving financial performance or whether they represent an additional burden that requires large investments that may negatively affect profitability in the short term. Therefore, it is necessary to analyse how sustainability accounting practices can contribute to enhancing financial performance.

### **3.3. Research Objectives:**

The research aims to:

- 1) Identify how to employ the qualitative and quantitative models in improving financial performance.
- 2) Analyse the impact of accounting disclosure on financial performance from a social responsibility perspective.

### **3.4. Research Hypotheses:**

Hypothesis 1: "Accounting disclosure affects financial performance according to the social responsibility model"

Hypothesis 2: "Economic performance affects financial performance according to the social responsibility model"

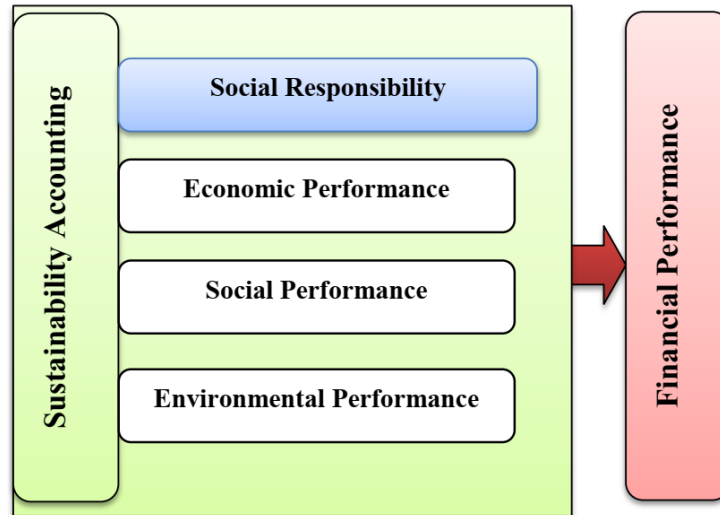
Hypothesis 3: "Social performance affects financial performance according to the social responsibility model"

Hypothesis 4: "Environmental performance affects financial performance according to the social responsibility model"



### 3.5. Research Model:

The research model includes two types of variables, which are the independent variable, sustainability accounting, which includes three dimensions from a social responsibility perspective (economic, social, environmental), and the dependent variable, financial performance, through two dimensions, namely return and risk within the financial portfolio of the research sample companies.



**Figure 1: Research Model**

**Source:** Prepared by researcher based on (Amos V.25)

### 3.6. Research Measures and Sample:

The qualitative-quantitative mixed analysis method (MixMode) was adopted in this research, as the accounting disclosure model was adopted according to the social responsibility model through the qualitative analysis of the questionnaire related to the three dimensions (economic, social and environmental), with the quantitative model related to financial performance through data of companies listed on the Iraq Stock Exchange for the period (2020-2023), where five banks were selected, namely: Gulf Bank, National Bank of Iraq, Commercial Bank of Iraq, Mansour Bank, Credit Bank of Iraq.

## 4. Results:

### 4.1. Descriptive Analysis of the Sustainability Accounting:

In order to conduct descriptive tests, a set of appropriate statistical methods will be adopted, including weighted arithmetic means and weighted standard deviations in addition to relative importance. The criterion for judging the degree of agreement on the study axes was set according to the five-point scale. The results of the table indicate that there is a general positive agreement among the sample regarding accounting disclosure, whereby an agreement rate of 73.43% was recorded with an arithmetic mean greater than the hypothetical mean, as the trend was positive with a mean of 3.671 and a standard deviation of 0.748. As for the dimensions, they were as follows:

#### 4.1.1. Economic performance:

The results of Table (1) indicate that there is a general positive agreement among the sample regarding the indicator, whereby an agreement rate of 73.74% was recorded with an arithmetic mean greater than the hypothetical mean, as the trend was positive with a mean of 3.68 and a standard deviation of 0.848. In general, the highest positive paragraphs were paragraph (1) with an importance rate of 76.23% and the lowest agreement was about paragraph (5) with an agreement rate of 70.57%.

