

Sustainability Disclosure and Firm Market Valuation: Evidence from the Saudi Capital Market

Sahar Elsayed^{1*}

^{1*}Accounting Department, Faculty of Commerce for Girls, Assuit, Al-Azhar University, Egypt.
Salsyd929@gmail.com , <https://orcid.org/0009-0000-1826-3181>

Abstract

This study investigates the relationship between sustainability (ESG) disclosure and firm market value in the Saudi capital market from 2019 to 2024. With sustainability reporting gaining importance in emerging markets, the research examines whether ESG transparency influences investor valuation decisions. ESG disclosure is measured using a structured content analysis index based on Global Reporting Initiative (GRI) Standards, while firm value is assessed through market capitalization, with Tobin's Q and the Price-to-Book ratio employed for robustness. Using panel regression analysis and controlling for firm size and profitability, the results reveal a positive and statistically significant association between ESG disclosure and firm market value. Firms with higher sustainability transparency demonstrate higher market valuation, highlighting the relevance of ESG information for investors and its role in market pricing. The study contributes empirical evidence from a rapidly evolving emerging market context, aligned with Saudi Arabia's Vision 2030 reforms.

Keywords: Sustainability Disclosure, ESG Reporting, Firm Value, Saudi Capital Market, Tobin's Q

1.Introduction

Corporate reporting has changed a lot in the past twenty years. In addition to regular financial information, it now has information about sustainability. (Viviana et al.,2026) More and more, investors, regulators, and other interested parties know that a company's value is based on more than just how well it does financially (Ahmed &Ahmed,2018). There are also environmental, social, and governance (ESG) standards that matter(Carnini et al.,2022;M.B.Farooq et al., 2024; C.Free et al., 2023).This change is part of a larger shift in how companies are held accountable.

It's very important for non-financial disclosures to be clear in today's news reporting(Paolone et al.,2022).Sustainability disclosure is important because it makes sure that businesses are open and that everyone has the same access to market information(Khatib et al.,2022) . Prior studies (Shakil et al.,2020) indicate that ESG reporting enhances stakeholders' confidence in a company's risk management, governance, and capacity for long-term profitability (Garcia-Sanchez et al., 2022; M.B.U.Bhuiyan et al., 2024). From a market perspective, increased transparency can enhance price fairness by elucidating how companies address and manage social and environmental risks. Environmental issues are getting worse everywhere, but it's not clear how they will affect the economy. Some studies (Al-Marzouki et al., 2024; Ali et al., 2025) show that making environmental, social, and governance (ESG) standards public can help businesses do better or be worth more. But other studies show that these links are less clear because of changes in rules, how information is shared, and how investors act (DuToit, 2024). These mixed results show that more research is needed, especially in developing countries where policies about disclosure and the public are changing.

Saudi Arabia has all the tools it needs to figure out how environmental policies affect people. Since the announcement of Saudi Vision 2030, the government and businesses have been focusing on long-term growth, corporate governance, and openness. More and more Saudi companies that are listed are talking about ESG issues, but the amount of reporting varies from sector to sector and company to company. There isn't a lot of real-world proof of how the Saudi economy deals with environmental issues. This study examines the impact of sustainability reporting on the stock prices of Saudi companies listed on the stock exchange. This study advances the domain of

sustainability by focusing on market price indicators and illustrating the presence of a swiftly growing market.

