



THE IMPACT OF DISCLOSING SUSTAINABILITY REPORTING INFORMATION ON INVESTOR SENTIMENT

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Abstract

This study aims to understand the influence of sustainability reporting on investor perception by analyzing sustainability disclosure from three dimensions: environmental, economic and social. The study used a expressive method to develop a theoretical framework and an experimental (applied) approach to analyze financial data obtained from the yearly reports of ten (10) banks registered on the Iraqi Stock Exchange from 2011 to 2021. Sustainability reporting was measured using indicators representing the number of sentiments disclosed by investors, measuring investor disclosure price-to-earnings (P/E) ratio and stock turnover. To investigate the relationship between the variables, several mathematical and statistical approaches were used, counting the arithmetic mean, standard deviation, correlation coefficient, and linear regression models, using SPSS software (version 24). The study results showed that sustainability reporting improves investor sentiment according to both measures (the P/E ratio and stock turnover). The social dimension emerged as the most influential and statistically significant. In contrast, the environmental dimension presented a negative influence only on the price-to-earnings ratio, while the economic dimension did not show statistical significance for either measure.

Keywords: Sustainability reports, investor sentiment, determinants of investor sentiment.



Introduction

Sustainability disclosure is a key factor influencing investor confidence and investment decisions. It provides additional data around a company's economic, environmental, and communal performance, enhancing transparency and reducing information gaps between management and investors. A transparent sustainability report allows financial institutions to assess a company's sustainable earnings, mitigate long-term risks, and strengthen decisions to attract investors and increase dividends. In addition to traditional theoretical frameworks, modern investment strategies rely on non-financial factors to develop appropriate value strategies. As a result, corporate sustainability reporting plays an important role in ensuring market stability, attracting investments, and creating long-term stability in the market.

1. Research Methodology

1-1: Research Problem

Sustainability reports have recently been published to assess and describe a company's impact on three bottom lines—including financial, social, and environmental. By ensuring market transparency, transparency reduces the information gap between company management and external investors. However, despite the increasing reliance on non-financial reporting and the rapidly changing regulatory environment, the link between sustainability performance and investor sentiment remains weak.

Given these challenges, the main challenge of this study is to answer the central question: How does corporate sustainability disclosure affect and increase investor trust?

1-2: Research Objectives

This study examines the role of corporate sustainability disclosure in providing information to investors. Furthermore, this study explores how sustainability reporting influences investors' perceptions and behavior, identifying which indicators influence investors' perceptions. Overall, the study provides practical recommendations aimed at improving the quality of non-financial reporting,



improving investor confidence and improving the financial decision-making process.

1-3: Importance of the Research

This study makes an initial contribution to the empirical literature on sustainability in markets as an important mechanism for non-financial sustainability. Specifically, the question addresses the impact of environmental concerns on investment decisions and corporate confidence. Therefore, the findings are useful for corporate managers, market participants, and management teams to mitigate market uncertainty, and facilitate investment planning.

1-4: Research Hypotheses

- Main hypothesis: Sustainability report disclosure has a statistically important effect on investor sentiment.
- Sub-hypotheses:
 - First Sub-Hypothesis: Corporate sustainability reporting significantly influences investor sentiment, using the price-to-earnings (P/E) ratio as a proxy.
 - Second Sub-Hypothesis: The different dimensions of business sustainability revelations—economic, conservational, and social—significantly influence investor sentimentality, as taken by fluctuations in the price-to-earnings (P/E) ratio.
 - Third Sub-Hypothesis: Comprehensive sustainability disclosure significantly drives market investor sentiment, as quantified by stock turnover rate (share turnover).
 - Sub-hypothesis four: Individual dimensions of sustainability disclosure have a statistically significant effect on investor sentiment, as measured by asset turnover (inventory turnover).

1-5: Research Methodology

Guided by the purpose of this study and its main research phase, this question uses an explanatory design. This approach offers a comprehensive way to look



at companies' sustainability issues and their stakeholders. In doing so, the framework allows us to understand how non-financial factors shape investors' decisions, thereby influencing market valuations and the allocation of appropriate investments.

1-6: Scope of the Research

Setting and Time: The scope of this study is limited to the geographic and geographical location of the Iraqi Stock Exchange (ISX), with its trading platform, which aims to promote non-financial trading to the public. Over time, the study analyzes data collected over an eleven-year period from 2011 to 2021, using company reports and investor responses as indicators.

1-7: Research Variables

The econometric framework for corporate sustainability reporting disaggregated into economic, environmental, and social dimensions raises important issues. In contrast, investor sentiment acts as a dependent variable, as the non-financial terms of non-financial terms are associated with changes in stock prices.

1. Independent Variable: Sustainability Reporting Disclosure Information:

Measured by developing an index of (30) items as shown in Table (3), according to the (0) and (1) model, where a disclosed item is given a value of (1), while an undisclosed item is given a value of (0). The level of sustainability reporting disclosure is measured by the following equation (Hussein, 2022):

Disclosure Level Ratio = Number of Disclosed Items / Total Items in the Index

2. Dependent Variable: Investor Sentiment: Investor sentiment was measured by constructing a firm-specific composite index consisting of three sub-indicators reflecting investors' behavior and trends in the market. These indicators included the following:

- **Price-to-Earnings Ratio (PE):** The natural logarithm of this ratio was used to reduce the problem of high variance in its values among the sample companies.