**4.1.2. Social performance:**

The results indicate that there is a general positive agreement among the sample about the indicator, as it recorded an agreement rate of 74.04% with an arithmetic mean greater than the hypothetical mean, as the trend was positive with a mean of 3.70 and a standard deviation of 0.783. In general, the highest positive paragraphs were paragraph (6) with an importance rate of 76.60% and the lowest agreement was about paragraph (10) with an agreement rate of 72.83%.

**4.1.3. Environmental performance:**

The results indicate that there is a general positive agreement among the sample about the indicator, as it recorded an agreement rate of 72.53% with an arithmetic mean greater than the hypothetical mean, as the trend was positive with a mean of 3.62 and a standard deviation of 0.759. In general, the most positive paragraphs were paragraph (15) with an importance rate of 74.72% and the lowest agreement was on paragraph (14) with an agreement rate of 68.68%.

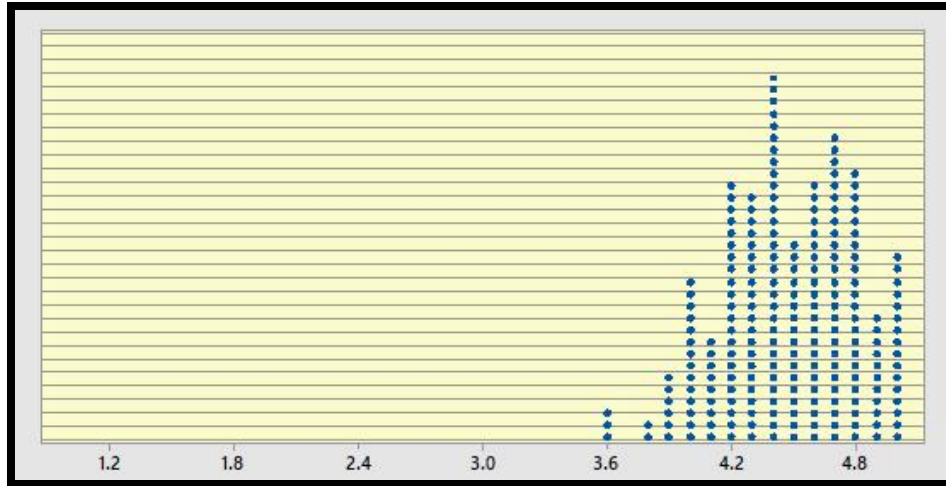
**Table 1:** Descriptive Analysis of The Data for the Accounting Disclosure and Its Dimensions

Item	N	missing	Mean	Std. Deviation	Importance
q1	53	0	3.8113	1.02012	76.23%
q2	53	0	3.7736	0.93318	75.47%
q3	53	0	3.6604	0.95964	73.21%
q4	53	0	3.6038	0.92694	72.08%
q5	53	0	3.5283	0.99235	70.57%
q6	53	0	3.8302	0.84889	76.60%
q7	53	0	3.6604	0.83074	73.21%
q8	53	0	3.6604	0.89751	73.21%
q9	53	0	3.6981	0.99199	73.96%
q10	53	0	3.6415	0.87912	72.83%
q11	53	0	3.5660	0.97091	71.32%
q12	53	0	3.7170	0.84073	74.34%
q13	53	0	3.6604	0.83074	73.21%
q14	53	0	3.4340	0.99052	68.68%
q15	53	0	3.7358	0.81219	74.72%
X1	53	0	3.6868	0.84808	73.74%
X2	53	0	3.7019	0.78311	74.04%
X3	53	0	3.6264	0.75959	72.53%
X	53	0	3.6717	0.74877	73.43%

**Source:** Prepared by researcher based on (SPSS V.25).

A comprehensive view of the concentration of answers can also be provided in Figure (3), which indicates that the answers are clearly concentrated at the level of agreement.