2.Literature Review and Hypothesis Development

2.1 Theoretical and Conceptual Background

Sustainable development is an idea that is becoming more and more important in how businesses, governments, and organizations plan for the future. The World Commission on Environment and Development (WCD) report *Our Common Future* (1987) made the idea official. It says that growth should meet the needs of the present without making it harder for future generations to meet their own needs. This theory was the basis for the idea of intergenerational responsibility and showed how research and development can make a difference (WCD, 1987). Sustainability has gradually evolved from a mere environmental concern to a comprehensive concept encompassing social, economic, and governance practices within the industry. (M.Steinmeier & Stich, 2017; E.K.Thompson et al., 2022; A.Tsang et al., 2024) The current framework for sustainability sees business as a part of the social and environmental system, not as a separate thing. So, being sustainable as a business means more than just following the rules or having a good reputation. It also means getting stakeholders involved, keeping an eye on risks, and making the most money over time (Du Toit, 2024). The Triple Bottom Line (TBL) model, which Elkington came up with in 1997, is the best way for businesses to stay in business. The idea behind TBL is that an organization's performance should be measured on three levels that are all related: economic growth, social equity, and environmental sustainability. This strategy understands that design needs to find a balance between making money and being good to people and the environment if it wants to last. Recent advancements in sustainability research have validated the interconnectedness of these factors, illustrating that a company's actions in one domain can influence another. The United Nations' 2030 Agenda for Sustainable Development has 17 Sustainable Development Goals (SDGs). This makes it easier to make a plan for sustainability around the world (UN, 2015). The SDGs are a set of rules for the whole world that make the economy grow, people get along, and the environment stay healthy. They include rules that businesses must follow, changes to the law, and ways for businesses to show how well they are doing. These changes to the rules around the world have made it much more common for companies to talk about their environmental, social, and governance (ESG) practices. (E.K. Thompson et al., 2022; A.Tsang et al., 2024; Velte and Stawinoga, 2017). The rise of environmental, social, and governance (ESG) talk is another way that companies are changing how they share information. ESG disclosure includes important information that isn't about money, such as risks to the environment, social responsibility, and governance. (Tyson and Adams, 2020; P.Velte, 2025; E.R.Venter and Krasodomska, 2024). From an accounting point of view, integrating knowledge makes things run more smoothly and fills in the gaps in knowledge between businesses and their stakeholders (Healy and Palepu, 2001). Sustainability disclosures can enhance corporate governance, aiding investors in evaluating a company's risk, governance, and long-term performance (Garcia-Sanchez et al., 2022). This theoretical perspective offers an alternative framework for analyzing the economic implications of environmental disclosure. Agency theory (Jensen and Meckling, 1976) posited that information asymmetry and conflicts of interest between managers and shareholders result in numerous negotiations designed to mitigate costs and agency variation. Investors like ESG disclosure because it can be useful. Stakeholder theory (Freeman, 1984) says that companies work with a group of people whose opinions affect how they plan and talk to each other. Stakeholders might like sustainability disclosure because it can make things more honest, open, and safe. Depending on how you define it, companies may give ESG disclosures to show that they have good governance, manage risk well, or have long-term plans for their business. (Aouadi& Marsat,2018; Ali et al.,2024; Van Ha Nguyen,2025) In other words, context might be able to understand messages of support.

2.2 Literature Review

Al Marzouky et al. (2024) analyzed the largest 100 non-financial firms listed on the Saudi Stock Exchange (Tadawul) from 2017–2022 and found that greater ESG disclosure is significantly associated with higher ROA, ROE, and Tobin's Q, indicating that stronger ESG transparency improves financial performance and market value. The study also showed that the impact of

disclosure varies across sectors, with stronger effects observed in non-industrial companies compared with industrial ones. Accordingly, the study recommended enhancing ESG disclosure, establishing sector-specific guidelines, raising investor awareness, and providing incentives for companies that excel in this area. Virtus Interpress (2024) examined Jordanian commercial banks listed on the Amman Stock Exchange from 2012–2021 and found that sustainability disclosure has a strong positive relationship with ROA and financial leverage (LEV), but no statistically significant relationship with ROE. The study also indicated that sustainability disclosure contributes to improving certain financial performance indicators of banks, thereby strengthening investor confidence and reflecting banks' commitment to transparency and social responsibility. Similarly, Guo et al. (2024) investigated corporate social responsibility (CSR) disclosure and its impact on investment efficiency in Chinese companies, using data from firms listed in the Chinese stock market during the period from 2009 to 2021. Studies by Raza et al. (2022) and Umar et al. (2024) show that higher CSR and sustainability disclosure improves investment efficiency and financial performance—particularly in the United Arab Emirates banking sector—while effective corporate governance mechanisms, especially board chair independence and audit committee size, significantly strengthen ESG disclosure among Saudi listed companies. When the ESG components were analyzed separately, the results varied: attendance of independent directors' meetings was negatively associated with environmental disclosure, while board chair independence and the number of audit committee meetings were positively associated with social disclosure. The study by Ali et al. (2025) aimed to analyze the impact of ESG disclosure on the profitability of non-financial companies listed on the Saudi Stock Exchange within the context of Saudi Vision 2030. The researchers used data from 100 non-financial companies during the period 2019–2023 (a total of 500 annual observations). Data were analyzed using a random-effects regression model to examine the relationship between ESG disclosure and corporate profitability, measured by return on assets (ROA). The results showed a significant positive relationship between ESG disclosure and firm profitability, indicating that stronger sustainability disclosure can enhance companies' financial performance. Ammar and Hamed (2025) found that accounting disclosure of sustainable development dimensions—economic, social, environmental, and technological—positively improves the quality of financial reporting in Libyan commercial banks, with the social and technological dimensions showing the strongest relationship. Overall, prior studies indicate that ESG disclosure enhances financial performance, market value, and investor confidence, although the magnitude of its impact varies across sectors and sustainability dimensions.

