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The Effect of Sustainable Dimensions on the Financial Performance of Commercial Banks: A Comparative Study in Emerging Markets

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Abstract

The paper examines the impacts of the various sustainability dimensions on the financial performance of commercial banks in three Arab countries. Three dimensions have been considered as constitutive of the term sustainable development (social, economic, and environmental). The relationship between the sustainability dimensions of companies and accounting indicators was analyzed. The main hypothesis posits that the dimensions of sustainability do not have a significant and positive effect on the financial performance of the commercial banks. The study population consisted of commercial banks operating in three Arab countries (Oman, United Arab Emirates, and Jordan); the period of the study is from 2007 to 2018. The data were collected from the financial reports and sustainability reports of each bank through the Internet. The overall results of the study showed a moderately positive relationship between all sustainability dimensions and the banks' financial performance. The main contribution of the research is to study the dimensions of sustainability reports as contained in the Global Reporting Initiative (GRI-G4) and their impacts on the financial performance of commercial banks. Thus, this research will contribute to increasing the interest of the banks in sustainable development in a context where this research in Arab countries is scarce.

Keywords: Sustainability, Sustainability Dimensions, Financial Performance, Commercial Banks

JEL Classification Code: Q50, Q56, G32, G21

1. Introduction

Sustainability is one of the basic pillars on which organizations are based to ensure their survival and continuity because of their close relationship to human well-being, standard of living and progress (United Nations Global Compact, 2014). The concept of sustainable development focuses on the important fact that attention to the environment and society is at the heart of economic development. As a result, some sustainability indications associated with capital markets emerged such as the Dow Jones Index in the United States, the FTSE4 Index in the UK, the Institutional Sustainability Index (ISE) in Brazil, and the STOXX Global Index in Germany (López et al., 2007). The sustainability reports illustrate the effect of business operations on society and evaluate their sustainability and future impact on the environment, community and shareholders. These are a mixture of three dimensions (economic, social, and environmental). There are many benefits to the company from disclosing sustainability information to users: improving its image Orlitzky and Swanson (2012), enhancing its competitive advantage (Frooman, 1999), cost reduction, and improving reputation and legitimacy (Kurucz et al., 2008). According to KPMG, 95% of the largest 250 companies worldwide published sustainability reports, compared to only 45% in 2002. The banking sector is currently considered a leading sector in modern economics, and it is one of the main drivers of the economy because of its important role in mobilizing domestic and foreign savings and its contribution to financing investments that are the core of economic activity.

The study aims to exam the impact of sustainability dimensions on the financial performance of commercial banks in three Arab towns (Oman, UAE, and Jordan).

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There are three reasons to study the dimensions of sustainability and impact on financial performance of banks. The first reason is that corporate sustainability is essential for long-term corporate success, and investing in social responsibility activities in banks improves financing conditions (Cheng et al., 2014), credit ratings (Jiraporn & Chintrakarn, 2013), and bank's reputation; reputation links sustainability and performance (Orlitzky et al., 2003). The second reason, despite its importance, is that there is no clear consensus on whether corporate financial performance relates to sustainability performance, particularly in developing countries, including Arab countries. The third reason is the scarcity of research in the Arab country about sustainability and financial performance in the banking sector.

The research focuses on the following question: Do the dimensions of sustainability affect the financial performance of commercial banks operating in the Kingdom of Jordan, the Sultanate of Oman and the United Arab Emirates? The main contribution of the research is to study the dimensions of sustainability reports as contained in the Global Reporting Initiative (GRI-G4) and their impacts on the financial performance of commercial banks. Three main reasons led the researchers to choose Jordan and the UAE in addition to Oman. The first reason is that the UAE is one of the closest markets to the Sultanate. In addition, some UAE banks, such as Abu Dhabi Bank, operate in the Omani market, while Bank Muscat has branches in the Gulf countries, including the UAE. Jordan is considered one of the first countries where banks have published sustainability reports annually. The second reason is the lack of research on sustainability in the three countries, particularly in the Sultanate of Oman, where the studies on sustainability are very few. The third reason is that the previous studies about sustainability did not examine the relationship between the dimensions of corporate sustainability and financial performance. In Jordan, most previous studies dealt with sustainability accounting or sustainability reports alone and did not address their relationship to financial performance in any sector. Most studies are based on the questionnaire in collecting data (Al Armouti, 2013; Hamadna, 2015). In the context of the UAE, most studies, including those of Nobanee and Ellili (2017) and Khasharmeh and Suwaidan (2010), have addressed the disclosure of sustainability in annual reports or disclosure of social responsibility in financial reports.