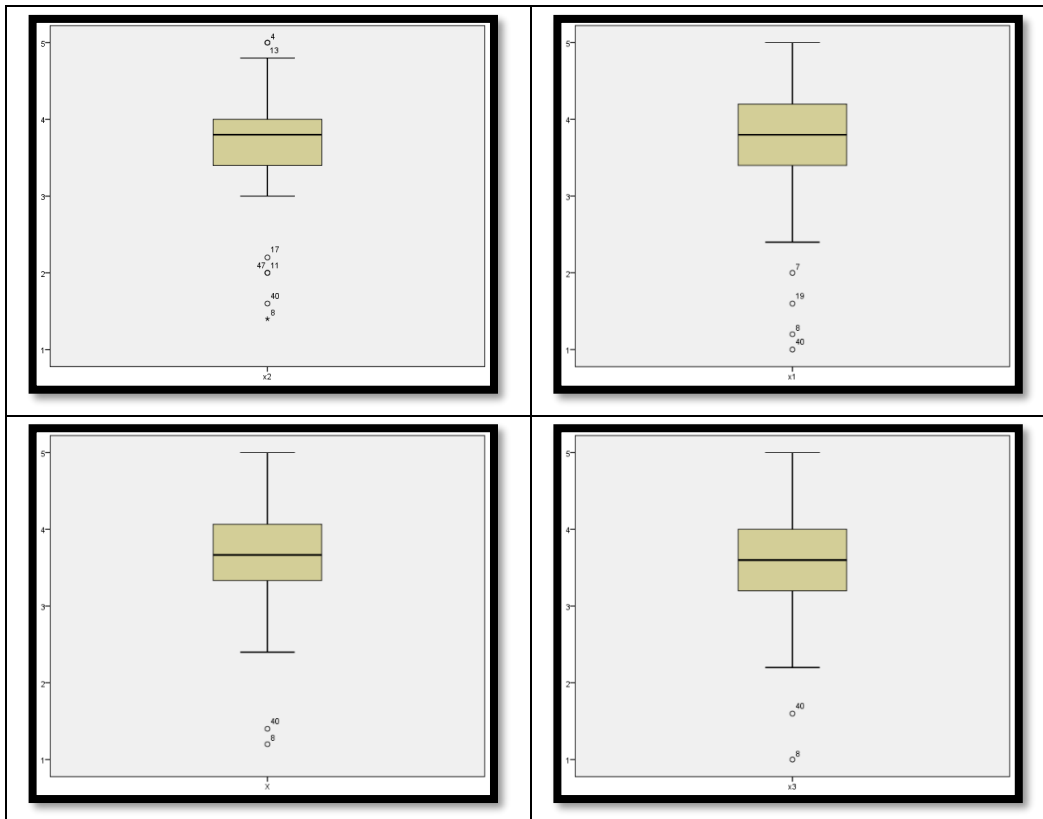


**Figure 3:** Responses to the Accounting Disclosure Data

**Source:** Prepared by researcher based on (SPSS V.25).

#### 4.2. Testing Outlier Data:

To identify and determine outlier and extreme data, the outlier test was conducted, which is done by identifying outlier and extreme data within the questionnaire data. By reviewing the results in Figure (4), it becomes clear that there are a number of extreme data, and therefore they must be processed and excluded for the data to be free of extreme values. The data below has been generated using SPSS v 25.



**Figure 4:** Testing for Outlier Data for the Accounting Disclosure and Its Dimensions

**Source:** Prepared by researcher based on (SPSS V.25).

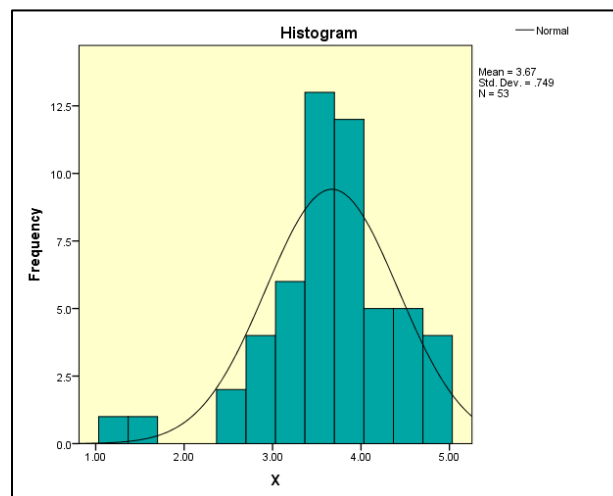
#### 4.3. Testing the Normal Distribution:

To identify the nature of the data and whether it follows the probability or normal distribution or not, the test is conducted based on the values of the skewness and skewness coefficients. Most studies indicate that the acceptable values for them require that the values be between +1.96, and -1.96. The results of Table (2) indicate the probability distribution test for the data, and the results of the skewness coefficient and the kurtosis coefficient indicate that they are within the acceptance area. This is confirmed by the frequency histogram of the data in Figure (5), meaning that the data follows the normal distribution, and therefore can be adopted.