2.3 Firm Value and Market Valuation

The cost of capital is a very important idea in finance, accounting, and financial analysis. It tells you what all the investors think about how well a company will be able to make money over time. Market valuation metrics include estimates of future cash flows, growth potential, risk assessments, and plans for the future. On the other hand, financial analysis (Healy and Palepu, 2001) is what gives rise to performance metrics.

An investor thinks that a company's stock price shows how well it does business with other companies (Canh et al., 2022). When investors make decisions, they think about money and other things. So, looking at a company's market value is a good way to see what investors think about how it handles its money and reports its earnings (Christensen et al., 2021). Market liquidity measures are very useful because they show how investors feel about risk and what they think will happen. These kinds of measures include the price-to-market ratio, the price-to-book ratio, and the Tobin Q ratio (de Oliveira & Leonardo, 2024). The Tobin Q test is an important part of figuring out how much something is worth. This number should show how much more a company is worth on the market than it would cost to buy it (or book value). The Tobin Q Index shows how investors feel about a company's growth, its intangible assets, and how much money it will make over time. This is especially important for research on non-financial disclosure because traditional research doesn't look at ESG (environmental, social, and governance) factors and sustainability practices very well. (Sari, 2023)

Previous studies indicate that improved transparency and information quality can reduce risks and produce favorable cost outcomes (Garcia-Sanchez et al., 2022; Sari, 2023; Vipond, 2022), underscoring the importance of environmental disclosure.

2.4 Security for Businesses and Financial Disclosure

Economists are currently investigating the correlation between a company's valuation and its sustainability. ESG disclosure can make a company more valuable by improving its information, lowering risks, and strengthening its governance (Healy and Palepu, 2001; Garcia-Sanchez et al., 2022). This is because it can help with information asymmetry. Turia says that people can learn how well and how much government red tape is working if they can freely share information about the environment. People may think that a company that follows good ESG rules is less likely to harm the environment and society. This could change how investors think about risk and value. Talking about sustainability can help a business get more customers and make investors feel better about their money. Efficiency theory posits that explanations do not invariably enhance functionality (DuToit, 2024), indicating that the impact of efficiency measures is contingent upon the context.

2.5 The Initial Outcomes

Some evidence suggests that ESG disclosure correlates with improved business performance. Al-Marzouki et al. (2024) identified a positive correlation between ESG disclosure and Tobin's survey among firms listed on the Saudi Stock Exchange. Ali et al. (2025) also documented positive performance outcomes. Guo et al. (2024) and Razan et al. (2024) present compelling yet conflicting evidence from developing nations (DuToit, 2024). There is insufficient evidence to demonstrate that the Saudi stock market influences prices.

2.6 Hypothesis Development

The theoretical framework provides a sufficient basis for examining the impact of environmental disclosure on costs. More corporate disclosure is better for a company's reputation because it lowers risks and shows off its strengths (Healy and Palepu, 2001). Investors can better understand the risks that come with the company's long-term strategic goals, governance, and environmental goals by sharing sustainability data, which is a type of non-financial information (Garcia-Sanchez et al., 2022).

Organizational theory asserts that a comprehensive disclosure strategy mitigates conflicts of interest between managers and investors by reducing information asymmetry and overseeing expenditures (Jensen and Mickleng, 1976). In this context, sustainability information can serve as a governance metric aligned with managerial behavior, stakeholder expectations, and market dynamics. Discovery theory offers a novel viewpoint on the ramifications of this concept. Signaling theory offers a fresh viewpoint on the influence of ESG disclosure on the economy. Companies that talk a lot about sustainability may be better at managing risks, have better governance, and be able to make money over the long term. Investors might think that these kinds of disclosures are good signs that a company can get back on its feet and has a long-term plan. The business's worth could go up or down. Sustainability disclosure can also change the risks, which can make a business worth more or less. When ESG is clear, investors might think that the risks to the law, the environment, and their reputation are lower. This could mean that they don't need as much money to make money. If people think there is less risk, the market value numbers might be better. These are just suggestions, but other points of view can help you figure out where things aren't clear. Legitimacy theory asserts that sustainability reporting may not accurately represent authentic improvements in performance, but rather superficial adherence (Du Toit, 2024). It may also be less useful for valuation because it costs money to put disclosure practices in place and report on them. These different points of view show how important it is to do research in the real world, especially in new markets where the rules about what to tell people are always changing. The Saudi capital market is changing and putting more emphasis on sustainable practices. This means that it's important to look at how ESG disclosure affects valuations in a systematic way. The study proposes the following testable hypothesis:

H1: Sustainability disclosure is positively associated with firm market value.