- **Stock Turnover Rate (ATR):** Calculated by dividing the trading volume by the total number of outstanding shares. The natural logarithm of this indicator was also used to mitigate the effect of large differences in stock turnover rates among the sample companies.
- **Daily Overnight Returns (OR):** Calculated according to the mechanism previously detailed in the study.

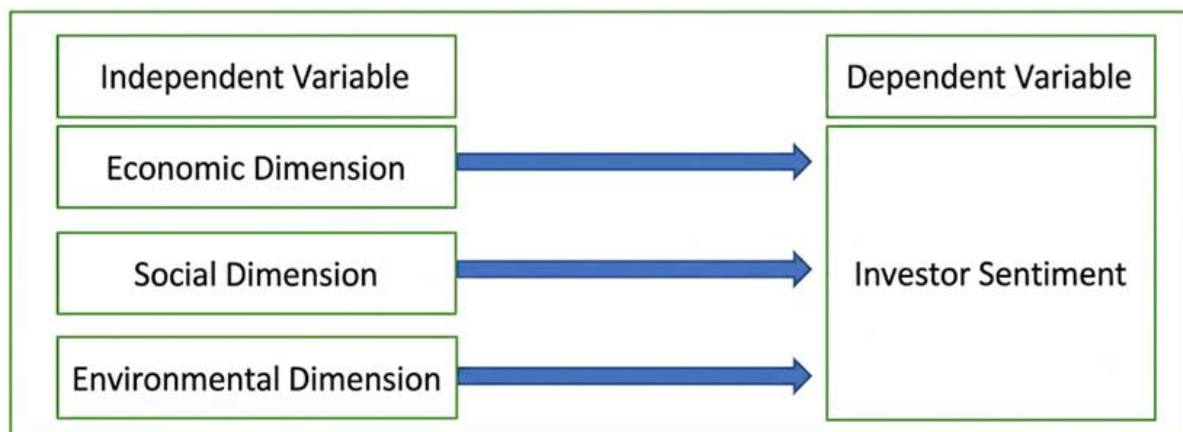
For the purpose of constructing a unified investor sentiment index, the Principal Component Analysis (PCA) method was applied to extract the relative weights of the aforementioned indicators. The analysis resulted in the following equation (Alnafea and Chebbi, 2022):

$$\text{SENTINDEX}_{(i,t)} = 0.599 \text{ ATR}_{(i,t)} + 0.776 \text{ OR}_{(i,t)} + 0.709 \text{ PE}_{(i,t)}$$

Where $\text{SENTINDEX}_{(i,t)}$ represents the investor sentiment index for company (i) during time period (t), while the weight coefficients express the relative importance of each variable in explaining the common variance among the indicators used in constructing the composite index.

1-8: Research Model

The conceptual framework of this study proposes that the independent dimensions (Economic Disclosure, Environmental Disclosure, and Social Disclosure) impact the dependent variable (Investor Sentiment). The model is designed to test the individual effect of each dimension as well as their joint, collective impact.



-Source: Prepared by the author.



1-9: Previous Studies

1. Study by (Ferreira et al., 2025) entitled (Impact of sustainability reporting on accounting information quality): The study aimed to analyze the level and evolution of sustainability disclosure, identify the most disclosed Sustainable Development Goals (SDGs), and test the impact of sustainability disclosure on accounting information quality measured by earnings persistence. The study relied on content analysis and panel data analysis for a sample of listed Portuguese companies during the period (2010–2021). The results showed that the level of sustainability disclosure remains relatively low, but it is experiencing continuous growth over time. It was also found that companies disclose environmental activities to a greater extent than social activities. Furthermore, the study shows a positive relationship between sustainability disclosure and earnings growth, indicating that companies with higher sustainability disclosure practices have more high-quality accounting information and are more transparent in their financial reports. The study makes recommendations to improve non-financial disclosure practices to enhance stakeholder decision-making and reliability of accounting information.
2. Kobe et al. (2025) Title: (The impact of digitization on sustainability reporting: the role of sustainability efficiency, green knowledge integration and stakeholder pressure): Investigated the underlying mechanisms through which digital transformation influences corporate sustainability reporting among Ghanaian small and medium-sized enterprises. Using structured questionnaires for 371 companies, the authors use structural equation modeling to analyze their estimates. Their research shows that mobile devices have a significant impact on social networking; Instead, communication is linked to sustainability abilities. Furthermore, the integration of environmental data helped strengthen sustainability capabilities, which was driven by stakeholder pressure to promote better reporting that benefits small and medium-sized enterprises in developing countries.
3. Caesaria and Basuki (2017) Title: (The study of sustainability report disclosure aspects and their impact on the companies' performance): Using a quantitative positivist framework, this study examined how GRI-G4



economic, social, and environmental indicators predict Indonesian Stock Exchange returns over a period of 44 years. For firm performance using Tobin's Q, the econometric model revealed significant relationships between several factors and firm performance. These findings suggest that extensive reporting enhances corporate visibility by enhancing corporate governance and strengthening corporate reputation.