2. Literature Review and Hypothesis Development

2.1. Dimensions of Sustainable Development

Corporate social responsibility activities are the company's efforts to gain, maintain or restore legitimacy from society (Erawati et al., 2021). Diamastuti et al. (2021) argue that business organizations should consider the rights of the wider community, not just the interest of investors Research that sought to link social responsibility to financial performance began in the 1980s with two opposing views (Baccarini et al., 2006). The first is that the company faces a trade-off between social responsibility and financial performance. The proponents of this view believe that companies bear costs for socially responsible actions. The second contrasting view is that the explicit costs of social responsibility are minimal and companies may actually benefit from socially-responsible actions (McGuire et al., 1988). Schaltegger and Synnestvedt (2002) concluded that no natural or mechanical law automatically links environmental performance with economic performance. This relationship cannot be achieved only in specific cases when environmental regulations provide strong economic incentives to companies to make continuous improvements in business operations.

The main conclusion of Schaltegger and Synnestvedt (2002) is that the relationship between environmental performance and economic success can vary depending on the level of economic success. Wagner and Schaltegger (2003) presented a new perspective on neoclassical environmental economics by linking environmental and social issues. According to this view, the purpose of environmental regulations is to minimize the negative external environmental factors, which lead to additional costs and, thus, reduce profits and social welfare. Wagner and Schaltegger (2004) support another opposing "revisionist view", they suggest environmental performance will lead to cost savings, increased sales and, thus, improved economic performance. According to this revised view, a U-shaped inverse curve is the best possible description of the relationship between environmental and economic performance. From the reviewers' view, companies have an incentive to research for new technologies and production methods to minimize negative externalities. Thus, according to the review point of view, at least from a dynamic (or perhaps short-term) perspective, the ability to innovate and develop new production techniques and methods are more determinants of competitiveness and economic success.

Wagner (2007) assumes that "integrating" environmental aspects and sustainability with public administration has an impact on both economic and environmental performance. It analyzed the integration between environmental considerations and other administrative functions with economic performance engines. The concept of "integration" means the link between the objectives and activities of environmental social management are linked to basic processes and functions managerial in areas of strategic importance. This integration leads to cost savings, innovative products, high market share, better profit margins, as well as reduced accidents

and work-related injuries. Freedman and Patten (2004) examined the financial report environmental disclosures of 112 US firms under the Toxics Release Inventory (TRI) passed into law in 1986. The study finds that companies with higher levels of pollution performance (higher levels of size-adjusted toxic releases into the air) suffered more negative market reactions than companies with better performance. And the companies with less environmental disclosures in 10-K reports suffered more negative market reactions than companies with more disclosure. The study also found that environmental disclosure under a largely voluntary regime is inadequate. Studies have reached different results with regard to the impact of social performance on the financial performance of companies.

Studies have reached different results with regard to the impact of social performance on the financial performance of companies. Bird et al. (2007) found that companies involved in corporate social responsibility activities obtained a good market evaluation and that the market gave a negative evaluation to companies that did not enter corporate social responsibility strategies into their business. Wood and Jones (1995), Brammer et al. (2006), Hemingway and Maclagan (2004) found that the relationship between corporate social performance and financial performance was negative and significant. López et al. (2007) found that the relationship between corporate social performance and corporate financial performance was negative. Nelling and Webb (2009) found there was a significant positive correlation between financial performance and corporate social responsibility. Yeganeh and Barzegar (2014) found a significant relationship between the level of disclosure of corporate social responsibility and financial performance standards of companies listed on the Tehran Stock Exchange based on accounting data and market data.

Inoue and Lee (2011) dealt with the impact of social responsibility dimensions on the financial performance of companies in the tourism sector. The study found that the corporate social responsibility dimensions have had a positive effect on the financial performance of companies. Sun et al. (2019) investigated whether organizational transference is affecting the role of financial performance in corporate social reporting. In terms of companies' tendency to issue independent reports on corporate social responsibility, the quality of voluntary corporate social responsibility reports, and the quality of mandatory social responsibility reports. The study found that financial performance protects against external pressures resulting from institutional shifts rather than acting as a loose resource. By highlighting the buffer role of financial performance.

Lu et al. (2018) dealt with corporate social responsibility and its material implications, including its impact on financial performance. The authors found that corporate social responsibility programs can be harmful to financial performance in the short term but help improve it in the long term. The results also indicate that the impact of corporate social responsibility on the financial performance of international construction companies is not immediate, and the application of corporate social responsibility for sustainable development takes time. Awaysheh et al. (2020) examined the relationship between corporate social responsibility and financial performance by comparing companies with their industry peers to identify the best and worst companies in their class. The study found that the best-in-class companies outperform their peers in the industry in terms of operating performance and have relatively higher market ratings (Tobin's Q). The relationship between operating performance and social responsibility is significant. Best-in-class companies receive relatively higher market reviews than their industry peers.

