# ACCOUNTING DISCLOSURE OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE STANDARDS AND ITS IMPLICATIONS FOR COMPANIES' FINANCIAL PERFORMANCE: APPLIED STUDY

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**Abstract**
The research aims to clarify the role of accounting disclosure regarding environmental, social, and governance (ESG) standards in enhancing the financial performance of companies, by determining the level of disclosure of these standards and analyzing the nature of the relationship and impact between accounting disclosure and financial performance in the industrial companies sample listed on the Iraq Stock Exchange. The scientific contribution of the research lies in combining accounting disclosure of ESG standards and financial performance within a single research framework, which enriches the accounting literature related to non-financial disclosure and sustainability, as well as providing an empirical guide from the Iraqi environment that can benefit researchers and those interested in developing disclosure and governance practices in companies. The theoretical framework of the research is based on addressing the concepts and foundations related to accounting disclosure of ESG standards, as well as the concept of financial performance and its indicators and the relationship between the two variables. As for the practical framework, it involved studying a number of industrial companies listed on the Iraq Stock Exchange, analyzing the level of disclosure regarding environmental, social, and corporate governance standards, and measuring financial performance using a set of financial indicators. Then, the relationship and impact between the research variables were tested using appropriate statistical methods. The research reached a set of results, the most notable of which was that the level of accounting disclosure was relatively high, with an overall arithmetic mean of (3.34) and a relative importance of (67%). The results also showed a positive and significant correlation between accounting disclosure and the financial performance of the companies, which reached (0.625**). It was also found that there is a positive and significant impact of accounting disclosure on financial performance, with an impact factor of (0.627) and a coefficient of determination ($R^2$) of (0.390), which means that accounting disclosure explains (39%) of the variance in the financial performance of the companies in the study sample.

## 1. Introduction

The business environment has witnessed a fundamental shift in the concept of corporate performance evaluation; success is no longer measured solely by financial results, but has become intrinsically linked to a company's ability to manage environmental, social, and governance (ESG) aspects while achieving sustainability and transparency. Consequently, ESG criteria have emerged as a vital framework that assists stakeholders and investors in assessing risks and opportunities associated with corporate sustainability, as well as economic and financial performance.

Furthermore, ESG disclosure has become an integral component of the transparency ecosystem in financial markets, providing critical information that helps investors evaluate future corporate risks and opportunities (Farhan, 2025). Modern corporate reporting increasingly emphasizes the accountability of boards of directors and executive management in managing sustainability risks and opportunities and integrating them into corporate strategy.

Financial performance serves as a fundamental indicator of a firm's capacity to deploy resources effectively and achieve economic objectives. This makes investigating its relationship with ESG disclosure particularly significant, especially within emerging markets such as the Iraq Stock Exchange (ISX), which requires enhanced transparency and investor confidence. Accordingly, this research aims to analyze the level of accounting disclosure regarding ESG standards, examine its implications for the financial performance of companies listed on the Iraq Stock Exchange, and contribute to advancing disclosure practices, improving accounting information quality, and supporting investment decision-making.

## 1.1. Research Problem

Accounting disclosure regarding Environmental, Social, and Governance (ESG) standards has become a prominent topic in the contemporary business environment. It provides essential information that enables stakeholders to evaluate companies beyond traditional financial metrics, while promoting transparency, accountability, and investor confidence.

Moreover, financial performance represents one of the most critical indicators reflecting a firm's ability to achieve its objectives and sustain itself in a dynamic, competitive environment. Despite growing interest in ESG disclosures, a notable research gap persists due to conflicting findings in prior studies regarding the nature of the impact of such disclosures on financial performance. While some studies have reported a positive effect, others have found no clear effect or varying impacts across environmental, social, and governance dimensions. Additionally, some studies have evaluated ESG disclosure globally (in aggregate) without identifying the relative contribution of each dimension in explaining financial performance, compounded by a scarcity of empirical studies within certain economic contexts, including the Iraqi corporate sector.

Thus, the research problem lies in the need to determine the level of accounting disclosure concerning ESG standards among the sampled companies, uncover the extent to which such disclosure is reflected in their financial performance, and identify which specific ESG dimension is most strongly correlated with financial performance. The core research problem can be articulated through the following question:

"To what extent does accounting disclosure regarding Environmental, Social, and Governance (ESG) standards contribute to enhancing the financial performance of firms?"