**Table 2:** Results of the Normal Distribution Test for the Data

Variable	min	max	skew	kurtosis
q15	1.000	5.000	-.791	1.338
q14	1.000	5.000	-.475	-.176
q13	1.000	5.000	-.520	.769
q12	1.000	5.000	-.607	.843
q11	1.000	5.000	-.570	.245
q10	2.000	5.000	-.095	-.691
q9	1.000	5.000	-1.158	1.237
q8	1.000	5.000	-1.215	1.496
q7	2.000	5.000	-.317	-.377
q6	1.000	5.000	-1.195	1.790
q5	1.000	5.000	-.615	.023
q4	1.000	5.000	-1.185	1.582
q3	1.000	5.000	-.728	.586
q2	1.000	5.000	-1.257	1.608
q1	1.000	5.000	-1.262	1.422
Multivariate				52.920

**Source:** Prepared by researcher based on (SPSS V.25).



**Figure 5:** Histogram of Data Distribution

**Source:** Prepared by researcher based on (SPSS V.25).

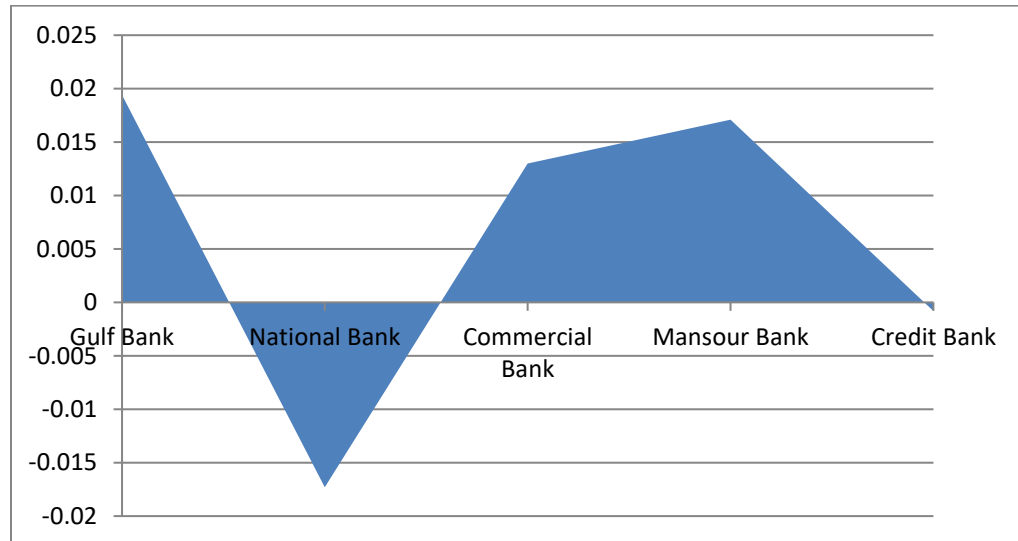
#### 4.4. Financial Performance Analysis:

From the results of Table (3) and Figure (6), it is clear that the rate of return for the research sample during the period 2020-2023, it is clear that the general rate reached 6.3%, and the highest rate of return was in 2023, where the return reached 7.03%, and the lowest return value was in 2020 with a return rate of -4.4%. Gulf Bank recorded a return of 1.94% versus a risk of 1.5%, while the return for Al-Ahli Bank was -1.7% and the risk reached 1.06%. The Commercial Bank of Iraq also recorded a return of 1.3% and a risk of 2.9%. As for Al-Mansour Bank, it recorded a return of 1.71% versus a risk of 3.8%, while the Credit Bank recorded a return of -0.8% versus a risk of 8%.

