

Effect of sustainability reporting on enhancement the quality of financial report

(Applied study at the Arab Jordan Bank)

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Abstract

The aim of the research is to analyze sustainability reports and employ the GRI standards in improving the quality of financial reporting for the research sample, by knowing the quantity and quality of the bank's reporting on its economic, environmental and social performance and the extent of its commitment to governance standards that improve the quality of financial reporting, reduce accruals discretionary, information asymmetry, and accounting conservatism. The quality of reporting on sustainability reports was measured by analyzing the content of the indicators disclosed in the sustainability reports. Moreover, to assess the extent to which companies' sustainability reports meet the requirements of the GRI guidelines and score each topic in the guide. For this purpose, we will then use a simplified score system from 0 to 1. As for the amount of sustainability reporting, it was measured based on the number of sustainability paragraphs disclosed in the bank's annual report. The quality of financial reporting was measured by discretionary accruals, accounting reservation and information asymmetry. The 1991 Jones scale was used and amended in 1995 by Dechow et al, and it was recently developed in 2005 by Kothari et al. This scale is based on the breakdown of total accruals into discretionary accruals and non discretionary.. As for the accounting conservatism, the measure of the ratio of book value to the market value was used to examine the value of the bank's shares by comparing the book value to the market value. The accounting conservatism works to reduce the book value, against its market value. As for the asymmetry of the information, the market theory was used and it includes two measures: the price and the trading volume of the desired prices. This theory is considered one of the most used scale to measure the phenomenon of asymmetry of information, because it reflects the problem of reverse selection resulting from the difference in information. The results of the research showed that the quality and quantity of sustainability reports for the research sample (109) and (94%), respectively, where the quality and quantity were high, and the optional dues (-135534) were low. And the accounting reservation (1) This means that there is no accounting reservation at the bank, the research sample. Information asymmetry (0) This means information asymmetry does not exist. This means the quality of the financial report is high .

Key Words: Sustainability Reports, Quality of Financial Reporting

1. Introduction

Over the past decades, the preparation of financial reports has evolved to meet the changing needs of users, as the preparation of reports has evolved from simply disclosing the basic financial data to including detailed information that includes the environmental, economic and social impacts of the economic unit. And society, sustainability reports may differ in quality due to their voluntary nature and the lack of a legal framework that obliges companies to have freedom of choice, and this contributes to the difficulty of assessing their quality. In the past few years, corporate sustainability has gained increasing attention in the research literature due to the challenges it faces. The primary mission of the company is to make profit for its shareholders. Sustainability must be of secondary importance and must be managed by a third party. Today, companies are not only responsible towards their shareholders, but also towards a larger group. Stakeholders who put pressure on companies to invest and to report on sustainability, as business managers constantly face demands from different stakeholder groups to allocate resources to sustainability and argue that customers are increasingly aware of the state of the world and they are increasingly putting pressure on companies through their purchasing power to manage the sustainability of their companies. Despite its popularity, sustainability is still a new and somewhat unexplored concept, through this research we will get acquainted with the theoretical framework and reveal the role that sustainability reports play in enhancing the quality of financial.

2. Intellectual Framework

First. The Research Problem

To achieve the goal of sustainability, the economic unit must fulfill the obligations of the internal and external the parties , and sustainability reports, which contains and the financial and non-financial information, are averages to reveal these obligations represented by environmental, economic and social information, and here comes the role of sustainability reports in enhancing the quality of financial reporting.

Based on the foregoing, the research problem can be identified as follows:

1. Does disclosure of sustainability reports it leads an increase in quality of financial reporting?
2. Do sustainability reports reduce information asymmetry?
3. Do sustainability reports affect the accounting conservatism?

Second. The objectives of the research

There are several objectives for research, including:

1. Get to know the concept of sustainability reports in terms of quantity and quality
2. Knowing about sustainability reports in enhancing the quality of financial reporting
3. Clarify the relationship between sustainability reports, information asymmetry, and accounting conservatism.