Long et al. (2020) examined the relationship between social responsibility and corporate financial performance in China. The results showed that (a) corporate social responsibility positively affects financial performance, (b) state ownership weakens the relationship between social responsibility and financial performance, and (c) industrial competition strengthens the relationship between social responsibility and financial performance for both state-owned and non-state companies. Market competition increases the strategic use of corporate social responsibility. Fathony et al. (2020) analyzed the impact of corporate social responsibility activities and financial performance (cash flow growth and return on assets) on a company's stock return on a sample of seven companies belonging to the Astra Group for the period from 2014 to 2018, with a total of 35 data. The results showed that the financial performance factors (growth in cash flows and return on assets) had a positive effect on the company's returns, while the corporate social responsibility activity factor was not able to affect the company's stock returns. This result indicates that companies cannot rely on corporate social responsibility activities to increase stock returns, but rather focus on improving the company's financial performance.

Belasri et al. (2020) addressed the impact of corporate social responsibility on bank efficiency using a dynamic network model with an international sample of 184 banks in 41 countries during the period 2009–2015. Empirical results showed that social responsibility has a positive effect on banks' efficiency. This relationship depends on the institutional context. The social responsibility has a positive effect on the efficiency of banks in developed countries, in countries where investor protection is high and in countries with a high degree of stakeholder orientation. Thus, some institutional characteristics must be present in order to achieve the positive impact of corporate social responsibility on the bank's efficiency. Boachie (2020) examined the impact of corporate social responsibility on financial performance to

understand whether corporate social responsibility policies affect the overall financial performance of banks listed in Ghana. Content analysis was used to measure corporate social responsibility and financial performance. The results indicate that corporate social responsibility is positively and significantly related to financial performance. However, the impact of corporate social responsibility is very weak. Setiawan et al. (2019) examined the impact of corporate social responsibility on financial performance in the banking sector in Indonesia between two years. The results showed a relationship between corporate social responsibility and FP of the banking industry in Indonesia during 2013 through 2015, although fiscal policy does not appear to be significantly affected.

The economic dimension of sustainability relates to the effects of the organization on the economic conditions of its stakeholders and on economic systems at the local, national and global levels. The economic category illustrates the flow of capital among the various stakeholders and the major economic impacts of the organization on society at large. GRI-G4 considers the economic dimension to be one of the first dimensions of both traditional development and sustainable development. This dimension focuses on the sustainability of economic construction through efficient capital management and efficient use of resources, securing the basic needs and requirements of the individual and improving the standard of living by maximizing returns. This means that it is essential that the company works properly and adopts principles in the areas of occupational safety, staff health, human resources, and ecology. The "sustainability" pursued by "economic sustainability" is the "sustainability" of the economic system itself, which means the production system that meets current consumption levels without compromising future needs. Hicks was the first to address the concept of "economic sustainability" when he defined income in his book *Value and Capital* in 1939. Hicks defined "income" as "the amount that a person can consume during a period so that he can remain at the end of a period as he was at the beginning (Basiago, 1998).

In light of the theory of "economic sustainability", the economic system is a system constrained by the requirements of "environmental sustainability". Economic sustainability cannot be achieved at the expense of "environmental sustainability". At the organizational level, this dimension is measured through the direct economic value-generating revenues and the direct economic value-distributing revenue. Nobanee and Ellili (2017) measured the overall sustainability, economic, social, and environmental disclosure for listed banks in the UAE's financial markets. The results showed insignificant differences in overall sustainability, economic and environmental disclosures between Islamic and conventional banks, while the social disclosures are significantly higher in the annual reports of conventional banks. In addition, the results of the dynamic panel data reveal that sustainability, economic, environmental and social disclosures have no significant effects on the banking performances of all UAE banks, conventional and Islamic.

2.2. Financial Performance Measures (FP)

There is no specific principle adopted in this area. Of the 95 studies reviewed by Margolis and Walsh (2001), 49 studies used accounting measures, 12 used market measures, while the rest used a mixed set of measures. Griffin and Mahon's (1997) study provided a list of all financial performance measures for firms and reported that the most common measures are the logarithm of total assets, assets, ROE, ROA 5-year return on sales (ROS) and age. On this basis, the accounting measures used in previous studies varied according to different researchers. One of the common accounting measures used in this area is ROA, which was used in many studies (Bhagat & Bolton, 2008; Eccles et al., 2009; Güler et al., 2010; Hull & Rothenberg, 2008; Lee et al., 2009; Mahoney & Roberts, 2007; Margolis & Walsh, 2001; Sun et al., 2019; Tang et al., 2012; Trébucq & D'Arcimoles, 2002; Van der Laan et al., 2008).

Return on owners' equity (ROE) was used as an accounting measure in the study by Mahoney and Roberts (2007), Waddock and Graves (1997), Lee et al. (2009), Trébucq and D'Arcimoles (2002), and Güler et al. (2010). The return on sales (ROS) was widely used also (Güler et al., 2010; Lee et al., 2009; Waddock & Graves, 1997). In studies that focused on market performance measures in assessing the relationship between corporate social responsibility and financial performance, the earning per share was used in the studies by Bhagat and Bolton (2008) and Brammer and Millington (2008). Capital Assets Pricing Model was used by Jacobs et al. (2010) and Lin et al. (2009). In this study, the return on assets (ROA) and two control variables were used; total assets ($) and leverage was computed as the ratio of total debt/total asset (Ching et al., 2017; Hardiyansah et al., 2021).