**Table 3:** Returns and Realised Risks for the Research Sample Banks for the Period 2020-2023

Year	Gulf Bank	National Bank	Commercial Bank	Mansour Bank	Credit Bank	RM
2020	0.0027	-0.1959	-0.0053	-0.0187	-0.0033	-0.0441
2021	0.0155	0.0443	0.0461	-0.0102	-0.1108	-0.0030
2022	0.0155	0.0044	-0.0256	0.0203	-0.0053	0.0019
2023	0.0440	0.0779	0.0366	0.0771	0.1161	0.0703
RE	0.0194	-0.0173	0.0130	0.0171	-0.0008	6.3%
RI	0.015	0.106	0.029	0.038	0.080	4.11%
Weight	61.96%	-55.26%	41.31%	54.63%	-2.63%	100.00%

**Source:** Prepared by researcher based on (SPSS V.25).



**Figure 6:** Banks' Return Rates for the Period 2020-2023

**Source:** Prepared by researcher based on (SPSS V.25).

Regarding the variance detection matrix for banks in Table (4) of the research sample for the purpose of reaching the portfolio with the ideal financial performance, it is clear that the portfolio achieves an increase in performance by 8.6% and a reduction in total risk by 2.11%, which is better than the traditional performance that recorded a return of 6.3% and a risk of 4.11%.

**Table 4:** Covariance Matrix for the Period (2017-2021)

	<b>Gulf Bank</b>	<b>National Bank</b>	<b>Commercial Bank</b>	<b>Mansour Bank</b>	<b>Credit Bank</b>
	A	B	C	D	E
A	0.03609	-0.03360	0.02377	0.03157	-0.00253
B	-0.03360	0.04016	-0.02128	-0.02802	0.00511
C	0.02377	-0.02128	0.01603	0.02081	-0.00169
D	0.03157	-0.02802	0.02081	0.02800	-0.00103
E	-0.00253	0.00511	-0.00169	-0.00103	0.00434

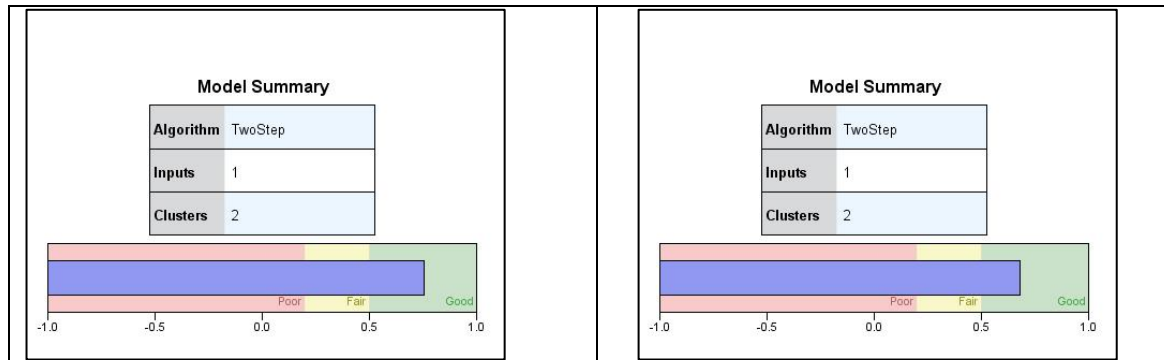
**Source:** Prepared by researcher based on (SPSS V.25).

#### 4.5. Data Aggregation:

To test the mixed effect relationships according to the quantitative-qualitative model, data is collected and extracted from the two models, and then balanced data is reached that can be analyzed according to the mixed model. The data extraction test (Aggregation) was conducted for the purpose of unifying the data. The data is arranged within the different columns by numbers, and the aggregation program extracts and classifies the data and then extracts and aggregates the data in equal columns to be ready to conduct the required analyses, as it is not possible to conduct the required analysis in heterogeneous or equal data columns. Hence, the process of merging and aggregating the data was carried out to make it equal and analyzable.

#### 4.6. Quality of the Mixing Model:

The mixing model is adopted to identify the percentage of contribution of each element to the quality of the model when mixing data and it is required that the quality required for mixing qualitative and quantitative data must exceed 50%. The results in Figure (7) indicate that the dimensions of each element contributed in an acceptable way to the quality of the model, and acceptable quality was recorded for the dependency of the paragraphs on each model. The accounting disclosure model showed a quality percentage of 74%, and the financial performance model showed a quality percentage of 68%. These percentages are high and good for accepting the models.