## 1.2. Significance of the Research

The significance of the research stems from highlighting the following aspects: contributing to the enrichment of accounting literature regarding Environmental, Social, and Governance (ESG) disclosure and its relationship with corporate financial performance; the growing interest in ESG disclosure as a modern trend in advancing accounting reporting and providing more comprehensive information to stakeholders; helping to resolve the inconsistency in prior studies' findings regarding the nature of the relationship between ESG disclosure and financial performance; clarifying the individual role played by each of the environmental, social, and governance dimensions in explaining corporate financial performance; providing indicators that corporate managements can utilize to evaluate disclosure levels and identify areas requiring improvement, thereby enhancing the effectiveness of ESG practices; assisting investors and stakeholders in forming a more comprehensive view of corporate performance and providing more relevant information to support investment and managerial decision-making; and contributing to the enrichment of empirical studies related to disclosure and governance in Iraqi corporations, and supporting corporate orientation towards enhanced transparency and accounting information quality.

## 1.3. Research Objectives

The research addresses several key objectives, most notably: identifying the level of accounting disclosure regarding Environmental, Social, and Governance (ESG) standards among the sampled companies; measuring the level of financial performance of the sampled companies and identifying the extent of variance among them; examining the nature of the relationship between accounting disclosure regarding ESG standards and corporate financial performance; determining the impact of environmental disclosure on corporate financial performance and demonstrating its

contribution to explaining changes in financial performance; determining the impact of social disclosure on corporate financial performance and uncovering the extent to which social practices correlate with financial results; determining the impact of governance disclosure on corporate financial performance and demonstrating its contribution to improving financial performance; and identifying the most influential dimension among the ESG standards on financial performance, thereby clarifying the dimensions of utmost importance to companies and stakeholders.

## 1.4. Research Hypotheses

To achieve the research objectives, the following hypotheses are formulated: First Main Hypothesis: There is a statistically significant correlation between accounting disclosure regarding Environmental, Social, and Governance (ESG) standards and the financial performance of the sampled companies. Second Main Hypothesis: There is a statistically significant impact of accounting disclosure regarding Environmental, Social, and Governance (ESG) standards on the financial performance of the sampled companies.

## 1.5. Theoretical Framework

### 1.5.1. Concept of Accounting Disclosure

Accounting disclosure is defined as the efforts exerted to provide accounting information, a professional function typically performed by accountants. Accounting disclosure is vital for all stakeholders as it provides them with the necessary information to reduce uncertainty and assists them in making appropriate economic and financial decisions (Berikol & Killi, 2020). It is also defined as the publication and disclosure of data contained in financial statements without omitting or concealing any information of importance and utility to investors, while taking into account that not all information related to the project should be narrated, as doing so increases the cost of preparing such statements relative to the expected benefits (Abdennadher et al., 2022).

Accounting disclosure reflects business performance through financial indicators such as profitability, serving as a primary support for various operations conducted by the company (Garanina et al., 2022). Furthermore, it measures management's efficiency in utilizing resources optimally to generate profits and subsequently determines whether these profits align with the objectives the company seeks to achieve (Papadakis et al., 2020). Accounting disclosure is also viewed as the presentation of useful and adequate accounting information through financial reports that depict economic and financial events along with their associated impacts on the decision-making process (Fernando et al., 2024). These reports provide essential and crucial information to users when making investment or financing decisions (Altarawneh et al., 2025).

Accounting disclosure is considered a foundational concept in accounting, representing the medium through which companies provide financial and non-financial information relevant to stakeholders, helping them form a clearer picture of the company's nature of operations, business results, and financial position (Zaki, 2026). It is not limited to presenting figures and data in financial statements, but extends to include information, interpretations, and explanations that help report users understand these data, evaluate company performance, and make appropriate decisions (Saeed et al., 2024).

Moreover, accounting disclosure refers to the provision of relevant, reliable, and adequate information by the company to financial report users in a timely manner, achieving an appropriate level of transparency and mitigating information asymmetry between management and external parties (Bayong et al., 2026). The importance of disclosure escalates with the broadening circle of accounting information users, which includes investors, shareholders, creditors, regulatory bodies, and other stakeholders (Mbiza et al., 2026).