2.3. Hypotheses

The main hypothesis is the examination of the impact of the independent variables (ECO, ENV, and SOC) on the dependent variable (FP) is as follows:

H0: *The dimensions of sustainability (economic, environmental, and social) do not have a significant and positive effect on the financial performance of commercial banks.*

From the main hypothesis, the following sub-assumptions are derived. The first hypothesis is for the examination of the

relationship between the economic dimension of sustainability and financial performance of commercial banks.

H01: *The economic dimension of sustainability does not have a significant and positive effect on the financial performance of commercial banks.*

The second hypothesis is the examination of the relationship between the environmental dimension of sustainability and the financial performance of commercial banks.

H02: *The environmental dimension of sustainability does not have a significant and positive effect on the financial performance of commercial banks.*

The third hypothesis is for the examination of the relationship between the social dimension of sustainability and the financial performance of commercial banks.

H03: *The social dimension of sustainability does not have a significant and positive effect on the financial performance of commercial banks.*

3. Data and Methodology

Although there are many international efforts to measure sustainability, little of it studied the overall dimensions of sustainability (environmental, economic, and social) and their impact on the financial performance of commercial banks as much as the Global Reporting Initiative (GRI). According to Perrini and Tencati (2006), one of the keys to successful strategic management is the availability of sustainability accounting tools that can track the overall performance of companies from a qualitative and quantitative point of view. The research combines financial and qualitative methods in data collection.

The sample of the study consists of the banks in the three countries (Oman, UAE, and Jordan), and the period selected for the study is from 2007 to 2018. The data were collected from the financial reports and sustainability reports of each bank through the World Wide Web since all the sample banks disclose their financial statements and sustainability initiatives on their websites. Two hundred and fifteen reports (financial reports and sustainability reports), which represent the reports of 32 banks, were downloaded and analyzed.

Data of the economic and social dimension were collected from financial statements and sustainability reports, as with studies (Gray et al., 1995; Hackston & Milne, 1996; Hughes et al., 2001). The social dimension was measured using GRI/G4, LA1, LA9, HR1, HR2, G4-), and the economic dimension was measured using (GRI/G4-EC1). Environmental dimension data collected using content analysis, it is an objective measure, many studies used this method in the collection of data on the social and environmental dimension (Abbott & Monsen, 1979; Ching et al., 2017; Güler et al., 2010; Hackston & Milne, 1996; Hughes et al., 2001; Karagiorgos, 2010; Rolland & Bazzoni, 2009).

4. Results and Discussion

4.1. Case for Emirate

To analyze the main relationship between the independent variables and a dependent variable, regression analysis is used. Primarily, the normality for the dependent variable (FIN) was examined using the Kolmogorov-Smirnov test; through it the test statistics is 0.131, and it shows that distribution of the dependent variable is normal distribution because *p*-value is 0.200, which is more than 0.05.

It is clear from Table 1 that the value of Durbin-Watson (1.979) showed no autocorrelation problem, so as can be seen in the model summary in Table 1, since *R*-value is 0.947, it can be said that there is a strong correlation between independent variables (ECO, ENV, and SOC) and dependent variable (FP). *R* square value is 0.897, which indicates that the independent variables explain 90% variation of the FP.

According to ANOVA in Table 2, a *p*-value of the independent variables (ECO, ENV, and SOC) is 0.000. Since the *p*-value is lower than 0.05, the main null hypothesis H0 is rejected and the alternative hypothesis Ha is accepted, so it can be said that independent variables (ECO, ENV, and SOC) are affected on FP as, since the acceptance of the main hypothesis of the research, the sub-hypotheses are good to be tested.

Table 1: Model Summary of the Multiple Regression Analysis for the Contributions of Independent Variables (ECO, ENV and SOC) to Dependent Variable (FP) in Emirate

Model	*R*	R^2	Adj. R^2	Std. Error of the Estimate	Durbin-Watson
1	0.947	0.897	0.858	0.10522	1.979

Table 2: Multiple Regression Analysis ANOVA Table for Independent Variables (ECO, ENV and SOC) and Dependent Variable (FP) in Emirate

Model		Sum of Squares	Df	Mean Square	F	P
1	Regression	0.769	3	0.256	23.156	0.000
	Residual	0.089	8	0.011		
	Total	0.858	11			

Table 3: Regression Analysis Coefficients for independent variables (ECO, SOC and ENV) and FP in Emirate

Model	Unstandardized Coefficients		Standardized Coefficients	*t*	*P*	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	–0.004	0.299		–0.013	0.990		
ECO	$8.391E^{-8}$	0.000	0.435	2.328	0.048	0.370	2.706
ENV	$3.687E^{-5}$	0.000	0.747	4.272	0.003	0.422	2.370
SOC	$4.575E^{-5}$	0.000	0.554	2.426	0.041	0.248	4.038