**Figure 7:** Data Mixing Quality for Variable Models

**Source:** Prepared by researcher based on (SPSS V.25).

#### 4.7. Hypotheses Testing:

Hypothesis (1) Accounting disclosure affects financial performance “according to the social responsibility model”

The results of the mixed model shown in Figures (8) and (9) and Table (5) indicate that there is a positive effect of the accounting disclosure variable on financial performance according to the qualitative-quantitative model, as it contributes to increasing the return by 0.413, reducing the

risk by -0.221, and improving performance by 0.612. This effect is significant according to the level of significance, which indicates that its value is within the acceptance area, which requires that it be less than 0.05, and this proves the acceptance of the first hypothesis.

Hypothesis (2) Economic performance affects financial performance, “according to the social responsibility model”

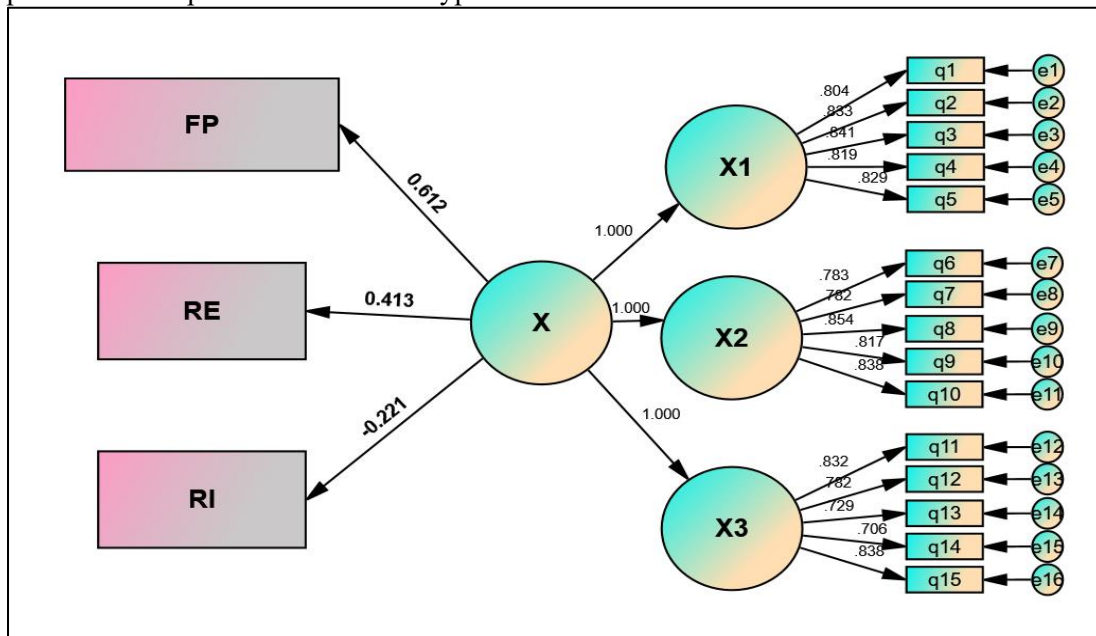
The results of the mixed model indicate that there is a positive effect of the economic performance variable on financial performance according to the qualitative-quantitative model, as it contributes to increasing the return by 0.448, reducing the risk by -0.387, and improving performance by 0.413. This effect is significant according to the level of significance, which indicates that its value is within the acceptance area, which requires that it be less than 0.05, and this proves the acceptance of the second hypothesis.

Hypothesis (3) Social performance affects financial performance, “according to the social responsibility model”

The results of the mixed model indicate that there is a positive effect of the social performance variable on financial performance according to the qualitative-quantitative model, as it contributes to increasing the return by 0.387, reducing the risk by -0.481, and improving performance by 0.631. This effect is significant according to the level of significance, which indicates that its value is within the acceptance area, which requires that it be less than 0.05, and this proves the acceptance of the third hypothesis.

