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ORIGINAL ARTICLE

IMPACT OF CORPORATE SUSTAINABILITY REPORTING PRACTICE ON CORPORATE PERFORMANCE: A REVIEW OF LITERATURE

Nusirat Ojuolape Gold[1,2,*], Fauziah Md. Taib[1]

[1] School of Management, Universiti Sains Malaysia, Penang, Malaysia
[2] Department of Accounting and Finance, Kwara State University, Malete, Nigeria

ABSTRACT – Stakeholder pressure on corporations to adopt sustainable practice has been a subject steering constant argument in recent times. The reason could be due to the awareness of the environmental impact and concern in preserving the planet. This study, through a literature review of prior studies, examined the impact of corporate sustainability reporting practice on corporate performance. Numerous researchers investigated this relationship in the past, but there is still a lack of consensus with regards to outcomes. Findings have been inconsistent and contradictory, varying from positive to a negative relationship, to statistically insignificant or mixed outcomes dependent on several factors such as cost exceeding benefits, shareholders perceiving sustainability initiative as a cost object, investors not valuing disclosure, firms using disclosure as legitimization tool for prestige, weak legislation, proxies used for measurement tool, country/ region of study, methodology, the period covered, industry sector covered and/or sample size. Our study reviewed 35 works of literature and found 13 studies with positive outcomes, 8 with significant negative outcomes, 5 with no significant relationship and 9 with mixed result. Overall, we concluded that it pays for corporations to adopt sustainable business practices as the benefit of adoption will span across the long term. Not denying the fact that companies would incur some huge costs in the short run at the time of investment, but the long-run benefits would far outweigh whatever cost they might have incurred. Hence, corporations are advised to start incorporating the sustainable practice into the management process and subsequently report on them to avoid legitimacy cost and to gain long-run competitive advantage. Future studies may conduct a systematic review to disaggregate the approaches, so as to examine the different dimensions of sustainability practice and provide a more concise and clear result.

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INTRODUCTION

Stakeholder pressure on corporations to adopt sustainable practices has been a subject steering constant argument recently. Reasons could be due to the awareness of the environmental impact and concern in preserving the planet. Moreover, the rising climatic temperature is driven by the high concentration of greenhouse gases (GHGs) in the atmosphere which has caused an outbreak of diseases, loss of wildlife and aquatic animals, and loss of lives and property among others. In a bid to reverse this trend, stakeholders demand corporate reporting on sustainability, since corporate transparency and accountability are assumed key (Chithambo, Tingbani, Agyapong, Gyapong, & Damoah, 2020). Given the pressure, corporations began publishing the impact of their activities (positive and negative impact) on the environment in a sustainability report as a voluntary disclosure or as mandatorily required under different jurisdictions.

Furthermore, sustainability reporting forms an integral part of Integrated Reporting because it combines financial and non-financial parameters. Using the definition given in the Brundtland Report of 1987, sustainability is said to be a development that meets the needs of the present without compromising the ability of future generations to meet their own needs (World Commission on Environment and Development, 1987). This definition is the most widely accepted definition of sustainability since it captures both current and future generation needs. However, corporate sustainability has grown from a mere emphasis on promoting environmental, social, and governance (ESG) performance to concern that can derive revenue growth and high quality financial performance as businesses and global investors began applying sustainability performance information and look beyond a company's financials in making business and investment decisions (Rezaee, 2016).

Meanwhile, with the upsurge pressure on companies to embrace this form of reporting, and to ensure uniform disclosure by them, several frameworks and standards were developed. For instance, Global Reporting Initiative (GRI), Dow Jones Sustainability Index (DJSI), Carbon Disclosure Project (CDP), Global Initiative for Sustainability Ratings (GISR), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), etc. The GRI remains the most popular among them (KPMG, 2017) providing corporations and businesses with strategic ways to analytically assess, measure, and communicate their economic, social, and environmental performance. Hence, if

*CORRESPONDING AUTHOR | N. O. Gold | ✉ nusirat.gold@student.usm.my

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companies were to adopt sustainable business practices, it is believed to pave way for corporate goal of value creation which will be achievable when management considers not just shareholders interest (i.e. profit maximization) but also considers all stakeholders' interest by integrating non-financial dimensions of sustainability into corporate strategies and business processes.

Another perspective to explain sustainability reporting as given by Global Reporting Initiative (2016) is an organization's practice of reporting publicly on its economic, environmental, and/or social impacts; and the organization's positive or negative contributions towards achieving the goal of sustainable development. This view conforms with the triple bottom-line approach of people, profit, and planet that business activities can deliver financial, social, and environmental benefits simultaneously (Henriques & Richardson, 2004). To this end, GRI requires corporations to set an equilibrium among economic, environmental, and social needs so as not to jeopardize future development. Correspondingly, sustainability reporting is generally believed to lay foundation for preserving and enhancing firm value through strategic benefits such as improved stakeholder engagement or relations, better customer access, customer loyalty, new products creation, identification of new markets, and operational improvements (Furlan Alves, Lopes de Sousa Jabbour, & Barberio Mariano, 2019), improved reputation (Hoejmose, Roehrich, & Grosvold, 2014), gaining employee loyalty (Kwaghfan, 2015), risk avoidance, gain access to financial capital (Schmidt, Foerstl, & Schaltenbrand, 2017), cost savings, productivity, etc. (Aggarwal, 2013).