It is clear from Table 3 that the values of tolerance or VIF for all independent variables showed no multicollinearity problem, so as can be seen in the coefficient in Table 3, the Beta coefficient gives the direction and strength of the relationship between the dependent and independent variables. The coefficient shows that the null hypotheses H01, H02 and H03 are rejected and the alternative hypotheses Ha1, Ha2 and Ha3 are accepted, so it can be said that ECO affected FP positively because β is a positive value ($\beta = 8.391E^{-8}$). The reason for this result, the economic value added is one of the most recent indicators in which financial performance can be interpreted. Economic value added is one of the most powerful measures to determine the real economic profit of companies. It is one of the important measures of operational performance, which measures the profitability of the company and illustrates the growth in the wealth of shareholders, as well as shows the interaction between the elements of production in the economic unit and the achievement of national income, thus often having a positive impact on financial performance. Results also showed positively affected for ENV on FP because β is a positive value ($\beta = 3.687E^{-5}$); it means that there is a statistical significance ($p < 0.05$), the reason for this result; the banks now play an important role in minimizing environmental impacts, products, and services by reducing the use of paper inside the bank and in dealing with customers. Banks now rely heavily on electronic services in communication with customers, with the number of subscribers in electronic banking services reaching more than 75% of the total customers by the end of 2017.

In addition, it supports the policy of recycling paper, reducing carbon dioxide emissions from electricity from oil and diesel and reducing electricity and water consumption. Nakao et al. (2007) and Muhammad et al. (2015) found similar results. So, the SOC affected FP positively because β is a positive value ($\beta = 4.575E^{-5}$); it means that there is a statistical significance ($p < 0.05$). That is why banks in the UAE make many positive contributions to the aspect of social responsibility. In terms of employment, banks adopt an Emiratization strategy that enables national talent to hold various jobs. This has led to an increase in the number of national staffs to about 40% to 60% in administrative posts by the end of 2017 and about 90% in senior management positions. Total direct and indirect community investments at the end of 2017 increased significantly. In terms of customer service, the total number of bank branches increased in the UAE and abroad and the number of ATMs increased to cover most of the country. Uadiale and Fagbemi (2012), as well as Nelling and Webb (2009), found a positive relationship between the social dimension and FP.

4.2. Case for Oman

Using the Kolmogorov-Smirnov test, the test statistic is 0.209, and it shows that the distribution of the dependent variable is normal distribution because the *P*-value is 0.157, which is more than 0.05.

It is clear from Table 4 that the value of Durbin-Watson (1.918) showed no autocorrelation problem, so as can be seen in the model summary in Table 4, since *R* value is 0.989, there is a strong correlation between the independent variables (ECO, ENV and SOC) and the dependent variable (FP). *R* square value is 0.977, which indicates that the independent variables explain 98% variation of the FP.

According to ANOVA in Table 5, a *p*-value of the independent variables (ECO, ENV, and SOC) is 0.000. Since the *p*-value is lower than 0.05, the main null hypothesis H0 is rejected and the alternative hypothesis Ha is accepted, so it can be said that the independent variables (ECO, ENV, and SOC) are affected on FP. Due to the acceptance of the main hypothesis, the sub-hypotheses are good to be tested.

It is clear from Table 6 that the values of Tolerance or VIF for all independent variables showed no multicollinearity problem, so as can be seen in the coefficient in Table 6, the Beta coefficient gives the direction and the strength of the relationship between the dependent and independent variables. The coefficient shows us that the null hypotheses H01, H02 and H03 are rejected and alternative hypotheses Ha1, Ha2 and Ha3 are accepted, so it can be said that ECO affected FP positively because β is a positive value

(β = 2.643E^{-8}). Also, ENV affected FP positively because β is a positive value (β = 0.213). It means that there is a statistical significance (p < 0.05). The reason is that banks are constantly seeking to ensure that effective environmental management practices are followed for all their activities, products and services through rationalization in consumption of energy use, water consumption, paper consumption, transportation, waste disposal and other materials used where indirect energy consumption and emissions decreased by 6% in 2017 compared to 2016 and decreased by 7% since 2014.

To minimize the environmental impacts of operational activities, banks are currently investing in environmentally-friendly buildings to improve energy and water efficiency and implement several waste management programs. So, SOC affected FP negatively because β is a negative value (β = –0.109). It means that there is a statistical significance (p < 0.05). The reason for this is that most banks allocate token amounts or deduct a small percentage from net profits for social responsibility initiatives and the disbursement of these amounts falls within the custom, not social responsibility. Therefore, the social responsibility clause is easy and does not achieve the desired goals in building the community and work to maintain cohesion and maintain unity. Wood and Jones (1995), as well as Brammer et al. (2006), found that the relationship between the social dimension and financial performance is negative.