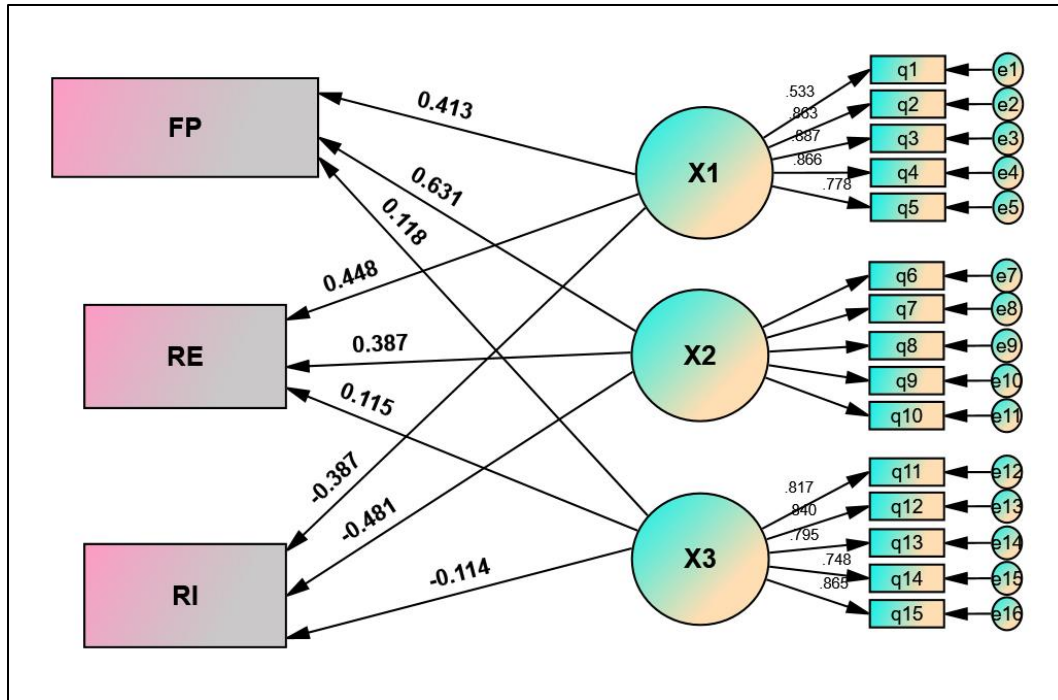
Hypothesis (4) Environmental performance affects financial performance, “according to the social responsibility model”

The results of the mixed model indicate that there is a positive effect of the environmental performance variable on financial performance according to the qualitative-quantitative model, as it contributes to increasing the return by 0.115, reducing the risk by -0.114, and improving performance by 0.118. This effect is significant according to the level of significance, which indicates that its value is within the acceptance area, which requires that it be less than 0.05, and this proves the acceptance of the fourth hypothesis.



**Figure 8:** Mixed Model of the Impact of Accounting Disclosure on Financial Performance  
According to the Mixed Model (Qualitative-Quantitative)

Source: Amos V.25



**Figure 9:** Mixed Model of the Impact of Accounting Disclosure Dimensions on Financial Performance According to the Mixed Model (Qualitative-Quantitative)

Source: Amos V.25

**Table 5:** Results of the Mixed Model for the Impact of Accounting Disclosure on Financial Performance According to the Mixed Model (Qualitative-Quantitative)

Path			Estimate	SE.	Sig.
X1	...>	RE	0.448	0.114	0.000
X1	...>	RI	0.387-	0.074	0.000
X1	...>	FP	0.413	0.054	0.000
X2	...>	RE	0.387	0.059	0.000
X2	...>	RI	0.481-	0.152	0.000
X2	...>	FP	0.631	0.214	0.000
X3	...>	RE	0.115	0.167	0.047
X3	...>	RI	0.114-	0.102	0.048
X3	...>	FP	0.118	0.158	0.041
X	...>	RE	0.413	0.116	0.000
X	...>	RI	0.221-	0.087	0.021
X	...>	FP	0.612	0.094	0.000

Source: Amos V.25

Accordingly, the mixed model of quantitative and qualitative data has a significant effect in improving the return, reducing the risk and improving the financial performance.