As the calls to adopt sustainable practice are still predominant, stakeholders especially investors are now looking into investing in firms that are deemed socially responsible, although, the number of companies adopting and reporting on sustainability aspects is on the rise. However, according to the international survey on corporate responsibility reporting carried out by KPMG in 2017, only 28% of companies worldwide acknowledge in their annual reports that climate change poses a financial risk (KPMG, 2017), implying the road ahead is still very far. Numerous researchers and academicians investigated the relationship between sustainability reporting and corporate performance using different parameters (Borges Junior, 2019; Buallay, 2019; Zhao et al., 2018), but findings failed to reach a consensus. Results have been equivocal as researchers found either positive (Ameer & Othman, 2012; Borges Junior, 2019; Buallay, 2019), or contrarily, others found negative (Dinçer & Altınay, 2020; Fatemi, Glaum, & Kaiser, 2018; Rajesh & Rajendran, 2020), mixed (Akbulut & Kaya, 2019; Sampong, Song, Boahene, & Wadie, 2018) or no significant association (Gunarsih & Ismawati, 2018; Yilmaz, Aksoy, & Tatoglu, 2020).

On the basis of an extensive review of literature, our study objective is to provide a nomenclature of prior existing studies to enable better insight in understanding sustainability reporting by corporations and provide useful guidance for future research in the area. Specifically, we gave explanation to the concept, provide theoretical explanations on the linkage between sustainability reporting and corporate performances, and review findings of extant literature to proffer robustness for the study results, conclusion, and future investigations. The study is timely as authorities, market regulators, and operators around the globe are effortlessly initiating sustainability policies, regulations, and encouraging good corporate governance and transparency among companies. For instance, the Nigerian Stock Exchange (NSE) is set to implement sustainability reporting practices for listed firms as of September 2020 (NSE, 2018). The study will also avail researchers knowledge on the findings of prior literature from countries around the globe that had already implement sustainability reporting and serve as a good ground for companies to embrace full-fledged sustainability practice encompassing mere economic, social and environmental reporting, while also enlightening organizations on the need to strive for interest of all stakeholders beyond the ordinary goal of increased profitability for the shareholders.

The next aspect after this section is the conceptual underpinning, followed by theoretical explanations and a summary of empirical findings from extant studies. Subsequently, the following sections tell about the methodology adopted by the study and the final section will be about the conclusion, contribution to knowledge, and recommendations for future research.

LITERATURE REVIEW

Conceptual Underpinning

Sustainability Reporting Practice

The concept of Sustainability Reporting practice evolved since the 80s when the first environmental report was published. However, the concept has gained more attention from regulatory bodies, market participants, academicians, and corporations (Shad, Lai, Fatt, Klemeš, & Bokhari, 2019) more recently. Oftentimes, the concept is usually coined interchangeably as Corporate Responsibility Reporting (CRR), Environmental Reporting (ER), Environmental, Social and Governance (ESG) reporting, Sustainability reporting, Corporate ESG Reporting, Integrated Reporting or Triple Bottom Line of people, profit and planet (Elkington, 1999; Ioannou & Serafeim, 2017; Ng & Rezaee, 2012; Wei, 2020).

Sustainability reporting refers to the ability of an organization to utilize the limited resources at its disposal effectively and efficiently over time by adopting strategies to minimize waste and uphold best corporate practices. Sustainability Reporting comprises of all the three dimensions of economic, environmental, and social sustainability while the Sustainability Practice span beyond mere reporting on the three dimensions (Rajesh, 2020). Hence, it provides a framework to create value above achieving sufficient profits but also satisfying the diverse needs of different stakeholder groups (López, Garcia, & Rodriguez, 2007).

Since the concept comprises of three aspects of economic, social, and governance (ESG), it is vital to explain each of the dimensions. The economic dimension according to GRI (2002) is concerned with an organization's impacts on the

economic circumstances of its stakeholders and the economic systems at local, national, and global levels. Shad et al. (2019) refer to the economic dimension as covering economic prosperity, profit-making, attaining competitive advantage, and sustaining the overall economic value of the corporation. The environmental dimension relates to environmental quality focusing on climate change impact, global warming, pollution, and depletion of ozone layer; an aspect explaining how organization's activities impact both living and non-living natural ecosystems. According to Delai and Takahashi (2013), the environmental dimension goes beyond the ecosystem's wellbeing because the ecosystem maintains diversity and quality, hence, its ability to support all life, and the potential to adapt to change to provide future options. Lastly, it is the social dimension which centers on how organizations impact the social system within which the company operates. This form of impact relates to social progress such as health and safety, community well-being, employment opportunities, charity, and organizational behavior (Aras, Tezcan, & Kutlu Furtuna, 2018). In some cases, social indicators may influence the organization’s intangible assets, such as its reputation or brand name.

Certainly, when corporations adopt sustainability reporting practices, they must be able to achieve equilibrium between firm business risk and meeting stakeholder expectations. Likewise, if they seek business performance in a socially responsible manner, the organization needs to connect sustainability management framework that will assist in predicting corporate performance (Maletič, Maletič, & Gomišček, 2018 as cited by Shad et al., 2019) and that which will help in the transformation of a set of technical concepts into political and business policies and practices having a direct linkage to organizational performance (Shad et al., 2019).

Corporate Performance

Corporate performance in this instance may be interpreted as the ability of a firm to utilize resources at its disposal judiciously and implement activities effectively and efficiently better than its rivals. Corporate performance, according to Clarkson (1995), is concerned with measuring stakeholders’ satisfaction by evaluating data concerning the actions and records of the company about the management of particular stakeholder issues and the levels of responsibility that the company has assumed. Thus, this author refers performance as "doing less or more, than is required" either as stipulated by legislation or specifically by the company’s code of responsibilities and obligations. Although wide debate suggests no concise definition exists for corporate performance, yet, performance can be used as a basis to explain the management of a corporation's relationships with its stakeholders using concepts concerning corporate social responsibilities and responsiveness. Studies have measured corporate performance employing either a market-based approach or accounting-based metrics. The most commonly used metrics are return on asset (ROA), return on equity (ROE), Tobin’s Q, profit margin, sales growth, cash flow, and stock prices, etc.