Third. The importance of research

The importance of research stems from the importance of sustainability reports, as these reports are an important element in the development of financial markets and that the establishments that disclose sustainability reports are the focus of attention by investors in evaluating their performance and thus have a high market value.

Fourth. The hypothesis researches

The research hypothesis is represented by a main hypothesis which is Reporting on sustainability reports has an impact on enhancing the quality of financial reporting.

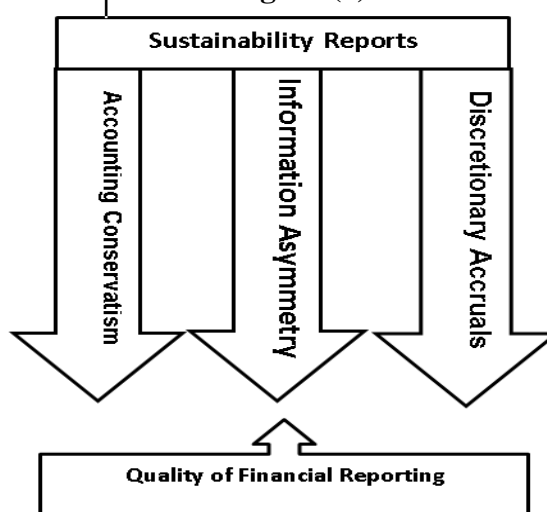
hypotheses stem from it, which are represented by the following:

1. There is no statistically significant effect of sustainability reports on the quality of financial reporting
2. There is no statistically significant effect of sustainability reports on information asymmetry
3. There is no significant statistical impact between sustainability reports and accounting conservatism:

Fifth. Research Limits:

1. Spatial limits of research: Arab Jordan Bank research sample.
2. Temporal limits of the research: The research included a sample for the period (2010-2019) to measure the role of sustainability reports to enhance the quality of financial reporting in light of the existence of financial reporting determinants that are represented in the quality and accounting conservatism and the lack of uniformity of information that seeks to narrow the financial reporting circle and make it a shaded circle The search form is illustrated as follows:

Figure (1)



3.Previous studies:

First: A study (Hanna, Ahmad, 2020) entitled

(The impact of accounting qualifications on the quality of sustainability reporting)

The importance of sustainability has grown over the past years and the pace has accelerated the implementation of the principles that it brought forth, and this has contributed to the interest in focusing on the tasks assigned to each related party so that sustainability information is properly disclosed for what is required by the application of sustainability. There is no doubt that accountants are one of the active parties, but the lack of clarity about the role of the accountant in sustainable development showed the need to know the importance of qualifying accountants for the sake of preparing sustainability reports and in order to achieve the research objectives, the researchers used the descriptive analytical approach, and a special questionnaire was prepared for the purposes of the research and the sample was allocated With academics in governmental universities and institutes from the Kurdistan Region of Iraq and within the province of Erbil exclusively, and the sample reached (60) academics, and the research reached a set of conclusions, the most important of which was that there is a positive correlation between accounting qualifications and the quality of sustainability reports. The results also gave an indication that accounting qualifications affect Quality of sustainability reports

second :Study (Hussein, Abdullah,2016)

The use of the concepts of accounting reservation and accrual and their reflection in enhancing the quality of financial reporting.:

the use of a reservation has implications for the financial statements and thus on the financial reporting produced by these lists. Therefore, some professionals classified it as an accounting principle, while others classified it as a restriction and this classification came based on the uses of this restriction. In some cases, the accountant uses this restriction, especially with cases of uncertainty and in Sometimes it may clash with some cases in which the accountant may be forced to leave the custody as a result of economic events that may give rise to future rights or obligations, which must be disclosed. Pessimistic behavior on the accountant when he chooses between alternatives to accounting measurement, and thus unreal results will appear.