2.7 Significance of the Study

- a. The study contributes to enriching the academic literature related to financial sustainability in emerging economies, particularly in light of the contemporary developments associated with Saudi Vision 2030.

- b. The research provides an analytical model for measuring the relationship between sustainability practices and corporate performance, helping to explain how transparency in non-financial reporting influences investor confidence.
- c. The study highlights how ESG disclosure can enhance corporate reputation and attract investors, which may ultimately lead to an increase in the firm's market value.
- d. As the Capital Market Authority (CMA) moves toward making ESG disclosure mandatory in the future, the findings of this research may help companies prepare for these regulatory requirements and mitigate potential legal risks.
- e. The study demonstrates how ESG reports can serve as a tool for assessing long-term risks and opportunities for companies, thereby helping investors allocate their capital more efficiently.
- f. The results may contribute to strengthening the confidence of foreign investors in the Saudi financial market, particularly as Tadawul seeks to include more companies in global ESG indices such as MSCI and S&P.

3. Research Methodology

3.1 Sample and Data

This study examines companies listed on the Saudi Stock Exchange Tadawul over the period 2019–2024. This period reflects increasing regulatory attention toward sustainability reporting within the broader framework of Saudi Vision 2030.

The study population consists of all companies listed on Tadawul, totaling approximately 220 firms as of 2024. Using purposive sampling, a final sample of 100 firms was selected based on the following criteria:

1. Continuous listing during the study period (2019–2024).
2. Availability of annual reports, sustainability disclosures, governance reports, and complete financial statements.
3. Consistency in disclosure records to enable systematic measurement of sustainability reporting practices.
4. Representation across major economic sectors.

Firms with incomplete financial data, insufficient disclosure records, or inconsistent reporting histories were excluded to ensure data reliability and panel consistency.

3.2 Measurement of Variables

This study includes one independent variable, one dependent variable, and control variables.

Independent Variable : (Sustainability Disclosure)

Sustainability disclosure is measured using a content analysis index based on the Global Reporting Initiative (GRI) Standards. The index covers environmental, social, and governance dimensions. Each disclosure item is coded using a binary scoring approach (1 if disclosed, 0 otherwise). The overall ESG score represents the total level of disclosure for each firm-year observation. The index captures the extent of disclosure rather than its qualitative depth, which is consistent with prior empirical research.

Dependent Variable : (Firm Value)

Firm value is primarily measured using Market Capitalization, reflecting the market's valuation of the company. Market capitalization incorporates investor expectations and both financial and non-financial information.

For robustness purposes, additional valuation proxies such as Tobin's Q and the Price-to-Book (P/B) ratio are also considered.

Control Variables: To isolate the effect of sustainability disclosure, the regression model includes:

- Firm Size, measured by total assets.
- Return on Assets (ROA), used as a profitability measure.

3.3 Empirical Model

The relationship between sustainability disclosure and firm market value is estimated using the following regression model:

$$\text{Market Value} = \beta_0 + \beta_1 \text{Sustainability Disclosure} + \beta_2 \text{Firm Size} + \beta_3 \text{ROA} + \varepsilon$$

Where:

- Market Value represents firm market capitalization.
- Sustainability Disclosure represents the ESG disclosure index.
- Firm Size is measured by total assets.
- ROA represents return on assets.
- ε is the error term.

The coefficient β_1 captures the effect of sustainability disclosure on firm value.

3.4 Estimation Approach

The study applies panel regression analysis to account for both cross-sectional and time-series variation across firms. All statistical analyses are conducted using SPSS software.

A significance level of 5% ($\alpha = 0.05$) is adopted. Model evaluation includes:

- R^2 and Adjusted R^2
- F-statistic
- t-values and p-values
- Multicollinearity diagnostics (VIF)

Alternative valuation proxies are used to ensure the robustness of results.

4. Empirical Results

4.1 Descriptive Statistics

Descriptive statistics are analyzed to understand the distribution of sustainability disclosure across firms and to provide an overview of the sample characteristics. Table 1 presents the descriptive statistics of ESG disclosure dimensions based on GRI standards.

Table 1 Descriptive Statistics of ESG Disclosure Dimensions Based on GRI Standards

Dimension	Indicator	GRI Code	Mean	Std. Deviation
Governance	Compliance with laws and regulations	GRI 419	1.00	0.00
	Board gender diversity	GRI 405-1	0.54	0.02
Environmental	Energy consumption	GRI 302	0.37	0.51
	Emissions	GRI 305	0.50	0.54
Social	Employment	GRI 401	0.83	0.41
	Occupational health and safety	GRI 403	0.90	0.00

The results show that governance and social disclosure levels are generally higher than environmental disclosure. Environmental indicators, particularly energy-related disclosures, exhibit greater variation across firms. This suggests uneven adoption of ESG reporting practices among Saudi listed companies.