Theoretical Explanations

Stakeholders Theory

Stakeholders are persons or groups with legitimate interests in procedural and substantive aspects of corporate activity. Stakeholder theory anchors on the belief that other groups exist to whom the organization owes responsibility aside from equity shareholders. This refers to people or groups with stakes in the organization whose actions and inactions can influence or be influenced by the firms' decisions (Freeman, 1984). Stakeholders comprise shareholders, employees, customers, suppliers, lenders, regulatory authorities, and other members of the society without whose support the company would not function well or cease to exist (Freeman, Harrison, Wicks, Parmar, & De Colle, 2010). Proponent of this theory, however, Donaldson and Preston (1995), and Freeman and David (1983) argued that stakeholder analysis continually forms an integral part of sustainability reporting practice and corporate planning process. They also opine corporations that practice stakeholder management will be relatively successful in terms of conventional performance such as profitability, stability, and growth. Hence, if a company fails to uphold the interest of any stakeholder group, it may jeopardize the corporate reputation and subsequently affect company performance.

Legitimacy Theory

Legitimacy, according to Suchman (1995), refers to “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions”. Legitimacy is assumed generalized because it embodies an umbrella evaluation that transcends specific adverse events and occurrences from past events (Suchman, 1995). The theory relies on the firm belief that it is very vital for organizations to meet societal values, norms, and expectations to ensure their continuous existence, growth, and long-term survival. Proponents of the theory, Brown and Deegan (1998), Deegan (2002), and Patten (1991) posited that sustainability reporting practice will assist to reduce regulatory risk and adverse reactions of stakeholders, thereby strengthening organizational license to operate. Whereas, legitimacy is socially constructed because it reflects a congruence between the behaviors of the legal entity and the shared beliefs of some social group. Besides, legitimacy theory is a reflection of a social contract, which implies the firm's survival is dependent on its extent to operate within the bounds and norms of society (Brown & Deegan, 1998).

Empirical studies

Extant studies have investigated the relationship between sustainability reporting and corporate performance in the past with emphasis laid on sustainability reporting, corporate social performance, and corporate financial performance. Margolis and Walsh (2003) assessed how far organization theory and empirical research responded to the tension over

corporate involvement in wider social life. To explore the link in this relationship, they evaluated 127 published studies between 1972 and 2002 out of which, 4 studies found a bi-directional relationship, 54 studies from about 109 studies that treated sustainability performance as an independent variable reveal a positive relationship, 7 found negative relationship, 28 reveal no significant relationship while 20 had mixed findings. 16 studies out of those that made corporate sustainability a dependent variable reported a positive relationship. Al-Tuwaijri, Christensen, and Hughes (2004) conducted simultaneous equations models to provide an integrated analysis of the interrelations among environmental disclosure, environmental performance, and economic performance following the argument that management's overall strategy will affect each aspect of a corporation responsibilities. They obtained results that suggest good environmental performance is significantly associated with good economic performance, and with extensive quantifiable environmental disclosures of specific pollution measures and occurrences.

Muhmad and Muhamad (2020) in their review of sustainable business practices and financial performance during pre- and post-SDG adoption periods identified trends and issues highlighted in previous studies concerning the relationship between sustainability practice and financial performance. The author adopted content analysis to examine 56 studies indexed in the web of science (WoS) and Scopus with the majority from the developed countries and found that about 96% of the publications reported a positive relationship between sustainability practices and the financial performance of companies. From the review of extant literature, some authors proxied performance with return on assets (ROA), return on equity (ROE), return on sales (ROS), profit before taxation (PBT), and cash flow from operations (CFO) all of which are accounting-based measures while others use market-based measures such as Tobin's Q, stock returns, share prices, market value added (MVA), capital asset pricing model (CAPM), etc.

However, despite extensive empirical investigations, study findings have been equivocal as they fail to provide a clear and precise relationship between sustainability reporting and corporate performance. One plausible identified reason for the contradictory results is measurement issues pertaining to both concepts of interest.

METHODOLOGY

We based our review article on a qualitative and descriptive research approach that mainly centers on examining, analyzing, and summarizing the findings and limitations of prior relevant studies and other research sources relating to the research objectives. Borges Junior (2019) defined descriptive research approach as one whose focal purpose is to describe the characteristics of a phenomenon or population and establish relationships between variables. For the purpose of this review study, we collected our research articles from several databases including Web of Science (WoS), Taylor & Francis, Elsevier's Science Direct, and Google Scholar.

FINDINGS AND DISCUSSION

Our study aimed at a literature review of prior studies on the impact of corporate sustainability reporting practice on corporate performance. Upon thorough review of the 35 works of literature, our study found 13 works of literature with positive relationship, 8 revealed negative association, 5 showed no significant relationship and finally, 9 showed mixed results. Consequently, our review of works of literature showed that sustainability indicators (economic, social, and governance factors) have unpredictable effects on the different performance measures. Notwithstanding the lack of consensus in literature, majority of the studies suggested a positive impact. This signifies sustainability practice will enhance corporate performance and aid competitive advantages for companies in the long run even though some costs will have to be borne in the short-term. The benefits that will accrue to firms will definitely outweigh the short-term cost only if firms can persevere. This study, therefore, organize reviewed literature based on their findings which range from positive results to negative, no significant relationship to mixed findings. This is pertinent to bring clarity of purpose and to ease understanding of the nature of relationship existing between the concept of sustainability reporting practice and corporate performance.

