Integrated Reports to Evaluate the Sustainable Performance of Economic Entities

Author’s Details:

(1) Prof. Dr. Jalelah Edan Hulaihel Al-Nahrain University, College of Business Economic, Baghdad, Republic of Iraq Email: dr.Jalelah@nahrainuniv.edu.iq

(2) Saja Mohammed Salman- Al-Nahrain University, College of Business Economic, Baghdad, Republic of Iraq. Email: Sajawyeco@gmail.com

Abstract
The term sustainable performance one of the most interesting concepts in this time especially after the advent of globalization the openness of the market and the accompanying changes in the modern business environment including awareness the importance of sustainable performance of economic entity and the risks you might face as well as managements need for information about sustainable performance for those entity in order to achieve the strategic objectives among them is the goal of promoting sustainable development it is a development goal that seeks to achieve the welfare of society without harming the environment and its resources this is because it is considered a joint property lot of relevant research has shown that the traditional techniques used suffer from shortcomings in evaluating the performance of economic entity this is because it is limited to financial indicators only which were not able on their own to evaluate the performance of those entity , integrated report are the means by which they can evaluate the sustainable performance of economic entity recently interest in integrated reports has increased due to the increased demand for them , integrated reports are means used by the entity in disclosing their financial and non-financial performance to provide stakeholders with all information related to economic , social and environmental issues , there has become an agreement between academics that maintaining the current reports will entail taking risk , The research aims at the role that integrated reports play in evaluating the sustainable performance of economic entity.

Key words: Performance Evaluation, Sustainable Performance, Integrated Reports, Social Performance, Environmental Performance, Economic Performance.

1. Structure of the study
1.1 Study Problem
There is an omission of the importance of sustainable performance evaluation, in addition to the fact that economic units neglect the importance of preparing integrated reports and focus on traditional performance evaluation measures that are limited to the financial aspect only. The research problem can be summarized by the following question: - Can integrated reports be used to evaluate the sustainable performance of economic units?

1.2 Study Hypothesis
The research is based on a main premise that the use of integrated reports for the activities of the economic unit provides a sound basis for verifying the effectiveness and efficiency of its sustainable performance using a set of financial and non-financial indicators.

1.3 Objective of the Study
The research aims to show the effect of using integrated reports to evaluate the sustainable performance of economic units.

1.4 The Importance of The Study
The importance of the research is embodied in the importance of the sustainable performance of the economic units and the permanent need to evaluate it and to determine its effectiveness in achieving the goals that the economic units seek to achieve and their efficiency in the use of their resources, especially as they work in an environment witnessing many continuous changes that constitute pressures and challenges that require them to respond through the use of a set of The techniques provided by cost and management accounting, including the
use of integrated reports, and that integrated reports help stakeholders to evaluate the performance of companies correctly and not to make mistakes during the evaluation process, given the information provided by these reports regarding all social, environmental and economic issues and thus made the decisions of stakeholders correct. The direction of future corporate profits is not distorted.

1.5 Study Community and Study Sample
The research community is represented by the General Company for Food Products, while the research sample is represented by vegetable oil factories, as the vegetable oil factories were selected as the research sample, which is one of the specialities of the public sector companies, due to the role of these large factories in providing products that directly affect the needs of the community, as they work diligently and continuously to keep pace with Recent developments in the field of industry and possesses high technical expertise and a long-standing.