### 1.5.2. Importance of Accounting Disclosure

There are various methods that can be utilized to disclose financial information and demonstrate the impact of economic events on financial statements or notes. The application of any of these methods depends on the nature, quality, and materiality of the information (Zhu et al., 2024). Certain information is deemed fundamental and must be presented within the core

components of the financial statements, while other information requires disclosure in the notes to the financial statements (Olagunju & Ajiboye, 2022).

The principles of transparency and disclosure are core pillars of the modern free economy, manifested through companies providing information and data related to their activities, making them accessible to shareholders, stakeholders, and market participants. This grants interested parties the opportunity to review them without withholding information, except for what might harm the company's interests in which case, it may retain confidentiality, provided such information reflects the true and realistic financial position of the company (Agyemang et al., 2023). The significance of accounting disclosure lies in providing necessary information to assist financial statement users in making appropriate decisions, yielding the following advantages:

**Assisting in determining appropriate share prices** in financial markets, as disclosure reduces investment-related uncertainty and encourages savers to commit funds to investors since information is accessible and available to all without bias (Shahwan, 2022).

**Reducing information asymmetry** through periodic information disclosure, which insiders might otherwise exploit to achieve abnormal gains (Ekundayo & Josiah, 2020).

**Aiding users of accounting information** in the optimal allocation of economic resources by facilitating informed decision-making (Awotomilusi et al., 2025).

### 1.5.3. Environmental, Social, and Governance (ESG) Standards

Environmental, Social, and Governance (ESG) standards represent modern trends in corporate performance evaluation, providing a more comprehensive framework for judging corporate practices alongside traditional financial indicators (Mondal et al., 2023). The concept of ESG refers to a set of criteria used to assess a company's commitment to its responsibilities towards the environment and society, in addition to the quality of its managerial, monitoring, and governance practices (Zhang & Wang, 2024). Furthermore, disclosing these standards provides stakeholders with information that helps them form an integrated view of the company's sustainability level, risks, and future opportunities (Obiora et al., 2022). This study will rely on Bastidas (2026) to define the ESG standards as follows:

**Environmental Dimension**

The environmental dimension relates to a company's commitment to the impact of its activities and operations on the environment, and the practices it adopts to mitigate negative environmental impacts, such as resource and energy management, emissions and pollution reduction, waste management, and the preservation of natural resources (AL-Sarraf & Al-Taie, 2022). This dimension reflects the company's capability to manage environmental risks and respond to requirements and challenges associated with environmental sustainability (Chang et al., 2024).

**Social Dimension**

The social dimension is tied to a company's responsibility toward employees, society, customers, and stakeholders. It encompasses multiple domains, most notably employee rights, working conditions, occupational health and safety, diversity and equality, employee development, customer protection, and contribution to community service (Youcef et al., 2025). This dimension reflects the extent of a company's commitment to building positive relationships with related parties and enhancing its social responsibility (Olagunju & Ajiboye, 2022).

**Governance Dimension**

The institutional or governance dimension refers to the mechanisms and structures through which a company is directed, controlled, and managed. This encompasses the role of the board of directors, shareholder rights, transparency and disclosure, internal control, risk management, business ethics, and anti-corruption (Olagunju & Ajiboye, 2022). This dimension aims to foster accountability, integrity, and transparency, ensuring that the company is managed in a manner that safeguards the interests of diverse stakeholders (Awotomilusi et al., 2025).

### 1.5.4. Concept of Financial Performance

Financial performance refers to the extent to which a company can adequately meet the needs and expectations of various stakeholders, primarily shareholders (owners), employees, depositors, other creditors, and borrowing customers (Fakhri & Darmawan, 2021). Companies must adopt operational, credit, and investment policies that ensure a balance between profitability and safety requirements, thereby convincing government regulatory bodies of the soundness of their practices and alignment with the public interest (Mangantar, 2019).

Financial performance is defined as a measure of the outcomes of a company's policies and operations in monetary terms, and it can be considered a self-assessment of how successfully a company utilizes its assets in various ways to generate returns (Nguyen et al., 2022). Auliyah and Basuki (2021) pointed out that financial performance measures a firm's ability to utilize assets through its core business operations and generate revenues. This term is also used as a general gauge of a company's financial prosperity over a specific period, enabling comparisons among firms operating in the same sector or similar financial industries.