Table 1: Studies with positive relationship between sustainability reporting practice and corporate performance

S/N	Literature/ Country	Proxy for SR	Proxy for CP	Methodology and Data sources	Theory	Findings, Comments and Limitations
1	Buallay (2019) EU (Developed country)	Environmental, social and governance (ESG) disclosure	Return on Assets (ROA), Return on Equity (ROE) and Tobin's Q Control variable: GDP, governance (GOV), total assets and	Sample consisted of 2,350 observations from 235 banks listed on the European Union (EU) stock exchange over a period of 10 years. Data were sourced from Bloomberg database.	Cost of capital theory; Anticipation theory; and Instrumental theory.	The study examined relationship between sustainability reporting and performance for listed banks on the EU stock exchange. Result revealed ESG has a significant positive impact on performance. However, author recommend the EU banks to focus more on sustainability reporting for transparency of long-term economic situation and non-financial information; they also recommended financial authority to have clear and mandatory laws on sustainability reporting because

S/N	Literature/ Country	Proxy for SR	Proxy for CP	Methodology and Data sources	Theory	Findings, Comments and Limitations
			financial leverage.			existing laws are weak. Meanwhile, the study only considered listed banks in EU.
2	Emeka-Nwokeji & Okeke (2019) Nigeria (Developing country)	Dummy variables of '1' and '0' were assigned to quantitative values of all qualitative specific environmental disclosure.	Return on Assets (ROA) Control variables: Firm size, Age and leverage.	Based on ordinary least square regression, with ex-post facto research design and content analysis of annual report for 93 non-financial listed firms on the Nigerian Stock Exchange between 2006 to 2015. Study data were analyzed with the aid of STATA.	Legitimacy theory and Agency theory	The study examined the effect of environmental sustainability disclosures on performance of firms in Nigeria. Overall result revealed aggregate environmental disclosures had significant positive effects on firm performance. However, when the result were analyzed individually, only environmental compliance policy and disclosure of environmental donation showed significant positive effect while energy consumption had significant negative effect; environmental sensitive products and environmental conservative disclosure had positive insignificant effect on firm performance. Based on this, the author advised that as a matter of priority, firms should adopt and disclose environmentally friendly policies like making donation towards environmental protection, avoiding pollution and hazardous wastes to the environment. They believed doing so would assist the firms to gain social legitimacy that will enable them to enjoy increase patronage and revenue. Study limitation was in the proxy used for performance i.e. only ROA which is an accounting based measure, hence might not be reflective of actual performance.
3	Jan, Marimuthu, bin Mohd, and Isa (2019) Malaysia (Developing country)	4 independent variables consisting of general standards sustainability disclosers; economic sustainability; environmental sustainability; and social sustainability.	Return on average assets (ROAA); Return on average equity (ROAE); Tobin's Q and Principal Component Analysis (PCA).	Using a weighted content analysis, all 16 Islamic banks operating in Malaysia were sampled and data was collected for the post-crisis period of 2009-2017 from the annual reports.	Slack resource theory; stakeholder theory and Maqasid-al-Shariah theory.	The particular study analyzed the nexus between sustainability practices and financial performance for Islamic banks in Malaysia. Findings revealed significant positive association with the financial performance. Study recommendation is for management, shareholders and market investors to channel efforts to improve and safeguard sustainability since it will no doubt add financial values to the stakeholders and the market profile of the Islamic banks. Notwithstanding, the study limitation was its focus on only Islamic banks in Malaysia. Hence, findings cannot be generalized for all the banks.
4	Borges Junior (2019) Brazil	Dummy variable for publication of	Return on assets ROA, company	Using descriptive measure and correlation analysis, data	Legitimacy theory and stakeholder theory.	This study analyzed the association between the publication of sustainability report and performance of Brazilian public

S/N	Literature/ Country	Proxy for SR	Proxy for CP	Methodology and Data sources	Theory	Findings, Comments and Limitations
	(Developing country)	sustainability report	size and capital structure (leverage)	were collected on the publication of the sustainability report for all non-financial publicly listed Brazilian firms for the period 2012-2016.		firms. Result showed positive and statistically significant association between the publication of the sustainability report and performance, size and leverage of the company. This implies large, profitable and highly leveraged companies do have more resources available to invest in voluntary reporting. This study limitation was in the fact that it focused only on company responses recorded on publication of sustainability report and examined only a single country.
5	Zhao et al. (2018) China (Developing country)	ESG indicators developed based on PSR concept	Return on capital employed (ROCE), debt-to-equity ratio (D/E) and logarithm of total assets (Log TA) for Size.	Sample consisted of 20 large listed power generation companies from 5 major China Resources Power Holdings Company. Data were sourced from the CSMAR for a period of 10years.	Pressure state response (PSR) concept	The study investigated impact of ESG on performance and found good ESG performance will improve financial performance. Author suggested strengthening the construction of CSR standards will have a long-term and outstanding contribution for company's financial performance. Study limitation was in the area of methodology used. Proxy used for sustainability reporting was too ambiguous and confusing, and only focus listed power generation companies in China.
6	Garcia, Mendes-Da-Silva, and Orsato (2017) Brazil, Russia, India, China and South Africa (BRICS) (Developing countries)	Economic, Social and Governance scores and Overall ESG scores from Thomson Reuters.	Systematic risk index, financial leverage index, free cash flow, market capitalization, Return on assets (ROA), firm size and sector dummy.	Based on a linear regression panel data analysis, data were sourced for 365 BRICS non-financial companies over the period 2010 - 2012 from Thomson Reuters and DataStream	Stakeholder theory and legitimacy theory.	Study examined firm risk and ESG performance. Result indicated an inverted U-shaped curve, signifying the existence of a maximum value for ESG performance through the firm's systematic risk level. Result equally indicated firms operating in highly sensitive industries do present superior environmental performance than others because their activities have high tendency to impose damage on the society. Limitation of this study was it only considered companies from the BRICS countries; and the econometric technique used could be subject to bias.
7	Loh, Thomas, and Wang (2017) Singapore (Developing country)	4 indicators of Governance, Economic, Environmental and Social.	4 months market value; control variables: government-linked companies (GLC), family business (FB) and high impact sector (HI)	Using Ohlson model based on weighted least square regression; sample consist of 502 listed firms on Singapore stock exchange. Data were sourced from Bloomberg, Osiris and company disclosure up to 2015.	Agency theory, signaling theory and legitimacy theory.	Study examined linkage between sustainability reporting and firm value. Results showed that sustainability disclosure is positively related to the market value of firms, even though they found firm status such as government ownership, family business and operating in high impact sectors having no relation. Limitation of this study was that it considered one country only and variables used might have influenced their result.

