

The Effect of Sustainability Reporting on the Financial Performance of the Industrial Companies Listed on the Amman Stock Exchange

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Abstract

This study investigates the impact of sustainability reporting on the financial performance of industrial companies listed on the Amman Stock Exchange during the period from 2016 to 2022. The study focuses on return on assets (ROA), return on equity (ROE), and earnings per share as key indicators of financial performance. The findings reveal persistent challenges in the levels of economic, environmental, and social sustainability among Jordanian industrial companies, attributed to limited disclosure indicators in annual reports. Additionally, the findings of this study show that the economic, environmental, and social sustainability positively effect on both ROA and ROE. Intriguingly, the research indicates that sustainability factors have not translated into significant impacts on market performance indicators such as earnings per share and Tobin's Q, the market's fluctuations are likely driven more by speculation, shaped by the interplay of supply and demand forces, rather than being significantly influenced by the disclosures issued by companies. These results emphasize the complex interplay between sustainability practices and

financial outcomes for Jordanian industrial companies, offering valuable insights for company decision-makers, investors, and stakeholders.

Keywords: Sustainability, Financial Performance, Global Reporting Initiative (G4), Industrial Companies, ROA, ROE, Jordan.