4. Aureli et al. (2020) Title: (Nonfinancial reporting regulation and challenges in sustainability disclosure and corporate governance practices): Analyzing the transition from tax-free to financial inclusion under the EU 2014/95/EU (Legislative Decree 254/2016). they are followed Italian state-owned enterprises over four years (2017–2020). Their longitudinal analysis suggests that mandatory disclosures are a catalyst for sustainability policy and that corporate governance has led to a important alteration between internal controls and investor assignation. This highlights the limitations of centralized systems with robust act and growing want on external regulations.
5. Shallal & Ali (2026) Title: (Impact of Investor Sentiment on Banking Stability): Investigating the behavioral dimensions of financial stability, the study evaluated how investor sentiment—operationalized through net asset values and profitability metrics—influences the commercial banking sector in Iraq. Utilizing a panel dataset of 10 firms listed on the Iraq Stock Exchange across a decade (2014–2023), the econometric findings revealed a statistically meaningful link between sentiment dynamics and institutional performance. Consequently, the authors emphasize the necessity of embedding behavioral sentiment proxies within macroprudential regulations and broader economic stability frameworks.
6. Khalil (2024) Title: (The Impact of Investor Sentiment on the Relationship Between Corporate Life Cycle and Risk Tolerance): This study examined the mediating effect of investor opinion on the relationship between corporate social strategy and firm risk-taking capabilities. Using an Ordinary Least Squares method with data of 128 firms from 2010 (Q3) to 2020 (Q2), the estimates show that lifespan increases the risk of firm failure. The attitudinal indicators are highly influential: entrepreneurial intention leads to a level of



risk tolerance, whereas attitudinal attitudes proceed to risk aversion, reflecting the factors influencing risk judgments.

7. Al-Shahid et al. (2022) Title: (The Effect of Voluntary Disclosure of the Social Dimension of Sustainable Development on the Relationship Between Investor Sentiment and Stock Price Crash Risk): Risk behavior analysis examines the impact of corporate social responsibility (CSR) on stock market failure. Using data from 80 sectors on the Egyptian Stock Exchange (EGX-100) covering 603 observers from 2011 to 2020, a multivariate analysis shows that top investor sentiment predicts stock crashes. Contrary to expectations, CSR communication failed to significantly reduce psychological distress.
8. Hummel & Rötzel (2018) Title: (Mandating the disclosure of sustainability information in annual reports – Evidence from the United Kingdom): Considering the portfolio of firms incorporated under UK law, this study analyzes a group of 465 firms over the period 2006–2013. Using sectoral data on annual reporting—particularly climate tracking, gender equality, and human rights indicators—this study analyzes how corporate governance requires resources at the firm level (such as increasing corporate social responsibility), and examines the impact of corporate governance. The results show that compared to non-regulatory factors, corporate disclosure is positively associated with regulatory regulation and market share.

Chapter Two: Theoretical Framework

2-1: Sustainability Reporting Information Disclosure

A clear understanding of the social and ecological issues surrounding business activities is essential to the development of CSR, as well as the need to establish and maintain a company's responsibility. Sustainability reporting can vary, from traditional financial statements and standalone sustainability reports to integrated financial and non-financial reporting.

Despite the tremendous growth in sustainability reporting across the globe, it's not the same for sustainable companies and organizations. Regulatory and legislative frameworks, particularly in European countries, have helped strengthen environmental, social, and governance (ESG) disclosure by imposing non-financial disclosure requirements on a growing number of companies.



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These requirements also contribute to improving the quality of non-financial reporting and increasing compliance with ESG practices, thus increasing transparency and providing more useful information for investors and stakeholders (Ferreira et al., 2025:4).

As Cesare and Basuki (2017:1) stated, the growing demand for sustainability reporting and the increasing number of companies issuing it are stimulating research in this area, making it a hot topic. However, numerous studies on sustainability reporting have yielding conflicting results. Some studies have shown that the three dimensions of sustainability reporting have a positive impact on a company's performance in the market, both individually and collectively, while other studies have shown a negative impact. In addition, some studies found a neutral effect, while others found a positive effect. These discrepancies indicate gaps in the research and motivate researchers to conduct this study to analyze the impact of different dimensions on sustainability reporting.

As Gnanawera and Conorrrie (2018:21) explain, the growing interest among stakeholders in disclosing economic, environmental, and social performance has reinforced the importance of sustainability reporting as a tool for enhancing transparency and improving company performance. Despite the numerous benefits of these reports, many companies still primarily view them as a regulatory compliance requirement, rather than as an integral part of their operational strategy. This has led to the development of diverse sustainability indicators and frameworks designed to assess and disclose environmental, economic, and social performance.

Furthermore, numerous international frameworks and standards have emerged to regulate sustainability reporting and measure performance in the areas of environment, social responsibility, and governance (ESG). Given the voluntary nature of sustainability reporting, reporting practices vary between companies and countries. However, research confirms that these reports contribute to enhancing corporate reputation, fostering employee and customer loyalty, and supporting decision-making. The role of sustainability is also expected to grow in the future, as ethics, risk management, and technology play an increasingly important role in disclosure and reporting processes.



On the other hand, a study by Kieran et al. (2025) highlights the integration of ESG criteria into banking strategies, indicating that commitment to social and environmental objectives improves corporate competitiveness and attracts investors in the long term (Kieran et al., 2025: 3). Sustainability reporting is also defined as a company's publication of reports for internal and external users that provide a truthful and comprehensive picture of the company in its economic, social, environmental, and governance dimensions, highlighting its commitment to disclosure, transparency, and achieving sustainable development for society (Nobans & Elliley, 2016: 2).