S/N	Literature/ Country	Proxy for SR	Proxy for CP	Methodology and Data sources	Theory	Findings, Comments and Limitations
8	Tarmuji, Maelah, and Tarmuji (2016) Malaysia & Singapore (Developing countries)	3 indicators of Environmental, Governance and Social.	Economic performance	Using Regression analysis on a sample of 80 companies, 35 from Malaysia and 45 from Singapore for the period between 2010-2014.	Agency theory and stakeholder theory.	The study investigated the impact of ESG practices on economic performance. Result showed positive significant relationship for all the variables on economic performance. Study lapses relied on the sample size which was relatively small. Hence, results should not be generalized.
9	Cornett, Erhemjamts, and Tehranian (2016) US (Developed)	ESG ratings based on 35 indicators	ROA, ROE, Tobin's Q, operating profit, Size, capital levels, high fees, board composition, external political environment,	Based on OLS regression, study examined 235 US banks between 2003-2013 with data collected from MSCI ESG STATS database.	Social network theory.	The article analyzed relationship between banks' social performance and financial performance and findings reveal significant positive relationship between ROE and CSR scores. Findings showed that collapse due to the recent financial crisis was what influenced banks and their stakeholders to intensify efforts towards sustainable practices. Meanwhile, the study still had limitation since it focused only on the US which is a developed market.
10	Burhan and Rahmanti (2012) Indonesia (Developing country)	Economic, Social and Governance performance index based on GRI framework	Return on assets (ROA)	Using a linear regression for listed non-financial companies in Indonesia, for 2006-2009.	Legitimacy theory and stakeholder theory.	Similar to prior study, this author found only social performance disclosure positively influenced company performance. Author therefore opined companies will start acting responsibly since without the credibility and trust put by stakeholders, it would be difficult for businesses to thrive well. However, research focus covered only a small sample of 32 companies over a short period of time.
11	Ameer and Othman (2012) Multi country	Sustainability Index scores covering Environment, Diversity, Community and Ethical standards. The item were scored 0-4 based on disclosure in sustainability report.	Sales revenue growth (SRG), Return on assets (ROA), Profit before tax (PBT), and cash flows from operating activities (CFO).	Sample consisted of Top 100 sustainable global companies for the period 2006-2010. ESG data was drawn using content analysis of sustainability reports while the financial data were sourced from Thomson financials World scope.	Nil	This study examined whether companies with superior sustainability practices have superior financial performance and growth than companies that do not. Findings revealed firms with higher sustainability disclosure scores had significantly higher mean sales revenue growth, ROA, PBT and CFO over the period. examined. Study limitation was on the sample which were drawn from only the top 100 global sustainable companies from US.
12	Reddy and Gordon (2010). Australia & New Zealand (Developed country).	Dummy variables D1, D2 & D3 equal 1 if the sustainability report is of the correspondin	Abnormal returns	Using event study, sample included 68 listed companies, from New Zealand and Australian Stock Exchange over 31 days of market announcement.	Nil	The study found a statistically significant relationship with market returns for Australian companies and a systematic positive relationship for New Zealand. Upon identifying several contextual factors, such as industry and type of sustainability report, having potential to impact the relationship

S/N	Literature/ Country	Proxy for SR	Proxy for CP	Methodology and Data sources	Theory	Findings, Comments and Limitations
		g type, otherwise 0.				between sustainability reporting and financial performance, study limitation stood in the fact that it considered only developed economies.
13	Lin, Yang, and Liou (2009). Taiwan (Developing country)	Donation ratio as a CSR proxy variable.	Return on Asset (ROA) and rate of stock return	Sample consisted of top 1000 Taiwan-based companies Company financial data was retrieved from the Taiwan Economic Journal Databank from 2002 to 2004.	Strategic business and supply-chain perspective.	This study pointed to the need to move social responsibility research from bivariate relationships to a more context-specific approach. The study considered corporate investment in R&D, and result showed positive relationship between CSR and financial performance in the long-term only. Study limitation relied on the fact that author used survey methodology making the measure of CSR not to be objective; and the sample only considered large manufacturing firms. The study also failed to control for industry effect that could have greatly influence the relationship between variables.

Table 2: Studies with negative relationship between sustainability reporting practice and corporate performance

S/No	Literature	Proxy for SR	Proxy for CP	Methodology and Data sources	Theory	Findings, reason for contrary opinion and Limitations
1	Dinçer and Altınay (2020) Turkey (Developing)	4 Indicators of environment, human resources, product liability, and community involvement.	Return on assets (ROA), Return on equity (ROE), Net interest margin (NIM).	Using a scoring model, 7 banks were selected from banks listed on Bursa Istanbul, Turkey (BIST) Sustainability Index between 2010-2017. Data were sourced from banks sustainability reports.	Institutional theory.	Study analyzed the effect of banks' sustainability reports' declarations on financial performance, but result showed negative impact. Plausible explanation for contrary findings are that bank's standards are continually updated and requires them to be disciplined, hence, banks result to using reporting on environmental issue as an advertisement/promotion tool for prestige; adopting sustainability practice require making changes in business techniques. For this reason, shareholders see it as a cost object the imposes extra cost for the banks. Study limitation stemmed from the small sample and small period covered.
2	Rajesh and Rajendran, (2020) Country not stated	Sustainability performance was based on publicly reported information	ESG scores from Thomson Reuters based on 10 indicators.	Partial Least Square (PLS) analysis based on Smart PLS 3.0, was used to evaluate the measurement of the structural models. Final sample consisted periodic data of 1820 firms over 5years from 2009 to 2018.	Ecological modernization theory; Contingency theory; Institutional theory.	This study observed a significant negative moderating effect of ESG performances on sustainability performance. Author therefore adviced managers to study in-depth the moderating effects of each of environmental, social and governance (ESG) performances to observe how far the individual effects can improve the overall sustainability performances for firms. Study however, pointed to the fact that ESG performances may be guided through different pressures from stakeholders, customers, competitors, and governments. Reason for contrary result stemmed from the argument that when pressure from stakeholders keeps