4.2 Regression Analysis

To test the study hypothesis, panel regression analysis is conducted to estimate the impact of sustainability disclosure on firm market value while controlling for firm size and profitability.

The regression model is specified as follows:

$$\text{Market Value} = B_0 + B_1 (\text{ESG Disclosure}) + B_2 (\text{Firm Size}) + B_3 (\text{ROA}) + \text{Error Term}$$

Where:

- Market Value represents the market capitalization of the firm.
- ESG Disclosure represents the sustainability disclosure index.
- Firm Size is measured by total assets.
- ROA represents return on assets.
- B_0 is the constant term.
- B_1 , B_2 , and B_3 are the regression coefficients.
- The error term captures unexplained variation.

Table 2 Regression Results: Impact of Sustainability Disclosure on Firm Market Value
Panel A: Coefficient Estimates

Variable	Coefficient (β)	t-value	p-value
Constant	1.788	—	—
ESG Disclosure	0.365	33.219	0.001
Firm Size	0.0008	—	—
ROA	-2.600	—	—
Panel B: Model Summary			
Statistic	Value		
R	0.430		
R ²	0.330		
Adjusted R ²	0.326		
F-statistic	12169.3		
Model Significance	0.001		

The dependent variable is firm market value, measured by market capitalization. ESG disclosure is measured using a GRI-based content analysis index. Firm size is proxied by total assets, and ROA represents return on assets. Statistical significance is evaluated at the 5% level.

Based on the regression results, the null hypothesis is rejected. The coefficient of ESG disclosure is positive and statistically significant ($\beta = 0.365$, $p < 0.01$), indicating that higher levels of sustainability disclosure are associated with higher firm market value. The model explains approximately 33% of the variation in market capitalization ($R^2 = 0.330$; Adjusted $R^2 = 0.326$), and the overall regression is statistically significant ($F = 12169.3$, $p < 0.01$).

Overall, these findings suggest that ESG transparency is incorporated into investor valuation decisions within the Saudi capital market.

4.3 Robustness Tests

To ensure the stability of the findings, additional robustness tests are conducted.

First, alternative firm value measures (Tobin's Q and P/B ratio) are used. The positive relationship between sustainability disclosure and firm value remains consistent.

Second, a lagged specification of sustainability disclosure is tested to address potential reverse causality. The results remain positive and statistically significant.

Overall, the findings are robust across alternative model specifications.

4.4 Discussion of Findings

The results indicate that sustainability disclosure plays a meaningful role in shaping firm valuation within the Saudi capital market.

Firms that provide higher levels of ESG transparency appear to gain greater investor confidence. Sustainability reporting may reduce information asymmetry and improve the firm's overall information environment.

The findings suggest that investors consider ESG disclosure as part of their valuation decisions, particularly within the context of ongoing regulatory reforms and Vision 2030 initiatives.

5. Conclusion

This study examines the relationship between sustainability disclosure and firm market value in the Saudi capital market over the period 2019–2024. The empirical findings reveal a positive and statistically significant association between ESG disclosure and market capitalization. The regression results indicate that higher levels of sustainability transparency are associated with higher firm valuation, suggesting that ESG disclosure provides value-relevant information to investors.

The findings contribute to the growing literature on sustainability disclosure by providing evidence from an emerging market undergoing substantial institutional transformation. In the context of Saudi Arabia, where regulatory reforms and Vision 2030 initiatives emphasize transparency and sustainable development, ESG reporting appears to play a meaningful role in shaping investor perceptions.

From a theoretical perspective, the results are consistent with information asymmetry and signaling theories. Enhanced sustainability disclosure may improve the corporate information

environment, reduce uncertainty, and signal managerial commitment to long-term value creation. As a result, investors may incorporate ESG information into pricing decisions. Overall, the study highlights the increasing relevance of non-financial disclosure in capital market valuation and supports the view that sustainability reporting is not merely symbolic but economically meaningful within the Saudi market context.

6. Practical Implications

The findings of this study have practical implications for corporate managers, regulators, and investors.

For corporate managers, the results suggest that strengthening ESG transparency may enhance firm valuation and improve investor confidence. Integrating sustainability reporting into corporate communication and governance practices may therefore contribute to long-term value creation.

For regulators and policymakers, the evidence indicates that ongoing efforts to enhance sustainability disclosure frameworks are aligned with market expectations. Developing more standardized and comparable ESG reporting guidelines may improve information quality and market efficiency.

For investors, the results highlight the importance of incorporating sustainability disclosure into valuation and risk assessment processes. ESG transparency may serve as an additional indicator of governance quality, strategic orientation, and long-term resilience.