As Modali and Telokdari (2023: 3) noted, several international organizations have established frameworks and standards to regulate the disclosure of information related to sustainability and environmental, social, and governance (ESG) issues. Among the most prominent are:

- The Global Reporting Initiative (GRI)
- The International Financial Reporting Standards (IFRS) Foundation
- The Sustainability Accounting Standards Board (SASB)
- The International Integrated Reporting Council (IIRC)

The multiplicity of these frameworks and standards reflects the complexity of the concept of sustainability and the diversity of its related components. However, sustainability reporting aims to improve corporate responsibility in terms of environmental, social and economic impacts, thus promoting transparency and sustainable development.

A study by Hussein et al. (2026) found that sustainability reporting serves as a comprehensive record of a company's economic, environmental, social, and governance activities, with a special emphasis on documenting and disclosing activities related to sustainability goals. The literature shows that companies that adopt and transparently disclose environmentally and socially responsible practices gain greater competitive advantages and maintain the trust of investors and stakeholders. This perspective suggests a positive relationship between sustainability practices and their disclosure, on the one hand, and financial performance and shareholder returns, on the other hand (Hussein et al., 2026:427).



The researcher argues that sustainability reporting requires companies to disclose all the consequences of their business activities, related to their economic, social and environmental performance, as well as their commitment to management practices, human capital development and information technology. The goal is to provide stakeholders with a clear view of the company and demonstrate its long-term viability.

2-2: Investor Sentiment: Concept and Determinants

Focusing on the concept of investor sentiment and drawing on numerous studies, Cornell et al. (2017) show that investor sentiment reflects optimism or pessimism that affects investment decisions and stock valuation. This can lead to stock prices deviating from their true values, particularly for stocks that are difficult to value, and it also affects the market's response to corporate information and news (Cornell et al., 2017: 4). Similarly, Wang et al. (2022) defined investor sentiment as investors' beliefs and expectations regarding future asset cash flows and investment risks, which are not necessarily based on available facts or information. This can lead to investment decisions involving greater risks and costs as a result of being influenced by psychological and behavioral factors rather than economic and financial fundamentals (Wang et al., 2022: 310). Furthermore, (Wanjau, 2018) defined investor sentiment as the tendency that drives investors to be influenced by the opinions and behaviors of others when making investment decisions, where these inclinations are shaped by psychological and social factors, confidence levels, and available information (Wanjau, 2018:34). Some researchers have also defined investor sentiment as the disposition that regulates people's reactions based on impressions or feelings rather than information (Parveen et al., 2020:5). A study by (Ali, 2023:722) noted that investor sentiment represents the erroneous beliefs held by irrational investors regarding future stock return expectations, where investors rely on their emotions and psychological mood (i.e., their degree of optimism or pessimism) when making investment decisions rather than on the facts and information accessible to them. Additionally, (Al-Sawy et al., 2024:43) defined investor sentiment as unjustified beliefs (lacking objective grounds)—whether optimistic or pessimistic—held by investors toward future cash flows and



investment risks, where these beliefs are formed based on how such investors perceive the available information.

Regarding the determinants of investor sentiment, a study by (Wanjau, 2018:33-34) pointed out that they can be classified into three main groups:

The first group consists of individual investor-specific determinants, which include investor preferences and confidence, the herding effect, risk attitude, and social interaction.

The second group is the regulatory framework, which includes the level of disclosure, transparency of financial reporting, or the political climate environment.

The third group includes market-specific factors, such as market stability, inflation rate, unemployment rate, changes in interest rates, market efficiency, and investor perception.

2-3: The Relationship Between Sustainability Reporting Information Disclosure and Investor Sentiment

Disclosure of sustainability reporting information contributes to enhancing corporate transparency and boosting investor confidence, thereby positively impacting their sentiment and investment decisions. The findings of a study by (Khalil, 2024:326) demonstrated that investor sentiment affects the level of risk borne by companies; this effect is negative during periods of low investor sentiment, whereas it turns positive during periods of high sentiment, reflecting an increased corporate willingness to tolerate higher levels of risk. A study by (Ali, 2023:747) concluded that investor sentiment has a significant positive impact on stock price crash risk. The researcher believes that the findings revealed that sustainability reporting information disclosure positively affects investor sentiment in banks. Several studies have shown that the social dimension is the most influential factor in enhancing investor confidence, as measured by the price-to-earnings ratio and stock turnover. On the other hand, the environmental dimension had a negative impact on the price-earnings relationship, while stock turnover showed little impact. In addition, the economic dimension showed little effect on investor confidence, further



emphasizing the important role of the social dimension in investment decision-making.

Section Three: Empirical Framework of the Research

3.1. Research Methodology and Procedures

Within the framework of the empirical study, the researcher used a variety of descriptive and analytical approaches with appropriate procedures and methods to the research design to achieve the empirical objectives. Data were collected using an information content analysis method applied to financial reports published on the Iraqi Stock Exchange (ISX) for the period 2011 to 2021. regression models, (SPSS Ver. 24) software to perform descriptive and inferential analysis on the collected primary data, extracted the results and achieved the hypotheses in the practical order of the research and achieved discussions tests.

3.2. Research Sample

The study focused on the Iraqi banking sector, which was selected because it relates to the research topic of the impact of sustainability reports on investor confidence. The study population consists of 46 banks listed on the Iraqi Stock Exchange at the end of 2021. A purposive sample was selected based on two specific criteria: the first criterion required the bank to continuously disclose its data throughout the 11-year research period from 2011 to 2021 without interruption; the second criterion was the availability of the required data to measure the study variables. Based on these two criteria, 10 banks were selected as the research sample, as illustrated in Table (1).