Furthermore, the measurement of financial performance indicates that employees can increase a company's value by boosting future cash flows, accelerating their receipt, or making them safer and less risky (Dzombo et al., 2017). There are various and multiple methods for measuring financial performance, but all measures must be evaluated comprehensively (Hasan, 2025). Key financial performance indicators include return on equity (ROE), liquidity ratios, asset management ratios, profitability ratios, leverage ratios, and market value ratios (Birindelli et al., 2024). Fahlevi (2020) defines financial performance as a review of achievements based on operational standards; through performance evaluation, standards are established to assess financial performance against the company's plans and strategic objectives.

Additionally, Nandias et al. (2025) noted that financial performance reflects the financial, credit, and investment policies adopted by a company and their impact on achieving financial sustainability. It is also a comprehensive measure demonstrating a company's capability to achieve positive financial results while complying with safety and control standards (Sukamdi et al., 2026).

### 1.5.5. Importance of Financial Performance

Financial performance contributes to securing financial resources and providing the organization with investment opportunities across various operational areas, which helps meet stakeholder needs and achieve organizational goals (Soana, 2011). It clarifies the organization's ability to optimally allocate resources in the short and long term to build wealth and achieve established objectives, while demonstrating its capacity to maintain a safety margin that prevents financial distress (Tchakounte, 2018).

Moreover, financial performance can be utilized in internal organizational analysis (Anthony, 2018). It serves as a vital strategy that managers can employ to determine the overall organizational level and highlights internal strengths; an organization with high financial performance is better equipped to respond to new environmental opportunities and threats compared to underperforming organizations (Saiful, 2019). The significance of financial performance lies in evaluating organizational success from multiple angles to serve users of financial reports who hold financial interests in the company, enabling them to identify strengths and weaknesses and utilize the provided data to make rational decisions (Devi et al., 2020).

## 2. Method

### 2.1. Study Population and Sample

The study population consists of all industrial companies listed on the Iraq Stock Exchange (ISX), given that the industrial sector's activities are directly related to Environmental, Social, and Governance (ESG) standards, in addition to the feasibility of measuring their financial performance based on published financial statements. The companies included in the study population will be identified by referring to the ISX listed companies directory and their published data during the study period.

The sample includes managers and department heads working in financial management, accounting, auditing and internal control, senior management, planning and strategic management, and human resources, thereby ensuring representation of the various aspects related to the subject.

**Table 1. Distribution of the Study Sample**

| Company Name | Number of Employees | Company Percentage | Proposed Sample |
|---|---|---|---|
| The Arab Company for the Production of Vaccines and Veterinary Medicines | 120 | 25% | 30 |
| Baghdad Soft Drinks Company | 1964 | 20% | 392 |
| The Iraqi Company for Manufacturing and Marketing Dates | 250 | 15%` | 37 |
| Iraqi Engineering Works | 85 | 12.5% | 10 |
| Al-Mansour Company for Pharmaceutical Industries | 60 | 27.5% | 16 |
| Total | 2479 | 100% | 485 |

**Source: Prepared by the researcher**

## 2.2. Coding and Description of Study Variables

To facilitate the statistical analysis process, the variables included in the study were coded using a set of symbols and abbreviations as shown in Table 2.

**Table 2. Coding of Variables and Study Dimensions**

| Variables | | Number of Paragraphs | Symbol | |
|---|---|---|---|---|
| Main | Sub | | | |
| Accounting Disclosure | Environmental Standards Disclosure | 4 | DES | DCA |
| | Social Standards Disclosure | 5 | DSS | |
| | Corporate Governance Standards Disclosure | 4 | DCGS | |
| Corporate Financial Performance | Unidimensional | 6 | CFP | |

**Source: Prepared by the researcher**

## 3. Results and Discussion

## 3.1. Normal Distribution Test

Table 3 results show that the data collected from the research population are normally distributed, meaning that the significance value for the study variables is greater than (0.05). This indicates that the results reached by the study can be generalized to the research population, and Table 3 illustrates that the distribution of the study data is normal.