S/No	Literature	Proxy for SR	Proxy for CP	Methodology and Data sources	Theory	Findings, reason for contrary opinion and Limitations
						mounting for increased visibility, firms' focus, and their supply chain would improve towards achieving different dimensions of sustainability performances. Study limitation was, no doubt, in the direction taken to assign priorities to environmental, social, and governance related themes in the implementation of strategies and for the fact that the study failed to consider effect of control variables.
3	Alcaide González, De La Poza Plaza, and Guadalajara Olmeda (2020) Global 100	ESG Scores in Reptrak; Global 100, Green ranking; Finance yahoo sustainability; Interbrand; brand finance; Millward brown.	Size, increase in total assets, increase in revenues, leverage, ROE, ROA and number of employees in each tax year.	Using a multivariate linear regression by ordinary least squares for a sample of 13 companies in the IT sector from top 100 global ranking for the period 2000-2018	Nil	While the study examined relationship between ESG scores and firm performance, result showed that although large companies are more transparent in terms of sustainability, it does not relate to their financial behavior. In essence, findings indicated that if companies in the technology sector achieve more transparency and certain standards to prepare sustainability reports, it will serve as an incentive to increase the value of their brands, particularly the value of their intangible assets will become increasingly more relevant compared to other sectors. This study had limitation with regards to the sample size and the period covered by the analysis.
4	Fatemi et al. (2018) US (Developed)	ESG performance proxied by ESG strength and ESG concern. Moderator: ESG disclosure.	Tobin's Q, Control variables: Return on Asset, Growth of Return on assets, firm size, asset intensity, leverage. advertising intensity, R&D expenditures, and asset age.	Using Regression analysis based on data sourced from KLD and Bloomberg for 403 U.S. listed companies for the period 2006 – 2011.	Neoclassical theory, Stakeholder theory, voluntary disclosure theory.	Similar to previous study above, findings from this study indicated ESG strength increases firm value while ESG concern decreases it, and in overall, high ESG disclosure weakens the positive valuation effect of ESG strengths. Reason expunge for the findings may be due to the markets interpreting stepped-up disclosure as the firm's attempt to justify their over investment in ESG activities. While the disclosure which was found to be weakening the negative valuation effects of ESG concerns, could be because disclosures help firms legitimate their behavior by explaining to investors the appropriateness of their operations or because firms convince investors that they have made credible commitments to change their operations and thus overcome ESG weaknesses. Study limitation may be due to its focus on only US listed firms.

S/No	Literature	Proxy for SR	Proxy for CP	Methodology and Data sources	Theory	Findings, reason for contrary opinion and Limitations
	Abba, Said, Abdullah, and Mahat (2018) Nigeria (Developing)	Environmental disclosure (ED), environmental disclosure level (EDL) and environmental disclosure quality (EDQ).	Environmental operational performance Control variable: size, profitability, leverage, regulatory pressure, competitive strategy, and audit quality.	Using content analysis, the study examined manufacturing industry listed on Nigerian Stock Exchange Market (NSE). Final sample consisted of 53 companies	Voluntary disclosure theory and legitimacy theory.	This particular study found no statistical evidence to support the relationship between performance and disclosure quality. Result showed that manufacturing companies in Nigeria use the disclosure to legitimatize their existence in the society. Moreover, they used the tactics to maintain, and sway public opinion about their environmental performance. This study contributed to the understanding of the green-wash issue about environmental disclosure. The study unveiled non-appreciation of disclosure quality by firms to achieve selection preference. Study limitation hinged on the fact that only manufacturing firms were considered and focus on small sample size.
6	Joshi, Pandey, and Ross (2017) US (Developed)	Dow Jones Sustainability Index (DJSI)/SAM	Stock Returns	Using an event study method to analyze stock market reactions to changes in the Dow Jones Sustainability Index (DJSI) status of firms and annual announcements made by DJSI/SAM concerning the additions of 196 firms and deletion of 133 firms of the U.S. from the DJSI (World and North America) during the period from 2002 to 2011.	Neo classical theory, Instrumental stakeholder theory, Resource based view, Institutional theory and tournament theory.	This study slightly differed from the previous in that they used event study methodology, but overall result showed negative reaction to inclusion on DJSI. The results suggested that markets on average reacted negatively to DJSI inclusion and non-positively to exclusion. However, controversy could be because investors perceive firm's addition to the DJSI and winning such sustainability leadership tournaments as shareholder value destroying i.e. considerations such as the potential additional constraints on production technology, over-compliance resulting in competitive disadvantage, and diversion of managerial attention and resources from productivity improvement to been overshadowed by considerations of potential avenues through which sustainability efforts would have added to the firm value; or probably because investor planning horizons was relatively too short. This study also failed to consider other economies as it focused only on US firms listed on the Dow jones sustainability index.
7	Detre and Gunderson (2011) US (Developed)	Announcement for firm's inclusion in DJSI	Share values and cumulative abnormal returns (CAR).	Using an event study method, sample consisted of 36 publicly traded US agribusiness who are members of DJSI and traded on NYSE, NASDAQ or AMEX.	Nil	This study applied a similar approach as Joshi, Pandey, and Ross (2017) since they used an event study methods. Meanwhile, their result revealed agribusiness react negatively and significantly only in the short term when announcements are made. This could be due to increased costs that is often associated with sustainable initiatives when initially implemented. The study however failed to distinguish between the agribusiness firms to show their level of commitment to the dimensions of sustainability.