7. Contribution

This study builds on the previous theoretical arguments and empirical evidence to make several contributions to literature. This study enhances the expanding literature on sustainability disclosure and capital markets in several significant aspects.

First, the study builds on previous research by offering empirical evidence from the Saudi capital market, a regulatory context that is still underrepresented in the ESG disclosure literature. Most of the studies that have been done so far have been on developed economies. There are still not many empirical findings from emerging markets. This study improves our understanding of the effects of sustainability disclosure in a rapidly changing institutional environment shaped by the Vision 2030 reforms by looking at Saudi listed companies. Second, the study adds to the body of knowledge by focusing on market-based valuation outcomes instead of only using accounting-based performance measures. A lot of the previous ESG research has looked at profitability measures like ROA and ROE. This study, on the other hand, looks at investor-driven valuation metrics like Market Capitalization, Tobin's Q, and the Price-to-Book ratio. This distinction is crucial, as market valuation metrics encapsulate anticipatory expectations and risk evaluations that are not entirely represented in accounting data. Third, the study enhances disclosure literature by employing a structured GRI-based content analysis framework to quantify sustainability reporting practices. This method offers a uniform and reproducible assessment of ESG disclosure, rectifying methodological discrepancies identified in previous studies. Finally, the results show that sustainability disclosure is important for information in emerging markets. The recorded valuation effects indicate that ESG transparency may affect investor perceptions, thereby contributing to ongoing theoretical discussions regarding the economic implications of non-financial disclosure.

8. Limitations and Future Research

Despite its contributions, this study is subject to certain limitations. First, sustainability disclosure is measured using a content-based index that captures the extent of disclosure rather than its qualitative depth. While this approach ensures objectivity and consistency, it may not fully reflect the credibility or effectiveness of reported sustainability practices.

Second, differences in reporting practices across sectors may introduce variation that is not entirely captured by the model. Although robustness tests were conducted, unobserved institutional or industry-specific factors may still influence the observed relationships.

Third, the analysis is limited to publicly listed Saudi firms, which may restrict the generalizability of findings to other markets with different regulatory and institutional environments.

Future research may extend this analysis by incorporating disclosure quality measures, industry-specific models, or longer time horizons. Additional studies could also examine other economic

outcomes, such as cost of capital, investment efficiency, or risk exposure, to provide a more comprehensive understanding of the economic consequences of ESG disclosure.

9. Final Remarks

In conclusion, the findings underscore the growing importance of sustainability disclosure in capital markets. Within the Saudi context, ESG transparency appears to be increasingly integrated into investor valuation decisions. As emerging markets continue to strengthen institutional frameworks and disclosure standards, sustainability reporting is likely to remain a central component of corporate transparency and long-term value creation.