Table (1): Sample Banks of the Research

No.	Bank	No.	Bank
1	United Bank for Investment	6	Mosul Bank for Development
2	Credit Bank of Iraq	7	Ashur International Bank
3	Gulf Commercial Bank	8	Commercial Bank of Iraq
4	Al-Eqtisad Investment Bank	9	Bank of Baghdad
5	National Bank of Iraq	10	Al-Mansour Bank



Based on the research sample of **10 banks** and a temporal scope spanning **11 years**, the total number of observations included in the research data is **110 bank-year observations**. Consequently, the selected sample represents **21.7%** of the total population size, as illustrated in Figure (2).

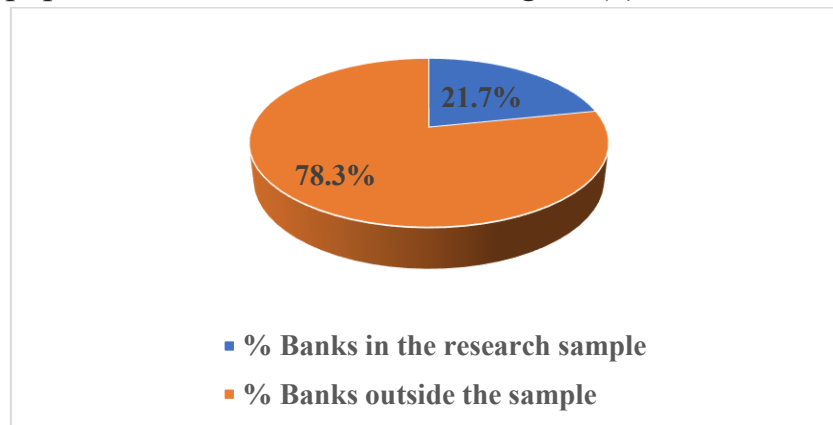


Figure (2): the percentage of banks studied.

3.3. Measurement of Variables

The research included two main variables: the first is the independent variable, represented by the disclosure of sustainability reporting information, and the second is the dependent variable, represented by investor sentiment. The variables were measured as follows:

3.3.1. Measurement of the Independent Variable

The independent variable (disclosure of sustainability reporting information) was measured across its three dimensions (economic, environmental, and social) using a checklist constructed by the researcher. The checklist contained 30 items: 9 items for the economic dimension, 10 items for the environmental dimension, and 11 items for the social dimension, in alignment with (Hussein, 2022), as illustrated in Table (2).



Table (2): Sustainability Reporting Disclosure Items Included in the Checklist

First: Economic Dimension	Second: Environmental Dimension	Third: Social Dimension
1. Supporting the local economy by bringing in foreign currency	10. Recycling strategy	20. Stakeholder engagement in social issues
2. Increasing the sales growth rate	11. Educating employees on the importance of environmental protection	21. Supporting housing projects
3. Return on Investment (ROI) rate	12. Compliance with environmental protection laws	22. In-kind and cash donations
4. Paying tax liabilities on time	13. Utilizing pollution-free technology	23. Assisting disaster victims
5. Percentage of local products and services purchased	14. Future plans to reduce pollution	24. Talent development and human resource development
6. Company contribution to employing local labor	15. Environmental auditing	25. Supporting scientific and cultural activities
7. Sale of production waste	16. Compliance with environmental regulations	26. Operating in alignment with the values and culture of the local community
8. Disclosure of added value	17. Pollution control	27. Organizing activities and trips for a community segment
9. Increasing market share	18. Types and quantity of fuel consumed	28. Respecting worker privacy
	19. Maintaining occupational health and safety of employees	29. Knowledge sharing and employee empowerment
		30. Providing programs serving a segment of the local community
9 Items	10 Items	11 Items

A value of 1 was assigned if the item was disclosed, and a value of (0) if the item was not disclosed. The variable across its three dimensions was calculated as ratios of the disclosure level relative to the total items for each dimension, according to the following equation:

$$\text{Disclosure Ratio} = \text{Number of Disclosed Items} / \text{Total Number of Items}$$



3.3.2. Measurement of the Dependent Variable

The dependent variable (investor sentiment) was measured using two indicators (A. Price-to-Earnings, B. Stock Turnover) according to the following mechanisms:

A. Price-to-Earnings Ratio (PE): Calculated by dividing the stock price by earnings per share (EPS). The natural logarithm of this ratio was used to reduce the problem of high variance in its values among the sample banks.

B. Stock Turnover Rate (ATR): Calculated by dividing the trading volume by the total number of outstanding shares. The natural logarithm of this indicator was also used to mitigate the effect of large differences in stock turnover rates among the sample companies.

Table (3) presents the coding of the research variables.

3.4. Research Model and Hypotheses

The research included one main hypothesis, formulated as follows:

(H1) Main Hypothesis: There is an effect of sustainability reporting information disclosure on investor sentiment.

Four sub-hypotheses emanate from this main hypothesis, as follows:

(H1.1) First Sub-Hypothesis: There is an effect of total sustainability reporting information disclosure on investor sentiment according to the (Price-to-Earnings) measure.