Third : Study (Armouti, Nour 2013)

The Impact of Sustainability Accounting on the Financial Reporting in Jordanian Shareholders Manufacturing companies listed on amman Stock Exchange

The study aimed to identify the impact of sustainability accounting on the financial reporting reports in the Jordanian industrial shareholding companies listed on the Amman Stock Exchange, where the researcher conducted a field study on all of these 84 companies. The study sample consisted of 280 respondents from managers, accountants, auditors and workers in these companies. The study concluded that there is a statistically significant effect of the elements of environmental, social and economic sustainability accounting on

financial reporting reports in industrial companies from the point of view of financial managers, accountants and auditors working in accounting departments, and in light of the results the researcher recommended paying attention to the environmental elements because they affect the financial reporting reports.

4. the concept of sustainability reports:

In recent years, the number of establishments has begun to increase, realizing the need to make their operations more sustainable, due to external pressures from stock exchanges, markets, governments and stakeholders to disclose more transparent reports in terms of the performance of the establishments' activities in terms of economic, social and environmental aspects after the traditional financial statements failed to meet the needs of their users because It does not reflect the facility's ability to survive and continue in the long term and because the traditional lists are prepared in accordance with generally accepted accounting principles and standards. Disclosure through sustainability reports has become a priority for establishments, especially the large ones because they are reports that provide disclosures about the facility's effects, whether these effects are negative or positive in a transparent and balanced manner. (Ibrahim, 2016: 46) As the reporting became Sustainability is important for both developed and developing economies with increasing concern for the global environment, and preserving the ecosystem to make it sustainable (Uwuigbe et al., 2018: 2) Sustainability reporting is the practice of measuring, disclosure and accountability to internal and external stakeholders towards the goal of achieving sustainability (GRI, 2006: 3)

Sustainability reports are public reports prepared by companies to provide stakeholders with a clear picture of the company's position in all its economic, social and environmental dimensions, that is, an attempt to describe the extent of the company's contribution to sustainable development (WBCSD, 2002: 7). Sustainability reports also instill discipline and help the company to think. In a long-term vision and increasing awareness of sustainable practices in the entire company (Association of Certified Public Accountants, 2013: 6) as defined, sustainability reports are reports that combine financial and non-financial aspects that have a strong impact on internal parties (managers) and external parties (shareholders) (Oncioiu, 2020: 10). As for Ghellab, he expressed sustainability reports in that when evaluating establishments, financial performance is no longer the only determinant of the establishment's position in the market or its level of success. Rather, the establishment must respond to the demands for providing more information on the effects of the social and environmental dimensions of its activities in addition to the effects of the economic dimensions (Ghalab ,2011: 97) that the preparation of sustainability reports will return to the company, according to the reporting principles (GRI), with a set of internal and external benefits, including:

- Increase understanding of risks and opportunities
- Emphasizing the relationship between financial and non-financial performance
- Emphasis on long-term performance strategy, policy and action plans
- Simplify operations, reduce costs and improve efficiency
- Defining and evaluating sustainability performance in relation to laws, interests, codes, performance standards and voluntary initiatives

The initiative clarified that in addition to these internal benefits, the sustainability reports will have external benefits, which can be summarized as follows.

- Achieving or reversing negative environmental, social and governance impacts
- Improving reputation and brand loyalty
- Enabling external stakeholders to understand the true value of the organization and its tangible and intangible assets (Hanna, Ahmad,2020:65)

5. Principles of Quality of Sustainability Reporting: (GRI,2013:13-17) (Global Reporting Initiative)

In order to ensure the quality of the information disclosed, the GRI has defined principles that focus on the quality of sustainability reporting. These principles are particularly important for stakeholders, including investors, for decision-making. These principles are:

- **Appropriate timing:** In order to take appropriate decisions at the right time, the economic unit must submit its reports at regular times and according to a timetable, not for stakeholders to take decisions, as the usefulness of this information is closely related if the time of announcing it to the stakeholders enables them to integrate it in a manner. Effective for decision making.
- **Clarity:** When preparing sustainability reports, the information contained in the financial statements must be clear, understandable and easily accessible, and express the economic, social and environmental impacts.
- **Reliability:** The Economic Unit conducts the registration, deportation and reporting processes of all sustainable information when preparing its reports so that it is subject to examination to demonstrate the quality of that information.
- **Accuracy:** Accuracy of information is one of the main aspects in preparing sustainability reports. The information reported must be accurate and detailed enough for stakeholders to evaluate the reporting on the organization's performance.
- **Balance:** Sustainability reports must have high accuracy in various environmental, economic and social aspects to avoid making inappropriate decisions (Krivačić et al., 2017: 4)
- **Transparency:** One of the important factors to attract investors and gain the confidence of shareholders is that the information contained in the financial statements is characterized by transparency and its ability to disclose its reports in a timely manner in order to create a transparent information environment (Mohamadi & Nezhad,2015:60)

6. The Quality of Financial reporting.

Financial reporting is the most important outcome of the accounting process as it relates to other parties outside the economic unit administration or the so-called stakeholders whose decisions are based on disclosed data and information about the financial position and other activities related to the economic unit and as a result, this information must have the credibility and reliability stipulated by international standards and standards. The profession issued by the relevant authorities, as all conceptual frameworks for financial reporting focus on providing useful information to make business and economic decisions from stakeholders and is a major goal in relation to financial

reports as well as providing information on how business is conducted within the economic unit by the management (Al-Masoudi, Al-Jubouri, 2016: 218) As for Al-Tamimi, he indicates that the financial statements are the essence of financial reporting as they contain the financial position as well as the financial performance of the company, and that the decrease in the quality of financial reporting leads to the failure of the market to allocate resources efficiently, and that enhancing the quality of financial reporting is part One of the business needs. Improving quality reduces information asymmetry and, as a result, contributes to something the fluctuation of share prices, and receivables are considered one of the entrances to the quality of financial reporting and are necessary for the purposes of preserving the reality of the company. Despite this, the receivables are viewed as questionable by the relevant authorities. That is, the quality of financial reporting and profit management can be viewed as being on opposite sides (Al-Tamimi, Hussein, 2018: 390). As for Bekiaris, he defined the quality of financial reporting as the process of preparing financial and non-financial information that is transparent and free from misleading to users (2012:59Bekiaris).

. The Quality of Financial Reporting characteristics⁷

The quality of financial reporting is measured using the qualitative characteristics of accounting information represented by four characteristics, which represent an integral part of the unified accounting conceptual framework for preparing and presenting financial reports issued by the International Accounting Standards Board (IASB) and in agreement with the Financial Accounting Standards Board (FASB) during 2010 and these characteristics are (Appropriateness, honest representation) main characteristics (comparable, understandable) reinforcing properties, and as the conceptual framework came and the property of relevance indicates that the accounting information should have predictive value, assertive value and relative importance, while information that is characterized by honest representation is that which reflects events accurately and comprehensively. That is, the omission is not done, is free from errors and is biased in the sense that it does not support a specific position, and in order to improve the quality of the accounting information contained in the financial reports, it should be presented in an easy-to-understand manner by users, that is, the financial reports are presented in a clear and complete manner, as for comparability it is assumed That the information contained in the financial reports is comparable to the economic unit over time in order to be determined The direction of its financial position and its performance for users, as the comparability makes the user be able to compare the financial reports of different economic units and to assess the financial situation and the economic viability of expansion, as well as that information should be consistent. (Ibrahim, 2016: 528)

8. the applied aspect of the research

The research was applied in the Arab Jordan Bank for the period from (2010-2019) to provide all the data, and the independent variable was measured through the disclosure of data in the reports and based on previous studies. Financial reporting was also measured through receivables, and financial and statistical analysis was used as shown below:

First: the independent variable (sustainability reports)

The independent variable is the accounting disclosure for sustainable development and includes:

- The amount of disclosure that was measured based on the number of sustainability items disclosed in the company's annual report. (Johansson & Zametica, 2019: 29) To measure the extent or quantity of the bank's reporting to the research sample, the following equation is used: (Al-Jajawi and Al-Khafaji, 2020)

$$\text{Amount of disclosure} = \text{reported standards} / \text{total criteria} * 100\% \dots\dots\dots(1)$$

- The quality of disclosure is measured by analyzing the content of the indicators disclosed in the sustainability reports. Moreover, to assess the extent to which companies' sustainability reports meet the requirements of the GRI guidelines and score each topic in the guide. For this purpose, we will then use a simplified score system from 0 to 1, where:

(0) GRI is not mentioned

(1) The GRI Index is mentioned

When all indicators are rated, the overall score is calculated and then compared with the maximum number of points the company can earn. (Johansson & Zametica, 2019: 29)

Second: The dependent variable: the quality of financial reporting.

1. Accruals: The 1991 Jones scale was used and amended in 1995 by Dechow et al, and it was recently developed in 2005 by Kothari et al. This scale is based on the division of total accruals into discretionary accruals and accruals. Nondiscretionary Accruals. The Accruals are the result of earnings management, and the relationship between the quality of financial reporting and earnings management, as the higher the earnings management is, this averages the lower the quality of financial reporting, and vice versa. (Al-Tamimi and Hussein, 2017: 43)

$$\text{Total Accruals}_{it}/\text{Assets}_{it-1}=[\text{EBIT}_{it}-\text{OCF}_{it}]/\text{Assets}_{it-1}\dots\dots\dots (2) *$$

$$* \text{ Total Accruals}_{it} / \text{Assets}_{it-1} = \beta_1 \text{ 1} / \text{Assets}_{it-1} + \beta_2 \Delta \text{Revenue}_{it} / \text{Assets}_{it-1} + \beta_3 \text{ PP\&E}_{it} / \text{Assets}_{it-1} + \varepsilon_{it} \dots (3)$$

$$* \text{ Nondiscretionary Accruals}_{it} = \beta_1 \text{ 1} / [\text{Assets}_{it-1}] + \beta_2 \Delta \text{Revenue}_{it} \Delta \text{Accounts receivables}_{it} / \text{Assets}_{it-1} + \beta_3 \text{ PP\&E}_{it} / \text{Assets}_{it-1} \dots\dots (4)$$

$$* \text{ Discretionary Accruals}_{it} = \text{Total Accruals}_{it} / \text{Assets}_{it-1} - \text{Nondiscretionary Accruals}_{it} \dots\dots (5)$$

- **Accounting conservatism:** The measure of the ratio of book value to market value is used to examine the value of the bank's shares by comparing the book value to the market value. Where the decrease in the ratio to less than one correct during a period of time indicates the bank's use of conservative accounting policies towards recognizing profits and the higher values of the assets, the accounting conservatism works to reduce the book value, against its market value (Al-Najjar, 2014: 186)

$$\text{conservatism accounting} = \text{BV} \div \text{MV} \dots (6)$$

- **Information asymmetry:** The market theory was used and it includes two measures: price and volume of desired prices. This theory is considered one of the most used

scale to measure the phenomenon of asymmetry of information, because it reflects the problem of inverse selection resulting from the difference of information, so this theory was used specifically in this study to measure the price range, or as it defines the relative effectiveness of the price, which represents the division of the multiplier value. The absolute difference between the transaction price and the average best buy and sell price at the best buy and sell price. (Al-Fadl, 40: 2020)

$$\text{Effective Spread} = (2 [\text{price-midpoint}]) / (([\text{bid} + \text{Ask}]) / 2) \dots\dots (7)$$

$$\text{midpoint is } M_t = 1/2 [\text{Bid} + \text{Ask}] \dots (8)$$

Control variables:

1. **The size of the company:** large and small companies are exposed to political pressures, so these companies resort to practicing accounting conservatism in order to avoid exposure to political costs. A reservation to avoid lawsuits. (Al-Najjar, 2014: 148) The size of the company is an important determinant of information asymmetry and accounting conservatism. Volume is also one of the determinants of disclosure of sustainability reports that affect their quality. (Souto et.al, 2012: 7)
2. **The rate of return on assets:** the profitable banks choose to voluntarily disclose the sustainability reports in terms of quality and quantity to distinguish themselves from competing banks. (Souto et.al, 2012: 7)
3. **Financial Leverage:** Banks increase their voluntary disclosures to reduce the cost of capital. It was also found that the demand for information on sustainability reports increased with the increase in the bank's debt. (Souto et.al, 2012: 7)
4. **Sales growth:** Firms with a high growth rate can use disclosure of information to reduce information asymmetry. This means that companies with a significantly high growth rate report sustainability in order to gain profits and increase investor confidence. (Johansson & Zametica, 2019: 29)

Third. Financial Analysis

This topic deals with the results of the analysis of sustainability reports and bank financial statements, the research sample.

1 - The relationship between the quantity and quality of sustainability reports with the quality of financial reporting:

To clarify the relationship between the quantity and quality of sustainability reports with the quality of financial reporting. The content of sustainability reports was used to determine the quantity and quality of these reports by comparing the bank's reports with the GRI standards. As for measuring the quality of financial reporting, the contents of the financial statements were used to measure voluntary receivables and accounting reservation that are inversely proportional to the quality of financial reporting. As for the asymmetry of information, which is one of the determinants of the quality of financial reporting, and it is inversely proportional to it through the Amman Stock Exchange.

Table (1)

The relationship between quantity and quality of sustainability reports with, Discretionary Accruals accounting conservatism and information asymmetry

Years	QA	QN	DAit	Cons	ES
2010	78.00	0.53	-535479	1.407	-0.09
2011	107.00	0.73	-1230158	1.099	-0.01
2012	104.00	0.71	-1382557	0.999	-0.06
2013	106.00	0.73	-599978	1.057	0.03
2014	155.00	0.94	205331	1.137	0.05
2015	147.00	0.89	-915487	1.175	-0.03
2016	106.00	0.80	3006777	1.129	-0.03
2017	107.00	0.81	1276518	1.011	0.00
2018	107.00	0.81	549	1.084	0.05
2019	109.00	0.83	-1180858	0.971	0.02
Average	114	1	-135535	1	0
Std. D	22	0.11	1297407.04	0.12	0.05

The source was prepared by the researchers, depending on the data of the annual reports

We note from the above table that the bank began reporting sustainability reports in 2010, and in 2011 we notice an increase in the quantity and quality of sustainability reporting, which led to a decrease in Accruals, which averages an increase in the quality of financial reporting. As for the year 2012, a decrease in the quantity and quality of reporting, which averages an increase in the accounting conservatism with the bank, whose effect extends to the following year, where we notice how the Accrual increased and the asymmetry information is not uniform in the year 2013. As for the year 2013, the bank did not increase the quantity and quality of reporting on sustainability reports except to some degree, which increased the Accruals and the lack of asymmetry of information for the year 2014. In the year 2014, the quantity and quality of reporting on sustainability reports increased to the highest level, which led to a decrease in accruals and asymmetric information. During the year 2015, which led to an increase in the quality of financial reporting. As for the year 2015, the quantity and quality of reporting on sustainability reports decreased, which led to a significant increase in accruals and accounting conservatism, which averages a decrease in the quality of financial reporting during the year 2016. As for the year 2016, the quantity and quality of reporting on sustainability reports increased to (106) and (0.80)., Respectively, which led to an increase the accruals, accounting conservatism and asymmetry of information during the year 2017, which averages a decrease in the quality of financial reporting. As for the year 2017, the quantity and quality of reporting on sustainability reports increased by a small percentage, and this led to a reduction in voluntary entitlements during the year 2018. As for the year 2018, the quantity and quality of reporting on sustainability reports remained the same as the previous year, because they are set to increase the quantity and quality of reporting on sustainability reports during the year 2019. Which, in turn, led to a decrease in, accounting conservatism and information asymmetry, which led to an increase in the quality of financial reporting, as the quality of financial reporting is related to an inverse relationship with both accruals, and accounting conservatism, information asymmetry, and a smooth relationship with the quality and quantity of sustainability reports.