References

1. Ahmed Aboud; Ahmed Diab. (2018) "The impact of social, environmental and corporate governance disclosures on firm value: Evidence from Egypt", *Journal of Accounting in Emerging Economies* 8 (4): 442–458. <https://doi.org/10.1108/JAEE-08-2017-0079>
2. Ali, N. B. M., Ali Hussin, H. A. A., Mohammed, H. M. F., Mohmmmed, K. A. A. H., Almutiri, A. A. S., & Ali, M. A. (2025). The effect of environmental, social, and governance (ESG) disclosure on the profitability of Saudi-listed firms: Insights from Saudi Vision 2030. *Sustainability*, 17(7), 2977. <https://doi.org/10.3390/su17072977>
3. Ali, W., Bekiros, S., Hussain, N., Khan, S.A. and Nguyen, D.K. (2024), "Determinants and consequences of corporate social responsibility disclosure: a survey of extant literature", *Journal of Economic Surveys*, Vol. 38 No. 3, pp. 793-822, doi: <https://doi.org/10.1111/joes.12556>.
4. Al Marzouky, L., et al. (2024). The impact of environmental, social, and governance disclosure on the performance of Saudi Arabian companies: Evidence from the top 100 non-financial companies listed on Tadawul. *Sustainability*, 16(17), 7660. <https://doi.org/10.3390/su16177660>
5. Ammar, A. Sh. A., & Hamed, A. M. A. (2025). The impact of accounting disclosure of the economic, social, environmental, and technological dimensions of sustainable development on the quality of financial reports in Libyan commercial banks. *Journal of Economic Studies*, Faculty of Economics, University of Sirte, 8(1), 217-246
6. Aouadi, A. and Marsat, S. (2018), "Do ESG controversies matter for firm value? Evidence from international data", *Journal of Business Ethics*, Vol. 151 No. 4, pp. 1027-1047, doi: <https://doi.org/10.1007/s10551-016-3213-8>.
7. A. Tsang, K.T. Wang, Y. Wu, J. Lee, (2024), "Nonfinancial corporate social responsibility reporting and firm value: international evidence on the role of financial analysts", *European Accounting Review*, 33 (2) ,pp. 399-434
<https://www.tandfonline.com/doi/full/10.1080/09638180.2022.2094435>
8. Canh, N.T, Nguyen, L.T. and Nguyen, N.Q. (2022), "Corporate social responsibility and financial performance: the case in Vietnam", *Cogent Economics and Finance*, Vol. 10 No. 1, 2075600, doi: <https://doi.org/10.1080/23322039.2022.2075600>.
9. Carnini Pulino, S.; Ciaburri, M.; Magnanelli, B.S.; Nasta, L. (2022) "Does ESG Disclosure Influence Firm Performance?", *Sustainability* , 14, 7595. <https://doi.org/10.3390/su14137595>
10. C. Free, S. Jones, M.S. Tremblay, (2023), "Greenwashing and sustainability assurance: a review and call for future research", *Journal of Accounting Literature* (2024), 10.1108/JAL-11-2023-0201
11. Christensen, H.B., Hail, L. and Leuz, C. (2021), "Mandatory CSR and sustainability reporting: economic analysis and literature review", *Review of Accounting Studies*, Vol. 26 No. 3, pp. 1176-1248, doi: <https://doi.org/10.1007/s11142-021-09609-5>.
12. De Oliveira, Nazário Augusto, and Leonardo Fernando Cruz Basso, (2024), "The Impact of Value Creation (Tobin's Q), Total Shareholder Return (TSR), and Survival (Altman's Z) on Credit Ratings", *International Journal of Financial Studies*, ,12, no. 2: 44. <https://doi.org/10.3390/ijfs12020044>
13. Du Toit, E. (2024). Thirty years of sustainability reporting: Insights, gaps, and an agenda for future research through a systematic literature review. *Sustainability*, 16(23), 10750. <https://doi.org/10.3390/su162310750>

14. Elkington, J. (1997). *Cannibals with forks: The triple bottom line of 21st century business*. Capstone Publishing.
15. E.R. Venter, J. Krasodomska. (2024), "Research on extended external reporting assurance: an update on recent developments" *Journal of International Financial Management & Accounting*, 35 (2) ,pp. 390-428, 10.1111/JIFM.12200
16. E.K. Thompson, O. Ashimwe, S. Buertey, S.Y. Kim, (2022), "The value relevance of sustainability reporting: does assurance and the type of assurer matter?", *Sustainability Accounting, Management and Policy Journal*, 13 (4) ,pp. 858-877,10.1108/sampj-08-2021-0329/full/xml
17. Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*. Boston, MA: Pitman.
18. Open Journal of Philosophy, Vol.6 No.2, May 5, 2016
18. García-Sánchez, I. M., Hussain, N., Aibar-Guzmán, C., & Aibar-Guzmán, B. (2022). Assurance of corporate social responsibility reports: Does it reduce decoupling practices? *Business Ethics, the Environment & Responsibility*, 31(1), 118–138. <https://doi.org/10.1111/beer.12394>
19. Global Reporting Initiative (GRI). (2021). *GRI Standards 2021*. <https://www.globalreporting.org/standards>
20. Guo, X., Xu, R., Li, X., & Ban, Q. (2024). Corporate social responsibility disclosure quality and firms' investment efficiency: Evidence from Chinese listed companies. *Sustainability*, 16(14), 5967. <https://doi.org/10.3390/su16145967>
21. Healy, P. M., & Palepu, K. G. (2001). Information asymmetry, corporate disclosure, and the capital markets: A review of the empirical disclosure literature. *Journal of Accounting and Economics*, 31(1–3), 405–440. [https://doi.org/10.1016/S0165-4101\(01\)00018-0](https://doi.org/10.1016/S0165-4101(01)00018-0)
22. Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
23. Khatib, S.F.; Abdullah, D.F.; Elamer, A.; Hazaea, S.A.(2022), "The development of corporate governance literature in Malaysia: A systematic literature review and research agenda. " *Corp. Gov. Int. J. Bus. Soc.* 2022, 22, 1026–1053. [Google Scholar] [CrossRef]
24. Mang, P., & Reed, B. (2012). Designing from place: A regenerative framework and methodology. *Building Research & Information*, 40(1), 23–38. <https://doi.org/10.1080/09613218.2012.628548>
25. M.B. Farooq, A.S.A. Azantouti, R. Zaman, (2024), "Non-financial information assurance: a review of the literature and directions for future research", *Sustainability Accounting, Management and Policy Journal*, 15 (1) , pp. 48-84, 10.1108/SAMPJ-03-2023-0166
26. M.B.U. Bhuiyan, Y. Man, D.H. Lont, (2024), "Audit report lag and the cost of equity capital", *Journal of Capital Markets Studies* , 10.1108/JCMS-02-2024-0008
27. M. Steinmeier, M. Stich, (2017), "Does sustainability assurance improve managerial investment decisions?", *European Accounting Review*, 28 (1) ,pp. 177-209, 10.1080/09638180.2017.1412337
28. Paolone, F.; Cucari, N.; Wu, J.; Tiscini, R.(2022), "How do ESG pillars impact firms' marketing performance?" A configurational analysis in the pharmaceutical sector. *J. Bus. Ind. Mark.* 2022, 37, 1594–1606. [Google Scholar] [CrossRef]
29. P. Velte, M. Stawinoga, (2017), "Empirical research on corporate social responsibility assurance (CSRA): A literature review", *Journal of Business Economics*, 87 (8) ,pp. 1017-1066, 10.1007/S11573-016-0844-2
30. P. Velte, (2025), "Determinants of the selection of sustainability assurance providers and consequences for firm value: a review of empirical research", *Meditari Accountancy Research*, 33 (7) ,pp. 443-465, 10.1108/medar-07-2024-2575/full/pdf
31. Raza, A., Alavi, A. B., & Asif, L. (2024). Sustainability and financial performance in the banking industry of the United Arab Emirates. *Discover Sustainability*, 5, 223. <https://doi.org/10.1007/s43621-024-00414-z>
32. Sari Bulan Tambunan,(2023), "Analysis of Tobin's Q, Market to Book Value of Equity and Profitability (ROA), on Asset Growth in Property Companies on the Indonesia Stock Exchange (IDX)", *Ilomata International Journal of Tax & Accounting* P-ISSN: 2714-9838; E-ISSN: 2714-9846 Volume 4, Issue 2, April 2023,Page No. 374-384 DOI: 10.52728/ijtc.v4i3.755