(H1.2) Second Sub-Hypothesis: There is an effect of the dimensions of sustainability reporting information disclosure on investor sentiment according to the (Price-to-Earnings) measure.

(H1.3) Third Sub-Hypothesis: There is an effect of total sustainability reporting information disclosure on investor sentiment according to the (Stock Turnover) measure.

(H1.4) Fourth Sub-Hypothesis: There is an effect of the dimensions of sustainability reporting information disclosure on investor sentiment according to the (Stock Turnover) measure.

These four sub-hypotheses were tested using four linear regression models via the Ordinary Least Squares (OLS) method, as follows:



Model 1 - (H1.1)

$$Y1it = \beta_0 + \beta Xit + e \dots\dots\dots (1)$$

Model 2 - (H1.2)

$$Y1it = \beta_0 + \beta_1 X1it + \beta_2 X2it + \beta_3 X3it + e \dots\dots\dots (2)$$

Model 3 - (H1.3)

$$Y2it = \beta_0 + \beta Xit + e \dots\dots\dots (3)$$

Model 4 - (H1.4)

$$Y2it = \beta_0 + \beta_1 X1it + \beta_2 X2it + \beta_3 X3it + e \dots\dots\dots (4)$$

Where the symbol (X) refers to total sustainability information disclosure, (i) refers to the bank, and (t) refers to the year. The symbol (Y1) denotes investor sentiment measured by (Price-to-Earnings), and (Y2) denotes investor sentiment measured by (Stock Turnover). The symbol (X1) represents the economic dimension, (X2) represents the environmental dimension, and (X3) represents the social dimension.

Section Four: Results and Discussion

4.1. Description of Variables

Table 3 shows the credit risk for each bank over an 11-year period (2011–2021). The perspective shows the differences in the mechanisms used in each participant's project:

- **Financial stability:** Al-E economics Investment Bank (mean=0.697) and Gulf Commercial Bank (0.606).
- **Quality:** The Development Bank of Mosul has the highest rating (mean=0.418), while the Commercial Bank of Iraq has achieved the highest rating (mean=0.318).
- **Socioeconomic status:** Al-Eqtisad Investment Bank reached (mean=0.281), followed by Ashur International Bank, Commercial Bank of Iraq, Bank of Baghdad, and Al-Mansour Bank during the same period.
- **Number of comments:** Al-Eqtisad Investment Bank has the highest mean score in the financial sector of 0.436, while Commercial Bank of Iraq has the lowest score (mean=0.364). Similar distribution patterns are observed between asset classes based on investor sentiment.



Al-Eqtisad Investment Bank achieved the best results both in terms of liquidity (mean=1.599) and market liquidity (mean=0.165). On the other hand, Ashur International Bank has a P/E ratio of 0.811 and a P/E ratio of -0.122.

Table (3): Specific scores for each bank.

No.	Bank	X1	X2	X3	X	Y1	Y2
1	United Bank for Investment	0.637	0.336	0.215	0.382	1.268	0.089
2	Credit Bank of Iraq	0.616	0.373	0.207	0.385	1.288	0.107
3	Gulf Commercial Bank	0.606	0.391	0.256	0.406	1.182	0.037
4	Al-Eqtisad Investment Bank	0.697	0.373	0.281	0.436	1.599	0.165
5	National Bank of Iraq	0.647	0.355	0.215	0.391	1.298	0.066
6	Mosul Bank for Development	0.677	0.418	0.240	0.430	1.288	0.072
7	Ashur International Bank	0.647	0.409	0.199	0.403	0.811	-0.122
8	Commercial Bank of Iraq	0.616	0.318	0.199	0.364	1.112	0.045
9	Bank of Baghdad	0.637	0.364	0.199	0.385	1.161	0.051
10	Al-Mansour Bank	0.667	0.409	0.199	0.409	1.080	0.029

Meanwhile, Table (4) presents the descriptive analysis of the research variables (sustainability reporting information disclosure, investor sentiment). This analysis was directed using several statistical procedures, such as the mathematics mean and standard deviation.

Table (4): Description of Research Variables

Variable	Symbol	Arithmetic Mean	Standard Deviation	Minimum Value	Maximum Value	Coefficient of Variation	Skewness
Economic Dimension	X1	0.645	0.130	0.333	1.000	20.2%	-0.235
Environmental Dimension	X2	0.375	0.108	0.300	0.700	28.8%	0.464
Social Dimension	X3	0.221	0.075	0.182	0.545	34.1%	0.102
Sustainability Disclosure	X	0.399	0.085	0.267	0.700	21.4%	0.855
Price-to-Earnings	Y1	1.209	0.470	-0.152	3.227	38.9%	0.573
Stock Turnover	Y2	0.054	0.167	-0.875	0.509	309.3%	-0.192



It is observed from Table (4) that there is a relatively low level of sustainability information disclosure, reaching approximately 39.9% as indicated by the mean of (0.399). This implies that 60.1% of the sustainability disclosure items are not disclosed among the sample banks. Regarding the three dimensions of sustainability disclosure (economic, environmental, social), a high level is observed for the economic dimension within the sustainability disclosure variable, reaching 64.5% indicated by the mean of (0.645), followed by the environmental dimension at approximately 37.5%, and finally the social dimension with a disclosure rate of around 22.1%.