### 5. Discussion and Results:

Any project lives within a complex and diverse environment. While the project's continuity assumes it coexists with its surrounding environment, it is both affected by and influenced by this environment. It requires raw materials and labor, and it provides goods and services to members of society. Furthermore, its activities can pollute the environment and generate noise. Recently, numerous trends have emerged that have sparked interest in interpreting the relationship between the company and society, simultaneously reflecting the demands of society in its various



components. These trends have crystallised into pressures on the company regarding its responsibilities toward society. Management has become responsible not only for the economic sufficiency of the company's activities, but also for the company's response to the growing number of social problems arising in any society. A key element of sustainability accounting is social responsibility, which aims to measure the economic, social, and environmental dimensions of a company's operations. This helps in making sound decisions that play a significant role in increasing consumer and investor confidence, thus improving financial performance. When companies adopt social responsibility, they contribute to creating added value that can be positively reflected in their financial performance, as consumers are more inclined to support companies that demonstrate ethical and social balance, which leads to increased sales and profits.

## **6. Conclusions and Recommendations:**

### **6.1. Conclusions:**

1. Corporate social responsibility is a broad term that includes companies' commitment to contributing to sustainable development and society.
2. Sustainability accounting plays a crucial role in measuring and evaluating companies' sustainability practices, while improving financial performance is linked to traditional corporate profitability goals.
3. Sustainability accounting encourages companies to evaluate and improve the use of natural resources (such as energy and water) and reduce waste. These practices lead to improved operational efficiency, which contributes to lowering costs and increasing profits.
4. Adherence to sustainability principles helps companies comply with environmental and regulatory requirements, which reduces potential risks such as costs associated with social responsibility. This enhances the financial stability of companies.
5. Economic sustainability accounting focuses on the optimal use of financial and material resources, which leads to reducing waste and increasing efficiency. This contributes to reducing operational costs and thus improving financial performance by enhancing profitability.
6. Social sustainability accounting contributes to companies improving their reputation and relationships with local communities and stakeholders (employees, customers, and suppliers), enhancing trust and leading to customer loyalty and increased revenues.
7. Environmental sustainability accounting encourages reducing the use of natural resources and reducing waste and emissions, which leads to reducing costs associated with energy and waste disposal. These steps improve operational efficiency and contribute to improving financial performance.
8. The impact of sustainability accounting appears through adopting the social responsibility model through several mechanisms such as focusing on economic efficiency, positive social relations, and environmental compliance, which enhances the company's sustainability, reduces risks, increases profitability, and improves financial performance.

### **6.2. Recommendations:**

1. Companies should develop a comprehensive social responsibility framework that covers all aspects of sustainable performance.
2. Companies should enhance transparency in reporting their sustainable practices and integrate sustainability accounting into their general strategies and planning processes, which contributes to achieving a balance between financial, social, and environmental goals.
3. Provide training programs for employees in institutions to enhance their understanding of sustainability accounting and its impact on financial performance, which contributes to enhancing a sustainable culture within the organization.
4. Companies should develop strategies to reduce waste, including recycling, reusing, and reducing materials used in production processes. This requires identifying sources of waste and implementing innovative practices to reduce it.

5. Develop a comprehensive sustainability policy that demonstrates its commitment to complying with environmental and regulatory requirements. Therefore, it should include objectives, standards, and procedures that will be followed to ensure compliance.
6. Companies should conduct a comprehensive analysis of the value chain to identify areas of waste and identify opportunities to improve efficiency. Focusing on each stage of production and services can help discover ways to reduce costs.
7. Companies should establish social responsibility programs that aim to have a positive impact on local communities. This can include education, health, and environmental protection, which enhances the company's reputation.
8. Companies should engage stakeholders, including the local community and investors, in developing sustainability policies, which enhances transparency and increases their support.

#### Authors Declaration:

Conflicts of Interest: None

-We Hereby Confirm That All The Figures and Tables In The Manuscript Are Mine and Ours. Besides, The Figures and Images, which are Not Mine, Have Been Permitted Republication and Attached to The Manuscript.

- Ethical Clearance: The Research Was Approved by The Local Ethical Committee in The University.

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