S/ N o	Literature	Proxy for SR	Proxy for CP	Methodology and Data sources	Theory	Findings, reason for contrary opinion and Limitations
8	Jones, Frost, Loftus, and Van Der Laan (2007) Australia (Developed)	GRI guidelines for ESG performance	Cash position, cashflow, working capital, profitability & earnings performance, turnover, financial structure, size, debt servicing capacity, capital expenditure, market- to- book ratio.	Sample consisted of top 100 listed companies on the Australia stock exchange (ASX), using data collected from the latest annual report and sustainability report in 2004.	Nil	From the study analysis, result indicated a generally negative relationship between sustainability disclosure and abnormal returns. It also showed strong effect of firm size and industry background. This imply larger firms will reveal statistically higher level of sustainability disclosure than smaller firms. Plausible reason could be due to the high reliance large firms place on wider group of internal and external stakeholders; whose actions can have different consequence on the firms' economic performance. This also signified other determining factors aside from financial predictors may be contributing to the level of sustainability reporting. This study covered only Australian firms for a single period.

Table 3: Studies with no significant relationship between sustainability reporting practice and corporate performance

S/No	Literature	Main Findings and Comment
1	Yilmaz et al. (2020) Turkey (Developing)	Using an event study that measured daily stock returns, the article analyzed effect of inclusion in and exclusion from the Bursa Istanbul Sustainability Index (BIST SI) on companies' stocks. However, result showed no strong evidence on both the stock returns and systematic risk (betas) of the companies. Findings revealed that inclusion reduces the total risk of the companies by protecting them from stock declines in case of a severe crisis, and improves their resilience compared to other companies not included. Study suggested based on findings that investors in the Turkish capital markets does not value corporate sustainability performance in making their investment decisions probably due to stern belief of imposing huge costs which reduces profitability on the firm.
2	Gunarsih and Ismawati (2018) Indonesia (Developing)	Using a sample of 60 listed companies in mining, metal and food processing industries on Indonesia stock exchange IDX for the period between 2014-2017, this study examined the relationship between sustainability reporting based of GRI and firm performance. Findings showed two dimensions of SR (economic dimension and social dimension) has an impact on market value (Tobin's Q) but no impact on book value (ROA). Overall, study found no relationship between all the dimensions of sustainability reporting with firm performance. Plausible cause could be because awareness level about the benefits of sustainability reporting in Indonesia is truncated while reporting is also voluntary.
3	Ching, Gerab, and Toste (2017) Brazil (Developing)	For this study, sample comprise of all listed firms on Corporate Sustainability Index in Brazil over the period 2008 to 2014. The study examined whether sustainability reporting quality has an effect on corporate financial performance, but findings revealed no clear consensus. Even though the study found the quality of disclosure to have improved through the years, there was still no association between accounting and market-based variables and the reporting quality. This is noticeable since the firm's scores were very low and their performances deteriorated throughout the years. Possible explanation for the non-consensus could be because profits from socially responsible conduct failed to compensate for the cost in a market equilibrium; probably because stakeholders view firms' use costly sustainability initiative as a legitimization tool to reduce information asymmetry.
4	Malarvizhi and Matta (2016) India (Developing)	The study investigated the relationship between corporate environmental disclosure and firm performance for 85 highly polluting firms listed on the Bombay Stock Exchange (BSE). Based on a regression analysis, study found no significant relationship. However, the result revealed a significant correlation with size of companies which signify that large firms disclose more environmental information in their annual reports and sustainability reports. Reason for the contrary result could be as a result of the early stage of adoption and application of GRI by companies operating in the country.

S/No	Literature	Main Findings and Comment
5	Atan, Razali, Said, and Zainun (2016). Denmark and Malaysia (Developed and developing)	The study conducted a comparative analysis on the effect of environmental, social and governance disclosure on firm performance for Denmark and Malaysia but found no significant effect. Study revealed there was an absence of legislative pressure in Denmark which was what drove the level of disclosure higher and more comprehensive than Malaysia, a country without any specific requisite on ESG. Hence, the study hinged plausible reason to be due to the temporal lag of disclosure effect on firm's performance, and the inherent limitation of the environmental value added (EVA) proxy used in the study. Evidence from this study proved the significance of a country's regulatory background and the influence it pose on the firm's ESG disclosure level.

Table 4: Studies with Mixed findings between sustainability reporting practice and corporate performance