As for investor sentiment, a relatively high level is noted under the (Price-to-Earnings) measure as indicated by the mean of (1.209), whereas investor sentiment measured by (Stock Turnover) was relatively low with a mean of (0.054). Furthermore, the low standard deviation values and the drop of the coefficient of variation below its hypothetical threshold of 50% for the research variables (except for the stock turnover measure) indicate consistency and lack of dispersion in the responses, thereby supporting the reliability of the mean results in representing the overall sample.

4.2. Normality Test

Before hypothesis testing, the normality of the data distribution was assessed using skewness metrics. In the analysis performed, support for a normal distribution was assumed to be a cut-off value in the range $[-1.0, +1.0]$. The models presented in Table 4 show the standard deviations for each of the dependent variables. These results confirmed these assumptions, thereby justifying the use of parametric inferential procedures on unconstrained paths.

4.3. Correlation Test

To assess the relationships between variables—focusing on their strength, direction, and significance—a Pearson correlation matrix was computed. Statistical analyzes were performed at the 5% level of significance ($p \leq 0.05$) to determine significance between variables. Within the range of $[-1.0, +1.0]$, the correlation coefficient indicates a positive correlation, with values closer to 1.0 indicating positive correlation and closer to 0 indicating positive correlation.



Furthermore, the sign indicates directionality: positive values indicate linear trends, while negative values indicate co-motion. The corresponding correlation matrix and bivariate estimates are synthesized in Table 5.

Table (5): Correlation Between Variables

Variable	Symbol	Indicator	Price-to-Earnings (Y1)	Stock Turnover (Y2)
Economic Dimension	X1	Pearson	0.357**	0.304**
		Sig.	0.000	0.001
Environmental Dimension	X2	Pearson	0.236*	0.206*
		Sig.	0.013	0.031
Social Dimension	X3	Pearson	0.737**	0.588**
		Sig.	0.000	0.000
Sustainability Disclosure	X	Pearson	0.501**	0.416**
		Sig.	0.000	0.000

(**) Statistically significant at the 1% significance level. (*) Statistically significant at the 5% significance level.

The following points are observed from Table (5):

A. There is a statistically significant positive (direct) correlation between sustainability information disclosure across its three dimensions (economic, environmental, social) and investor sentiment measured by the (Price-to-Earnings) indicator. This suggests that an increase in the level of sustainability information disclosure across these three dimensions contributes to a higher level of investor sentiment based on the (Price-to-Earnings) measure in the sample banks.

B. There is a statistically significant positive (direct) correlation between sustainability information disclosure across its three dimensions (economic, environmental, social) and investor sentiment measured by the (Stock Turnover) indicator. This indicates that an increase in the level of sustainability information disclosure across its three dimensions contributes to an increase in investor sentiment measured by (Stock Turnover) in the sample banks.



4.4. Regression Analysis

In accordance with the main research hypothesis ("There is an effect of sustainability reporting information disclosure on investor sentiment"), which encompasses four sub-hypotheses, regression testing was conducted for these hypotheses as follows:

(H1.1) First Sub-Hypothesis: There is an effect of overall sustainability reporting information disclosure on investor sentiment as measured by Price-to-Earnings (P/E).

To test this hypothesis, a simple linear regression equation was formulated according to Model (1) to estimate investor sentiment via the (Price-to-Earnings) measure using overall sustainability reporting information disclosure, thereby determining the extent of the latter's effect on the (Price-to-Earnings) measure.

Table (6) downries the test results.

Table (6): Regression Test Results for Model (1)

Variables	R ²	Adjusted R ²	F	Sig.
	0.251	0.245	36.278	0.000
Variables	β_0	β	T	Sig.
X	0.108	2.759	6.023	0.000

The empirical findings in Table 6 confirm the overall statistical adequacy of Regression Model 1, as evidenced by the F-statistic ($F=36.278, p<0.05$). These empirical estimates are generally consistent with the fact that investors' sentiments about the stock market are correlated with each other. The scale factor analysis revealed a statistically significant effect ($t = 6.023, p < 0.05$). The estimated positive coefficient ($\beta=2.759$) shows a linear relationship, indicating that increased environmental disclosure in regulated banks is positively related to increased market share.

Furthermore, the best model ($R^2=0.251$) of corporate disclosures explains 25.1% of the variance in the P/E ratio, while the remaining 74.9% is due to discretionary factors. Therefore, the economic evidence provides insufficient evidence for the hypothesis (H1.1).



Hypothesis 2 (H1.2): Certain types of corporate financial reporting have a significant positive impact (as measured by the P/E ratio).

To test this hypothesis, a multiple regression variant was constructed (Model 2). This framework divides corporate sustainability information into three categories—financial, environmental, and environmental—to estimate the marginal effect of different variables on the dependent metric (P/E ratio). Table 7 details the estimation outputs for Model 2.