Table 4: Model Summary of the Multiple Regression Analysis for the Contributions of Independent Variables (ECO, ENV and SOC) to Dependent Variable (FP) in Oman

Model	*R*	R^2	Adj. R^2	Std. Error of the Estimate	Durbin-Watson
2	0.989	0.977	0.969	0.03892	1.918

Table 5: Multiple Regression Analysis ANOVA table for Independent Variables (ECO, ENV and SOC) and Dependent Variable (FP) in Oman

Model		Sum of Squares	Df	Mean Square	*F*	*P*
2	Regression	0.519	3	0.173	114.101	0.000
	Residual	0.012	8	0.002		
	Total	0.531	11			

4.3. Case for Jordan

Primarily, the normality of the dependent variable (FP) must be examined using the Kolmogorov-Smirnov test; through it the test statistics is 0.233, and it shows that distribution of a dependent variable is a normal distribution because the *P*-value is 0.072, which is more than 0.05.

It is clear from Table 7 that the value of Durbin-Watson (1.869) showed no autocorrelation problem, so as can be seen in the model summary in Table 7, since *R*-value is 0.981, it can be said that there is a strong correlation between the independent variables (ECO, ENV, and SOC) and the dependent variable (FP). *R* square value is 0.963, which indicates that the independent variables explain 96% variation of the FP.

According to ANOVA on Table 8, the *p*-value of the independent variables is 0.000. Since the *p*-value is lower than 0.05, the main hypothesis H0 is rejected and the alternative hypothesis Ha is accepted, so it can be said that independent variables affected FP. As this hypothesis is the main hypothesis of the research model, since it is accepted, the dimensional hypotheses are good to be tested. The reason

Table 7: Model Summary of the Multiple Regression Analysis for the Contributions of Independent Variables (ECO, ENV and SOC) to Dependent Variable (FP) in Jordan

Model	*R*	R^2	Adj. R^2	Std. Error of the Estimate	Durbin-Watson
3	0.981	0.963	0.949	0.05033	1.869

Table 6: Regression Analysis Coefficients for Independent Variables (ECO, ENV and SOC) and FP in Oman

Model	Unstandardized Coefficients		Standardized Coefficients	*t*	*P*	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	–0.285	0.194		–1.468	0.180		
ECO	2.643E^{-8}	0.000	0.414	3.485	0.008	0.203	4.933
ENV	0.213	0.025	0.988	8.668	0.000	0.220	4.549
SOC	–0.109	0.027	–0.454	–4.014	0.004	0.223	4.478

for this result is that all banks believe and apply sustainability dimensions in their work. It is within its overall policy, strategies and clear plans. This forms a marketing interface that reflects the societal role it plays in achieving sustainable development. The most important point of sustainable banking responsibility is the high transparency the bank enjoys by disclosing and announcing periodic financial results and results of sustainable performance. Banking is the most transparent sector in Jordan. This helps in judging the extent of the banks' involvement with the different stakeholders due to the technological and technical developments that the banks have achieved on the one hand and the inevitable result of their commitment to international accounting principles, standards of disclosure and international transparency on the other. Nnamani et al. (2017) reached the same conclusion that sustainability reporting has a positive and significant effect on the financial performance of firms.

It is clear from Table 9 that the values of Tolerance or VIF for all independent variables showed no multicollinearity problem, so as can be seen in the coefficient in Table 9, the Beta coefficient gives the direction and strength of the relationship between the dependent and independent variables. The relationship between ECO and FP is positive because β is a positive value ($\beta = 2.624E^{-8}$). The economic dimension of sustainability measures the impact of the organization on the economic conditions of stakeholders as well as capital flows between the various stakeholders and the economic impact of the organization on society as a whole. In terms of stakeholders, banks continued to perform well in 2009, given their increase in profit after tax. The banks managed to achieve this growth in profits through the efficiency of the recruitment of funds and banking services, which contributed to the increase in operating profits, which showed positive growth rates in net Interest and commissions from major banking activities. Banks have also continued to strengthen their capital base by strengthening various reserves.

The ENV impact on FP was negative because β is a negative value ($\beta = –0.175$). Because of this result Jordanian banks began to pay attention to environmental responsibility late, in 2014, so the results were negative. The reason for this result is the weak interest of banks in the environment during the period of study. This is confirmed by Manrique and Martí-Ballester (2017). The impact of the environmental performance on financial performance has been extensively looked at in developed countries, but has received less attention in developing countries. Albertini (2013) confirmed that companies are expected to reduce and control the consumption of natural resources and energy, as well as reduce or eliminate the production of waste and pollutants during and after the production process. This is what the Jordanian banks began to implement in 2016 through the development of a paperless environment, which contributed to reducing the cost of operations and improving our performance in the environmental field. Banks have also contributed to reducing the environmental impact of customers by offering digital banking solutions without the need to use paper.