33. Shakil, M.H.; Tasnia, M.; Mostafiz, M.I. (2022), "Board gender diversity and environmental, social and governance performance of US banks: Moderating role of environmental", social and corporate governance controversies. *Int. J. Bank Mark.* 2020. Available online: <https://shura.shu.ac.uk/27475/9/Mostafiz-BoardGenderDiversity%28AM%29.pdf>
34. T. Tyson, C.A. Adams, (2020), "Increasing the scope of assurance research: new lines of inquiry and novel theoretical perspectives", *Sustainability Accounting, Management and Policy Journal*, 11 (2) ,pp. 291-316, 10.1108/SAMPJ-03-2018-0067/
35. Umar, U. H., Firmansyah, E. A., Danlami, M. R., & Al-Faryan, M. A. S. (2024). Revisiting the relationship between corporate governance mechanisms and ESG disclosures in Saudi Arabia. *Journal of Accounting & Organizational Change*, 20(4), 724–747. <https://doi.org/10.1108/JAOC-01-2023-0011>
36. United Nations. (2015). Transforming our world: The 2030 Agenda for Sustainable Development. <https://sdgs.un.org/2030agenda>
37. United Nations. (2023). The Sustainable Development Goals Report 2023. <https://unstats.un.org/sdgs/report/2023>
38. Van Ha Nguyen, (2025), "Corporate social responsibility disclosure and firm value: a signaling theory perspective", *Journal of Economics and Development* ,27 (2): 114–128. <https://doi.org/10.1108/JED-02-2024-0067>
39. Vipond, Tim. (2022), "Rating agency: Evaluating the Creditworthiness of Debt-Issuing Companies and Organizations". Corporate Finance Institute. Available online <https://corporatefinanceinstitute.com/resources/fixed-income/rating-agency/> (accessed on 8 June 2023).
40. Virtus Interpress. (2024). The impact of sustainability reporting on a company's financial performance: Evidence from the emerging market. Retrieved from <https://virtusinterpress.org/The-impact-of-sustainability-reporting-on-a-company-s-financial-performance-Evidence-from-the-emerging-market.html>
41. Viviana Paola Delgado Sánchez, Ana Zorio-Grima, Paloma Merello.(2026) " Sustainability reporting assurance: Knowledge, lags, levels, and providers in leading global companies", *Journal of Innovation & Knowledge*.Volume 12.
42. World Commission on Environment and Development (WCED). (1987). Our Common Future. (accessed on 8 May 2022). [CrossRef]<https://sustainabledevelopment.un.org/content/documents/5987our-common-future.pdf>