Table (7): Regression Test Results for Model (2)

Variables	R ²	Adjusted R ²	F	Sig.
	0.580	0.568	48.697	0.000
Variables	β_0	B	T	Sig.
X1	0.331	0.166	0.581	0.563
X2		-1.026	-2.951	0.004
X3		5.228	10.640	0.000

Table (7) confirms the validity of Regression Model (2), indicated by the F-value of (48.697) at a significance level below 5%. This confirms that investor sentiment (Price-to-Earnings) can be estimated via the three dimensions of sustainability disclosure. The T-values for both the environmental and social dimensions show a statistically significant effect at a level below 5%. Conversely, the T-value for the economic dimension indicates no statistically significant effect, as its significance level exceeded 5%. The positive beta coefficient ($\beta = 5.228$) for the social dimension denotes a positive effect, indicating that increasing social disclosure in the sample banks positively enhances investor sentiment (Price-to-Earnings). On the other hand, the negative beta coefficient ($\beta = -1.026$) for the environmental dimension reflects a negative effect, implying that increased environmental disclosure reduces investor sentiment under this measure. Furthermore, the adjusted coefficient of determination (Adjusted R² = 0.568) indicates that the sustainability disclosure dimensions account for 56.8% of the variance in investor sentiment (Price-to-Earnings). Therefore, the second sub-hypothesis is accepted.



(H1.3) Third Sub-Hypothesis: There is an effect of overall sustainability reporting information disclosure on investor sentiment as measured by Stock Turnover.

To test this hypothesis, a simple linear regression equation was incorporated into model (3) to estimate investor sentiment (stock turnover rate) using comprehensive sustainability information. Table (8) presents the test results.

Table (8): Regression Test Results for Model (3)

Variables	R ²	Adjusted R ²	F	Sig.
	0.173	0.165	22.565	0.000
Variables	β_0	B	T	Sig.
X	-0.270	0.813	4.750	0.000

Table (8) demonstrates the statistical validity of Model (3), supported by an F-value of (22.565) at a significance level below 5%. The t-value of 4.750 confirms a statistically significant relationship at a significance level of $p < 0.05$. The positive beta coefficient ($\beta = 0.813$) indicates a positive effect, meaning that increased sustainability reporting leads to improved investor sentiment, as measured by stock turnover. The coefficient of determination ($R^2 = 0.173$) shows that comprehensive sustainability disclosure explains 17.3% of the variance in investor sentiment (stock turnover). Thus, the third sub-hypothesis is accepted.

(H1.4) Fourth Sub-Hypothesis: There is an effect of the dimensions of sustainability reporting information disclosure on investor sentiment as measured by Stock Turnover.

To test this hypothesis, a multiple linear regression equation was specified under Model (4) to estimate investor sentiment (Stock Turnover) based on the three sustainability dimensions. Table (9) displays the test results.

Table (9): Regression Test Results for Model (4)

Variables	R ²	Adjusted R ²	F	Sig.
	0.364	0.346	20.199	0.000
Variables	β_0	B	T	Sig.
X1	-0.212	0.074	0.592	0.555
X2		-0.265	-1.745	0.084
X3		1.437	6.690	0.000



Table (9) shows that Regression Model (4) is statistically valid, as evidenced by an F-value of (20.199) at a significance level below 5%. The T-value for the social dimension confirms its statistically significant effect ($p < 0.05$), whereas the economic and environmental dimensions do not exert a statistically significant effect, as their significance values exceeded the 5% threshold. The positive beta coefficient ($\beta = 1.437$) for the social dimension indicates that greater social disclosure positively impacts and improves investor sentiment (stock turnover). The same coefficient ($R^2=0.346$) was found to be significant in the prediction of stock price volatility by 34.6%. Therefore, the fourth hypothesis (H1.4) is confirmed. Combining the evidence of the four hypotheses, the main hypothesis of the study is confirmed.

Section Five: Conclusions and Recommendations

5.1. Conclusions

1. The findings show that there is a significant relationship between corporate disclosure and investor confidence, suggesting that non-financial reporting is an important determinant of market quality.
2. The results show that sustainability reporting has a positive effect on the development of investors' attitude towards banks, as measured by firms' profitability.
3. The results showed that investor sentiment measured by Price-to-Earnings can be estimated through the three dimensions of sustainability disclosure (economic, environmental, and social). The findings indicated a statistically significant effect for both the environmental and social dimensions, whereas the economic dimension did not show a statistically significant effect. Specifically, the social dimension positively affects and increases investor sentiment under the Price-to-Earnings measure in banks, whereas the environmental dimension exerts a negative effect, reducing investor sentiment.
4. The findings revealed a positive effect of overall sustainability reporting disclosure on enhancing and increasing investor sentiment under the Stock Turnover measure across the sample banks.



5. The statistical results indicated the feasibility of estimating investor sentiment under the Stock Turnover measure via the three sustainability disclosure dimensions (economic, environmental, and social). While the economic and environmental dimensions exerted no statistically significant effect, an increased level of sustainability disclosure along the social dimension positively enhances investor sentiment measured by Stock Turnover in the sample banks.
6. It became evident that the social dimension exerts a substantially stronger influence on increasing investor sentiment compared to the environmental and economic dimensions across the sample banks.

5.2. Recommendations

1. The necessity of enhancing sustainability reporting disclosure within banks, given its vital role in influencing investor sentiment and stimulating their investment interest in banks.
2. Encouraging banks to develop their policies regarding sustainability disclosure to contribute to improving performance indicators associated with stock price and profitability.
3. Giving greater priority to the social dimension within sustainability reports, as it proved to be the most influential dimension in boosting investor sentiment compared to the other dimensions.
4. Working toward improving the quality of environmental information disclosure and clarifying its economic and social ramifications for investors to mitigate potential negative effects on their investment sentiment.
5. Management and quality control teams should develop safety reporting mechanisms. Standardization is needed to provide high-quality non-financial tools that can improve financial decision-making and strengthen trust in the banking industry.

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