So, SOC affected FP positively because β is a positive value ($\beta = 7.081E^{-8}$); it means that there is statistical significance ($p < 0.05$). The reason for this result is the concept of social responsibility of banks operating in Jordan. It is a comprehensive concept that encompasses all economic, social, and environmental sectors. Evidence of this, as reported by the Association of Jordanian Banks, includes banks' contribution to social care, health, and sports

Table 8: Multiple Regression Analysis ANOVA Table for Independent Variables (ECO, ENV and SOC) and Dependent Variable (FP) in Jordan

Model		Sum of Squares	Df	Mean Square	*F*	*P*
3	Regression	0.526	3	0.175	69.219	0.000
	Residual	0.020	8	0.003		
	Total	0.546	11			

Table 9: Regression Analysis Coefficients for Independent Variables (ECO, ENV and SOC) and FP in Jordan

Model	Unstandardized Coefficients		Standardized Coefficients	*t*	*P*	Collinearity Statistics	
	β	Std. Error	Beta			Tolerance	VIF
(Constant)	0.134	0.070		1.925	0.090		
ECO	$2.624E^{-8}$	0.000	1.410	9.402	0.000	0.206	4.849
ENV	–0.175	0.043	–0.605	–4.085	0.004	0.212	4.726
SOC	$7.081E^{-8}$	0.000	0.171	2.382	0.044	0.903	1.108

Table 10: ANOVA to Test the Differences between Emirate, Oman and Jordan based on the Variables: FP, ECO, ENV and SOC

Variable		Sum of Squares	Df	Mean Squares	*F*	Sig.
FP	Between Groups	11.304	2	5.652	96.410	0.000
	Within Groups	1.935	33	0.059		
	Total	13.239	35			
ECO	Between Groups	12967507486414916.000	2	6483753743207458.000	123.697	0.000
	Within Groups	1729739803944185.500	33	52416357695278.350		
	Total	14697247290359102.000	35			
ENV	Between Groups	3826191968.682	2	1913095984.341	179.286	0.000
	Within Groups	352131999.900	33	10670666.664		
	Total	4178323968.582	35			
SOC	Between Groups	1442958279895.637	2	721479139947.818	7.499	0.002
	Within Groups	3174769744686.547	33	96205143778.380		
	Total	4617728024582.184	35			

care, support for scientific research, cultural and heritage activities. Farhan (2016) found that some banks, despite their low profits during some years, were committed to their social responsibility to the local community and as it relates to their human resource management, such as developing their capabilities through training and education. Many of the studies agree the relationship between corporate social responsibility and financial performance is positive (Hull & Rothenberg, 2008; Palmer, 2012; Uadiale & Fagbemi, 2012).

4.4. Differences Between Emirate, Oman and Jordan

To study the differences between Emirate, Oman and Jordan based on all variables, we used ANOVA shown in Table 10.

Table 10 shows there are statistically significant differences between Emirate, Oman and Jordan with respect to the variables FP, ECO, ENV and SOC since p value is lower than 0.05.

Also, we compared two countries to assess their significant differences. The LSD test was used as shown in Table 11.

For the FP, there were differences between all three countries in the research. The differences were positive for the UAE compared to Oman and Jordan, but the differences were negative for Oman compared to Jordan. For the ECO, the differences were negative for the UAE compared to Oman and Jordan; also, the differences were negative for Oman compared to Jordan. For the ENV, the differences were positive for the UAE compared to Oman and Jordan, but the differences were negative for Oman compared to Jordan. For the SOC, the differences were positive for the UAE compared to Oman, but it was negative with Jordan; also, the differences were negative for Oman compared to Jordan.

It is clear from Table 11 that the financial performance of FP banks in the UAE was higher compared to Jordan and Oman. The differences were positive for the financial performance of the UAE banks. This is due to the greater openness of UAE banks and the diversity of their transactions and transparency compared to the financial performance of the Jordanian or Omani banks. It is also noticeable that the financial performance of the Jordanian banks is higher than that of Oman. The reason is that the Jordanian banks are older than the Omani banks. The banking industry in Jordan occupies great importance in the economic life and social development of the country due to its role in promoting fiscal policy and fostering economic interests by providing the various sectors with financing and providing banking services of all kinds.

As for the economic dimension of sustainability (ECO), differences have emerged in favor of Jordan compared to the United Arab Emirates and Oman. Positive differences have emerged in favor of Jordan's economic dimension index. The reason is that Jordanian banks implement the criteria of the Global Initiative for Sustainable Development Significantly.

The level of application of the criteria is lower in Oman and weakest in the UAE. In the UAE, the level of application among the banks in relation to the economic dimension is weak and rudimentary.