S/No	Literature	Main findings and reason for contradictory result
1	Akbulut and Kaya, (2019) 20 countries	The study provided understandings on the relation of firm performance, firm size, financial leverage, and sustainability reporting (SR). However, findings showed positive significant relationship between firm size and SR, but negative significant relationship was found between financial leverage and SR in the automotive industry. Reason for the lack of consensus could be due to the study focus which was on only automotive industry and the proxies used for the variables particularly the inclusion and/or exclusion in the GRI database.
2	Kim and Oh (2019) India (Developing)	This study explored the relationship between corporate social responsibility (CSR) and financial performance of Indian firms in the context of both business group firms and stand-alone firms. Findings revealed CSR disclosure score had a U-shaped relationship with Tobin's Q. Empirically, the result also revealed that an improvement in CSR actions does not always result in higher firm value but at the very least, it should exceed a certain level of CSR to have a positive effect on the value of firms. Furthermore, study showed that at lower level, a negative relationship between CSR and Tobin's Q weakens in group affiliate firms but the complement effect of business group disappeared at higher level, weakening the positive relationship between CSR and Tobin's Q. Hence, creating room for capital market to grasp the different impact of business groups on CSR performance. Overall, findings indicated CSR is only related to long term firm performance and not short-term performance. Possible reason for the contrary opinion may be due to the unique the traits of Indian firms on CSR practice. This is because most India firms have their origins deep rooted in philanthropism in the part of community development.
3	Sampong et al. (2018). South Africa (Developing)	The study investigated the relationship between the extent of corporate social responsibility (CSR) disclosure and its component and firm value for South African firms. Based on the panel data fixed effect model, findings revealed positive but insignificant relationship between CSR disclosure performance and firm value, negative and insignificant relationship between environmental disclosure performance and firm value; and a positive and statistically significant relationship between social disclosure performance and firm value. Overall, findings suggested CSR disclosure had limited effect on firm value. Further, findings suggested CSR disclosure may not necessarily influence firm value despite its numerous benefits. Reasons expunge include firms using disclosure as a legitimizing tool for the actions and inactions; and that different sectors actively utilize social responsibility policies, not only for growth in global trends and other external pressures, but also because it could result in efficiency gains for the firm in terms of profitability and share value.
4	Miller, Eden, and Li (2018) US (Developed)	This study investigated relationship between changes in corporate social responsibility (CSR) reputation and firm performance. Result showed changes in CSR reputation have predictable, asymmetric, and sizeable impacts on firm performance. Findings revealed that performance impacts depend on whether the firm's CSR reputation in the prior and current periods is positive (i.e. if the firm performance exceeds CSR regulations); or performance will be neutral (if performance meets CSR regulations); and performance will be negative (if performance fails to comply with CSR regulations). This is an indication that movements toward compliance with CSR regulations will have no significant impact, but movements away from CSR compliance with CSR regulations will affect firm performance especially firm's profitability.
5	Nor, Bahari, Adnan, Kamal, and Ali (2016) Malaysia (Developing)	The study investigated the effect of environmental disclosure on financial performance for top 100 Malaysian firms. Study employed content analysis of annual report for the year 2011 and result showed significant relationship between total environmental disclosure and profit margin but revealed no significant relationship for total environmental disclosures and ROA, ROE, and EPS. Possible reason could be due to the

S/No	Literature	Main findings and reason for contradictory result
		absence of mandatory regulations and statutory requirements for the companies in Malaysia to disclose environmental sustainability. Moreover, environmental disclosure in Malaysia is still at infancy, although improving steadily as most companies are already in the know of environmental awareness.
6	Garg (2015) India (Developing)	The study examined impact of sustainability reporting on firm performance in India. Result showed negative impact in the short-run but positive impact in the long-run. Finding also revealed that sustainability reporting practices of companies improved over the period of analysis.
7	Bachoo, Tan, and Wilson (2013). Australia (Developed)	The study investigated the relationship between firm value and quality of Australian listed firms' sustainability reporting. Based on a proprietary data obtained from specialist responsible investment research firm, the findings from the study document a significant negative association between quality of sustainability reporting and the cost of equity capital for listed firms from 2003-2005, but a significant positive association between expected future performance and the quality of sustainability reporting. The findings rely on the proposition that markets value high-quality sustainability reporting, and that it is the environmental component of sustainability reporting that is most closely related to firm value.
8	Faisal, Tower, and Rusmin (2012) Global	The paper explored corporate sustainability disclosure practices in a global context. The empirical results revealed that high profile industries and large size companies disclose more sustainability information. Findings further revealed that firms with additional voluntary outside assurance statements provide a higher extent of sustainability disclosure compared with firms without assurance statements. Nevertheless, the result failed to provide evidence whether board independence contributes to increase in sustainability disclosure to reflect the impact of strong board governance. Reason expunge for the findings are that firms often use sustainability reporting as a legitimization tool to minimize pressure and criticism from society, and to attract capital and build a more successful business image.
9	Mohd Taib and Ameer (2012) UK and US (Developed)	This study examined the relationship between corporate sustainability practices and financial performance using a cross-sectional sample of UK and US listed companies. Study result showed that extent of disclosure by UK companies supersedes that of US companies. This is indicative of the significant difference between the financial performance of UK and US firms in terms of sales growth but no significant difference in their leverage, ROA and ROE. Meanwhile, their diversity index was found to have significant positive impact on financial performance, but same was absent for the business ethics, community and environmental index.

CONCLUSION

Corporations that are currently issuing sustainability reports had increased over time and series of empirical studies had been conducted to examine the relationship between sustainability reporting practice and corporate performance. Moreover, commonly adopted theories include stakeholder theory, legitimacy theory, institutional theory and agency theory. Our review study analyzed 35 literatures that have examined this linkage and we came to a conclusive evidence that it pays for firms to adopt sustainable business practices because it has several benefits such as enhancing firm reputation, providing firms access to capital and new markets, assisting firms to gain competitive advantage, etc. Our conclusion is in no denial of the fact that corporations will have to bear some huge costs, but it will only be in the short term. Subsequent to which benefits of sustainability practice will outweigh the cost of investment in the longer period. Although, there is still lack of consensus as findings show contradictory evidences ranging from positive, to negative, to statistically insignificant or mixed results. Several reasons were assumed for the variation. For instance, argument that shareholders view such investment as cost object which stresses profitability; investors does not value the disclosure; or that firms uses disclosure as legitimization tool for prestige; proxies used as measurement tool; country/region covered; weak regulations etc. Based on our outcome, future studies may conduct systematic review to disaggregate the approaches, so as to examine the different dimensions of sustainability practice and provide more concise and clear result. Also, future research may want to investigate the linkage by comparing countries from the same region. For instance, countries in African region over longer period to reveal the long-term effect.

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DECLARATION CONFLICT OF INTEREST

We declare not having any potential competing interests or personal relationships that can influence the work reported in this study.

AUTHORS' BIOGRAPHY

Nusirat Ojuolape Gold is a current PhD. Student of Accounting at the School of Management, Universiti Sains Malaysia under the tutelage of Professor Fauziyah Md Taib.

Fauziyah Md Taib is a professor of Accounting at the School of Management, Universiti Sains Malaysia.