**Table 3. Normal Distribution Test for Study Variables**

| Comparison Criteria | | Variables Accounting Disclosure | Environmental Standards Disclosure | Social Standards Disclosure | Corporate Governance Standards Disclosure |
|---|---|---|---|---|---|
| Mean | | 3.54 | 3.76 | 3.31 | 3.28 |
| Standard Deviation | | 0.434 | 0.471 | 0.742 | 0.712 |
| Kol-Sm. Test | Absolute | 0.123 | 0.115 | 0.171 | 0,116 |
| Statistics | Positive | 0.122 | 0.061 | 0.173 | 0.186 |
| | Negative | -0.061 | -0.115 | -0.097 | -0.076 |
| Test Statistic | | 2.363 | 2.193 | 3.283 | 3.272 |
| Sig. | | 0.128c | 0.201c | 0.201c | 0.211c |

**Source: Prepared by the researcher based on the outputs of the Statistical Package (SPSS.V.29)**

## 3.2. Testing the Reliability of the Measurement Instrument

The results in Table 4 show that the measurement instrument enjoys a high level of reliability and internal consistency, as Cronbach's alpha coefficients ranged between (0.822–0.829) for the dimensions of accounting disclosure, and reached (0.823) for the corporate financial performance variable. These values exceed the statistically acceptable limit, which confirms the homogeneity of the questionnaire items and their ability to measure the variables they were designed to measure. Furthermore, the results showed high structural validity coefficients, ranging between (0.905–0.910) for the dimensions of accounting disclosure, and reaching (0.907) for the corporate financial

performance variable. This reflects the appropriateness of the internal structure of the instrument and the validity of its items for measurement. Accordingly, it can be stated that the questionnaire possesses a high degree of reliability and structural validity, making it suitable for field application and testing the study hypotheses.

**Table 4. Questionnaire Reliability Test**

| Variables | | Number of Paragraphs | Cronbach's Alpha Coefficients | | Structural Validity Coefficient | |
|---|---|---|---|---|---|---|
| Main | Sub | | | | | |
| Accounting Disclosure | Environmental Standards Disclosure | 4 | 0.824 | | 0.907 | |
| | Social Standards Disclosure | 5 | 0.822 | | 0.906 | |
| | Corporate Governance Standards Disclosure | 4 | 0.829 | | 0.910 | |
| Corporate Financial Performance | Unidimensional | 6 | 0.823 | 0.820 | 0.907 | 0.905 |

**Source: Prepared by the researcher based on the outputs of the Statistical Package (SPSS.V.29)**

## 3.3. Description of Study Variables

### 3.3.1. Accounting Disclosure

The results of Table 5 show that the accounting disclosure variable achieved an overall mean of (3.34), with a standard deviation of (0.434), a relative importance of (67%), and a coefficient of variation of (12.21%). This indicates that the level of accounting disclosure in the companies under study was high, with a response tendency leaning towards agreement, along with a good degree of consensus among the responses of the sample members. This reflects a clear interest by companies in disclosing information related to environmental, social, and corporate governance standards.

Environmental standards disclosure ranked first, with a mean of (3.42), a standard deviation of (0.487), a relative importance of (68%), a good level of availability, and a coefficient of variation of (13.43%). This indicates that companies show a relatively greater interest in disclosing information related to environmental standards and practices compared to other dimensions, reflecting an awareness of the importance of disclosing environmental aspects in enhancing the transparency of accounting information and demonstrating the extent of the company's commitment to its environmental responsibilities.

Social standards disclosure ranked second, with a mean of (3.31), a standard deviation of (0.432), a relative importance of (66%), and a coefficient of variation of (13.27%), and its availability level was classified as good. These results indicate a high level of corporate interest in disclosing social aspects, although this interest was slightly lower than environmental disclosure, pointing to a relative variation in the level of interest across accounting disclosure dimensions.

As for corporate governance standards disclosure, it ranked third, with a mean of (3.28), a standard deviation of (0.525), a relative importance of (66%), and a coefficient of variation of (16.32%), while its availability level was moderate. Consequently, disclosure practices related to corporate governance still require further attention and development compared to the environmental and social dimensions, in addition to a relatively high coefficient of variation, which reflects a greater degree of divergence in the opinions of the sample members regarding the availability level of this type of disclosure.