2. The relationship between the quantity and quality of sustainability reports with financial performance indicators

The aim of the statement of this relationship is to show that if banks have good financial performance, they voluntarily tend to report sustainability reports, and also the financial performance affects the quality of the financial report Depending on the bank's share price.

Table (2)

The relationship between the quantity and quality of sustainability reports with financial performance indicators

Years	QA	QN	FSIZE	LEV	CG	ROA
2010	78.00	0.53	10.37	83.76	-0.08	0.62
2011	107.00	0.73	10.38	84.06	-0.01	1.10
2012	104.00	0.71	10.38	83.79	0.02	1.09
2013	106.00	0.73	10.39	83.88	0.09	1.41
2014	155.00	0.94	10.41	86.24	0.10	1.84
2015	147.00	0.89	10.41	86.40	0.02	0.60
2016	106.00	0.80	10.38	85.57	0.01	0.88
2017	107.00	0.81	10.39	85.43	0.03	0.80
2018	107.00	0.81	10.41	85.63	0.08	1.70
2019	109.00	0.83	10.42	85.59	0.05	1.61
Average	114	1	10	85	0	1
Std. D	22	0.11	0.016979	0.992467	0.048918	0.429322

The source was prepared by the researchers, depending on the data of the annual reports

We note from the above table with an increase in the quantity and quality of reporting on sustainability reports from (78,0.53) in 2010 to (107,0.73) during the year 2011, and this led to an increase in the financial reporting indicators than before. As for the year 2012, a decrease in the quantity and quality of reporting on sustainability reports led to a somewhat lower financial performance indicator than they were in 2011. As for the year 2013, the increase in reporting on sustainability reports led to an increase in financial performance indicators. With the increase in reporting on sustainability reports to the highest level, the financial performance indicators increased to their highest level during the research period. During the year 2015, the reporting on sustainability reports decreased, which caused a decrease in the financial performance indicators. This decline continued during the years (2016-2017-2018) until the year 2019 in which the reporting on sustainability reports increased and the financial performance increased significantly with it.

statistical analysis:

1. Test the research hypothesis.

First: Ho1: There is no relationship between total receivables and the quality and quantity of sustainability reports

Second: Ha1: There is a relationship between total receivables and the quality and quantity of sustainability reports

To test this hypothesis, linear regression analysis was used

	The first hypothesis,			the second hypothesis,			the third hypothesis		
	B	T	Sig.	B	T	Sig.	B	T	Sig.
(Constant)	0.9789	0.703	.555	0.61960	0.1720	0.228	0.8218	0.290	0.799
QA	-0.964312	-0.759	.027	0.115	0.3465	0.043	-0.987	-0.463	0.036
QN	-0.1853263	-0.059	.054	0.3494	0.4290	0.050	-0.435	-0.067	0.053
FSIZE	0.971959504	0.640	.588	-0.7818	-0.199	0.185	-0.971	-0.314	0.783
LEV	-0.1403279	-.051	.964	0.254	0.3584	0.070	0.020	0.353	0.758
SG	0.465780144	0.1055	.402	-0.818	-0.757	0.528	0.258	0.287	0.801
ROA	-0.75278425	-0.1093	.388	0.295	0.1655	0.240	0.085	0.606	0.606
R	0.735			0.981			0.827		
R square	0.540			0.962			0.222		
F Sig.	0.048			0.026			0.045		