As for ENV, the differences were positive for the UAE compared with Jordan and Oman. This indicates that the UAE banks had the highest disclosure regarding the environmental dimension compared to the banks of Jordan

Table 11: LSD to Test the Differences between Emirate, Oman and Jordan based on the Variables: FP, ECO, ENV and SOC

Variable	(I)	(J)	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
FP	Emirate	Oman	1.31170*	0.09885	0.000	1.1106	1.5128
		Jordan	1.00597*	0.09885	0.000	0.8049	1.2071
	Oman	Emirate	–1.31170*	0.09885	0.000	–1.5128	–1.1106
		Jordan	–0.30573*	0.09885	0.004	–.5068	–0.1046
	Jordan	Emirate	–1.00597*	0.09885	0.000	–1.2071	–0.8049
		Oman	0.30573*	0.09885	0.004	0.1046	0.5068
ECO	Emirate	Oman	–26408710.08333*	2955682.59728	0.000	–32422091.5419	–20395328.6248
		Jordan	–46338528.63333*	2955682.59728	0.000	–52351910.0919	–40325147.1748
	Oman	Emirate	26408710.08333*	2955682.59728	0.000	20395328.6248	32422091.5419
		Jordan	–19929818.55000*	2955682.59728	0.000	–25943200.0086	–13916437.0914
	Jordan	Emirate	46338528.63333*	2955682.59728	0.000	40325147.1748	52351910.0919
		Oman	19929818.55000*	2955682.59728	0.000	13916437.0914	25943200.0086
ENV	Emirate	Oman	21869.86117*	1333.58331	0.000	19156.6655	24583.0568
		Jordan	21869.09153*	1333.58331	0.000	19155.8959	24582.2872
	Oman	Emirate	–21869.86117*	1333.58331	0.000	–24583.0568	–19156.6655
		Jordan	–0.76964	1333.58331	1.000	–2713.9653	2712.4260
	Jordan	Emirate	–21869.09153*	1333.58331	0.000	–24582.2872	–19155.8959
		Oman	0.76964	1333.58331	1.000	–2712.4260	2713.9653
SOC	Emirate	Oman	14791.92626	126626.18461	0.908	–242830.9834	272414.8359
		Jordan	–417110.43750*	126626.18461	0.002	–674733.3472	–159487.5278
	Oman	Emirate	–14791.92626	126626.18461	0.908	–272414.8359	242830.9834
		Jordan	–431902.36376*	126626.18461	0.002	–689525.2734	–174279.4541
	Jordan	Emirate	417110.43750*	126626.18461	0.002	159487.5278	674733.3472
		Oman	431902.36376*	126626.18461	0.002	174279.4541	689525.2734

and Oman. The reason for this is that the activities of UAE banks have witnessed many remarkable results in achieving sustainability goals. A paper-free operating environment has been introduced, which has reduced the cost of operations and improved environmental performance. Efforts to reduce the environmental impact of customers by providing digital banking solutions were also pursued without the need to use paper. Jordan came second while Oman emerged third.

As for the social dimension, the differences were positive for Jordan compared to the United Arab Emirates and the Sultanate of Oman. This indicates that the methods used in Jordan are different to measure the social dimension and that they were more sensitive; the Jordanian banks play a vital role in the employment of national manpower and provision of sources of finance. Commercial banks also offer their services through network branches, totaling 603 branches inside Jordan and 65 outside, in addition to 1,253 ATMs. The social dimension in UAE was higher than in Oman. The reason is that UAE banks are interested with the social dimension, by allocating a percentage of the profits to social responsibility initiatives, supporting small- and medium-sized enterprises, in addition to providing moral donations to many organizations and charities.

5. Conclusion

Sustainability has become an increasingly prominent concept in society today, especially in developing countries.

Companies have begun to realize that the disclosure of social, environmental and economic performance on their own is insufficient to describe the dimensions of sustainability. Therefore, companies have introduced sustainability reports to actively contribute to sustainable community development, building on the growing socio-economic challenges facing companies at the local, regional and global levels. There is considerable interest from banks in preparing GRI sustainability estimates for economic and legal considerations to achieve greater market share and connect their business to a wide range of customers by pushing towards the application of social, environmental and green economy issues.

The overall results of the study showed a moderate positive relationship between all sustainability variables and FP. Regarding the UAE, the results show that the economic dimension has a positive effect on financial performance. It has also been shown that the environment and social dimensions have positive effects on financial performance; that is why banks in the UAE have many positive contributions in the aspect of social responsibility. Regarding Oman, the economic and environmental dimensions positively affected the financial performance of commercial banks. Also, the social dimension affected financial performance negatively. For Jordan, the economic dimension affected the financial performance of commercial banks positively. The environmental dimension also affected financial performance negatively. In addition, the social dimension affected the financial performance of banks positively. The financial performance of banks in the UAE was higher than those of Jordan and Oman. It is also noticeable that the financial performance of the Jordanian banks is higher than that of Oman. The economic dimension of the sustainability differences has emerged in favor of Jordan compared to the United Arab Emirates and Oman. Positive differences have emerged in favor of Jordan's economic dimension index. The level of application is lower in Oman and weakest in the UAE. About the environmental dimension, the differences were positive for the UAE compared with Jordan and Oman. This indicates that the UAE banks had the highest disclosure regarding the environmental dimension compared to the banks of Jordan and Oman. As for the social dimension, the differences were positive for Jordan compared to the United Arab Emirates and the Sultanate of Oman. This indicates that the methods used in Jordan to measure the social dimension are different and that they were more sensitive.

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