**Table 5. Summary of the Discussion of the Accounting Disclosure Variable**

| Coefficient of Variation | | Level of Availability | Relative Importance % | Standard Deviation | Response Level | Response Direction | Mean | Dimension |
|---|---|---|---|---|---|---|---|---|
| DES | Environmental Standards Disclosure | 3.42 | Agree | High | 0.487 | 68% | Good | 13.43 |
| DSS | Social Standards Disclosure | 3.31 | Agree | High | 0.432 | 66% | Good | 13.27 |
| DCGS | Corporate Governance Standards Disclosure | 3.28 | Agree | High | 0.525 | 66% | Moderate | 16.32 |
| General Mean of the Accounting Disclosure Variable | | | | | | | | |
| Mean | | | | | | | | 3.34 |
| Standard Deviation | | | | | | | 0.434 | |
| Relative Importance % | | | | | | 67% | | |
| Coefficient of Variation % | | | | | 12.21 | | | |

**Source: Prepared by the researcher based on the outputs of the Statistical Package (SPSS.V.29)**

### 3.3.2. Corporate Financial Performance

The results of Table 6 show that the corporate financial performance variable achieved an overall general mean of (3.31), a standard deviation of (0.433), a relative importance of (66%), and a coefficient of variation of (12.23%). This indicates that the level of financial performance of the companies is moderate and has a general response tendency leaning towards agreement. At the level of paragraphs, revenue growth compared to competitors ranked first with a mean of (3.42), a standard deviation of (0.662), and a relative importance of (68%). Meanwhile, profit growth ranked penultimate with a mean of (3.40), and relative importance of (68%). Finally, Return on Assets (ROA) ranked last with a mean of (3.09) and a relative importance of (62%). The results generally indicate that the performance of the companies is acceptable at an acceptable level, with a need to enhance profitability indicators and return on assets to help improve financial performance compared to competing companies.

**Table 6. Summary of the Discussion of the Corporate Financial Performance Variable**

| Dimension | | Mean | Response Direction | Response Level | Standard Deviation | Relative Importance % | Level of Availability | Coefficient of Variation % |
|---|---|---|---|---|---|---|---|---|
| CFP1 | Our company enjoys a higher market share than competing companies. | 3.31 | Agree | High | 0.518 | 66% | Moderate | 15.55 |
| CFP2 | Our company achieves growth in market share above competing companies. | 3.38 | Neutral | Moderate | 0.701 | 68% | Moderate | 21.18 |
| CFP3 | Our company achieves growth in revenues above competing companies. | 3.42 | Agree | High | 0.662 | 68% | Good | 18.97 |
| CFP4 | Our company achieves profitability levels higher than competing companies. | 3.28 | Neutral | Moderate | 0.727 | 66% | Moderate | 22.04 |
| CFP5 | Our company achieves growth in profits above competing companies. | 3.40 | Agree | High | 1.10 | 68% | Good | 31.67 |
| CFP6 | Return on Assets (ROA) in our company is better than | 3.09 | Neutral | Moderate | 1.208 | 62% | Moderate | 39.4 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | competing companies. | | | | | |
| Overall Mean of the Corporate Financial Performance Variable | | | | | | |
| Mean | | | | | | 0.433 |
| Standard Deviation | | | | | 66% | |
| Relative Importance % | | | 12.23 | | | |
| Coefficient of Variation % | | 0.433 | | | | |

**Source: Prepared by the researcher based on the outputs of the Statistical Package (SPSS.V.29)**

## 3.4. Testing Hypotheses

### 3.4.1. The First Main Hypothesis

There is a statistically significant correlation between accounting disclosure regarding environmental, social, and corporate governance standards and the financial performance of the companies under study.

The results of Table 7 show the presence of positive and significant correlation relationships between the dimensions of accounting disclosure and the financial performance of companies. The correlation coefficient between environmental standards disclosure and financial performance reached (0.488), between social standards disclosure and financial performance (0.468), and between corporate governance standards disclosure and financial performance (0.467), all of which are statistically significant at a level of (0.01). Furthermore, the correlation coefficient between total accounting disclosure and the financial performance of companies reached (0.625), representing a relatively stronger positive correlation. This indicates that an increase in the level of accounting disclosure is associated with an increase in the level of financial performance for companies.