1 . The first regression model: We note from Table (3) that the multiple regression analysis of the first hypothesis considers multiple regression statistically significant at 0.048, while the determination coefficient was 0.540. The value of the regression coefficient ((B) for QA and QN for sustainability disclosure was negative 9640.- and 1850.- respectively. Therefore, it can be said that increasing the sustainability disclosure leads to a decrease in the value of the estimated receivables. The T-test shows that the level of statistical significance is less than 0.05 for each of QA and QN, and these results lead us to reject the null hypothesis and accept the alternative hypothesis that there is a statistical significance between sustainability reporting and the quality of financial reporting.

$$\text{Discretionary Accruals}_{it} = 0.979 - 0.964 (QA) - 0.185 (QN) + 0.972 (FSIZE) - 0.140 (LEV) + 0.466 (SG) - 0.753 (ROA)$$

2. The second regression model: From Table (3), it is noticed that the multiple regression analysis of the second hypothesis was statistically significant at 0.026, while the determination coefficient was 0.962. The regression coefficients for (AQ) and (QN) for the sustainability disclosure were positive 0.115 and 0.3465, respectively. This result explains that the increase in sustainability disclosure leads to an increase in the accounting conservatism. The T-test shows a level of statistical significance less than 0.05 for both QA and QN, and this result supports the alternative hypothesis that there is a statistical significance between sustainability reports and accounting conservatism. A regression model can be formulated as follows:

$$\text{conservatism accounting} = 0.620 + 0.155 (QA) + 0.349 (QN) - 0.782 (FSIZE) + 0.254 (LEV) - 0.818 (SG) + 0.295 (ROA) +$$

3. The third regression model: From Table (3), it is noticed that the multiple regression analysis of the third hypothesis was statistically significant at 0.045, while the determination coefficient was 0.222, and the value of the regression coefficient (B) for (AQ) and (QN) for the sustainability disclosure was negative when 0.987 and -0.463,

respectively. These results indicate that increased disclosure about sustainability leads to reduced information asymmetry. Where the T-test indicates a level of statistical significance less than 0.05 for both QA and QN, and this result neglects the alternative hypothesis that there is a statistical significance between sustainability reports and information asymmetry. A regression model can be formulated as follows:

$$\text{Effective Spread} = 0.8218 - 0.987 (\text{QA}) - 0.463 (\text{QN}) - 0.971 (\text{FSIZE}) + 0.020 (\text{LEV}) + 0.258 (\text{SG}) + 0.085 (\text{ROA}) +$$

● **the two researchers reached the most important conclusions, Through this research**

1. Reporting on sustainability reports indicates the extent of the bank's endeavor to meet the needs of all information users.
2. Reporting on sustainability reports shows the extent of concern for the environment and social issues. and the extent of concern for preserving and sustaining resources for future generations.
3. Reporting on sustainability reports can remove the black point of management profits, accounting conservatism and information asymmetry because it reflects the bank's commitment to the rules of governance.
4. Sustainability reports help financial reporting in reporting on the environmental and macro aspects that cannot be reported in the financial statements because the conceptual framework of financial accounting is inconsistent with the requirements of sustainable development Sustainability.
5. reports focus on governance and general disclosure, as (9 standards) are devoted to governance, either for public disclosure (13 standards), because of the impact of these two elements on the quality or financial reporting, accounting conservatism and information asymmetry.
6. One of the important criteria for sustainable development that must be reported is the involvement of stakeholders in setting strategic goals.

● **The most important research recommendations:**

1. it is necessary companies' adherence to the governance indicators included in the sustainability reports because of their importance in reducing information asymmetry.
2. Contributing Iraqi companies must apply sustainable development standards due to their importance in increasing transparency and reducing accounting conservatism.
3. The importance of implementing development standards because it urges the non-profit social aspects that are necessary for Iraqi society.
4. It is imperative that companies follow the governance indicators contained in the sustainability reports because of their importance in reducing information asymmetry.
5. Contributing Iraqi companies must apply sustainable development standards due to their importance in increasing transparency and reducing accounting reservation.
6. The importance of implementing development standards because it urges the non-profit social aspects that are necessary for Iraqi society.

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