**Table 7. Correlation Matrix**

| Environmental Standards Disclosure | Social Standards Disclosure | Corporate Governance Standards Disclosure | Accounting Disclosure |
|---|---|---|---|
| Corporate Financial Performance | | | |
| .488** | .468** | .467** | .625** |

### 3.4.2. The Second Main Hypothesis

There is a statistically significant impact of accounting disclosure regarding environmental, social, and corporate governance standards on the financial performance of the companies under study.

The results of Table 8 show the presence of a positive and significant impact of accounting disclosure on the financial performance of companies, as the standardized regression coefficient (beta) reached (0.627), with a standard error of (0.074), and a calculated critical value (t-value) of (8.472), at a significance level of (0.001). Additionally, the coefficient of determination value ($R^2$) reached (0.390), meaning that accounting disclosure explains 39% of the variance in the financial performance of companies, while the remaining percentage (61%) is attributed to other factors not included in the model. Accordingly, we accept the hypothesis of the impact of accounting disclosure on the financial performance of companies.

**Table (8) Final Results for the Impact of Accounting Disclosure on the Financial Performance of Companies**

| Path | | | Standardized Estimate | Standard Error | Critical Value (t-value) | Value $R^2$ | Sig. |
|---|---|---|---|---|---|---|---|
| Accounting Disclosure | → | Corporate Financial Performance | 0.627 | 0.074 | 8.472 | 0.390 | 0.001 |

## 4. Conclusion

The study sample companies represented by the Arab Company for the Production of Vaccines and Veterinary Medicines, Baghdad Soft Drinks Company, The Iraqi Company for Manufacturing

and Marketing Dates, Iraqi Engineering Works, and Al-Mansour Company for Pharmaceutical Industries enjoy a relatively high level of accounting disclosure regarding environmental, social, and corporate governance standards. Environmental standards disclosure ranked first among the dimensions of accounting disclosure, with a mean of (3.42) and a relative importance of (68%), reflecting the companies' interest in disclosing their environmental practices and responsibilities. Social standards disclosure ranked second, with a mean of (3.31) and a relative importance of (66%), indicating an acceptable level of interest in social aspects related to corporate activities and stakeholders. Corporate governance standards disclosure ranked third, with a mean of (3.28) and a relative importance of (66%), with a moderate level of availability, indicating the need to enhance disclosure practices related to governance, transparency, and corporate responsibility. The level of financial performance of the companies was moderate, with an overall mean of (3.31) and a relative importance of (66%), showing a variation in financial performance indicators, particularly the low level of return on assets compared to other indicators. The correlation matrix revealed positive and significant correlation relationships between accounting disclosure, its dimensions, and financial performance, as the correlation coefficient between total accounting disclosure and financial performance reached ($0.625^{}$), reflecting the importance of disclosure in supporting the financial performance of companies. The impact model results proved a positive and significant impact of accounting disclosure on the financial performance of companies, with an impact coefficient of (0.627). Accounting disclosure explained (39%) of the variance in financial performance, confirming the importance of adopting more comprehensive disclosure practices. The necessity of enhancing comprehensive accounting disclosure in the companies under study by adopting clear and regular policies for disclosing environmental, social, and corporate governance standards due to their role in supporting financial performance. Working on developing environmental disclosure by increasing information related to resource and energy use, mitigating environmental impacts, and adopting practices aimed at achieving environmental sustainability. The necessity of enhancing social disclosure by expanding information related to employee rights, training, occupational safety, social responsibility, and the company's relationship with the community and stakeholders. Elevating the level of disclosure regarding corporate governanceespecially since this dimension ranked last in terms of availability by increasing transparency regarding board structure, internal control, risk management, and accountability mechanisms. Working on improving financial performance indicators, particularly return on assets, by increasing the efficiency of resource and asset investment, and improving cost and revenue management to enhance the competitiveness of companies. Linking disclosure policies to the financial and strategic objectives of companies, ensuring that disclosure is not restricted to traditional accounting requirements, but rather utilized as a tool to support investor and stakeholder confidence and improve financial decisions. Adopting periodic indicators to measure the quality of disclosure and its impact on financial performance, while conducting comparisons among companies and tracking the evolution of disclosure and performance indicators to help senior management identify and continuously address shortcomings.

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