2. Literature review
Integrated Reporting and Sustainable Performance Evaluation

2.1 The emergence and development of integrated reports
As a result of the criticism directed at the traditional financial reports and their apparent lack of interest in the environmental and social aspects in which the economic units operate, and although some of these units disclosed their environmental and social performance in their annual reports, they still suffer from shortcomings in this aspect because these reports are financially oriented only. This reflects a basic fact, which is that operational results and processes are what ultimately lead to the disclosure of the financial performance of economic units, as they focus only on the financial aspect, therefore, analysts and end-users have an incomplete view of the unit (Smith, 2019:2) and since this information that appears in financial reports largely serves administrative and organizational desires and meets the requirements and information needed by stakeholders who have great economic power in the unit in the seventies, units relied on a more complete and balanced approach when preparing their reports. The prominent report at the time was published by the UK Accounting Standards Steering Committee (1975). This committee focused on the user's point of view rather than that of shareholders or officials. In Adam Smith's perspective, the unit's report should contain information that broadly covers both lenders, employees, suppliers, customers, the local community, and even the public in general (Villiers, 2014:1044-1045). that drive financial performance and take many months to prepare and disseminate to external users are unable to meet the expectations of internal and external stakeholder groups for the economic unit (Kılıç & Kuzey, 2018:117). The first attempt to prepare integrated reports dates back to the year (2011) through a working paper presented by the South African Integrated Reporting Committee (SA/IRC, 2011), and the first international framework for the preparation of integrated reports was issued in December (2013) to clarify the concept of integrated reports, where he emphasized. This framework requires that companies, especially those listed in the stock exchange, be committed to preparing integrated reports, considering that these reports are a means of communicating non-financial information (environmental, social, governance, strategic, and sustainability). Next to the financial information, where this framework is based on the concept of integrated thinking and the overall performance of the unit in all respects, meaning linking separate reports such as financial, environmental, social, sustainability reports and others, and preparing one more accurate and objective report known as the integrated report. And since then, these integrated reports have been widely accepted by many companies in the countries of the world, and many of these companies have begun to issue integrated reports to disclose their performance and other contributions they make in order to create value from a strategic perspective, and that these reports have been widely accepted by Diverse stakeholders. So in this field, the International Integrated Reporting Council (IIRC) was formed, and this committee includes members from the International Federation of Accountants (IFAC), the International Accounting Standards Board (IASB), the World Business Council for Sustainable Development (WBCSD), and the Global Report Initiative (GRI). And the IIRC stipulated that integrated reports are based on a combination of financial and non-financial information related to the performance of companies from a strategic perspective,
and future expectations in a way that the company can reflect its economic, social and environmental performance.

2.2 The concept of integrated reports
The basic concept behind the term “integrated reporting” is to provide a single report that integrates the financial and non-financial data of the entire economic unit (including environmental, social and governance). However, integrated business reporting is not just combining financial and sustainability reporting in one document. It represents a good contribution to understanding the term and components of the (integrated report), as well as providing a future view of the integrated reporting framework, the mechanisms for its implementation, the viewpoints and possible future developments, and within the framework of the concept of integrated thinking by the economic unit and its relationship to the capital that it uses or influences, which represents as a stock of value that the activities of this unit can increase or decrease (Oprisora, 2015:486).

As for (Harvard Business School, 2010), it clarified that the idea of integrated business reports is based on the process of compiling independent sub-reports issued by separate companies, namely financial reports, governance, social responsibility and environmental performance report, and issuing them in the form of unified reports known as integrated reports, which means that integrated reports are Reports that present the financial and sustainable performance of the company in a way that enables stakeholders to judge the ability of those working in companies to increase and maintain the value of those companies during the short, medium and long term (Eccles Daniela, 2011:65). Integrated reports are also defined as preparing a new generation of reports to help the economic unit conduct performance evaluation from a strategic perspective through a combination of financial and non-financial measures to improve the quality of information and increase confidence in it, and to include disclosures about strategic dimensions, sustainability, governance and risk management, in addition to financial performance to determine the extent of the ability of The unit aims to create value for all stakeholders for the long term (Camelleri, 2018:3)

while (Tianyuan et al, 2017:335) they see it as a set of reports covering the financial dimension, and after sustainability together, and linking the environmental, social and governance practices of business companies with the financial performance in light of the optimal use of information technology (IT) by integrating electronic delivery tools with financial and non-financial reporting groups, in order to rationalize the integrated accounting information to users and stakeholders, and in light of what was mentioned above, the researcher believes that integrated reports are reports that increased interest in them after financial reports became insufficient for stakeholders, and there was an urgent need for reports containing more comprehensive information, including financial and non-financial information, to be communicated to its users to have a complete picture of the activities The unit helps them in making decisions and reduces their doubts and uncertainty about the accuracy of accounting information, as well as reflecting the company's differentiation and continuing its outstanding performance.

2.3 Importance of Integrated Reports
1) The importance of integrated reports lies in assisting management, providers of financial capital and other stakeholders in making decisions, by providing all their information needs in order to have a clear and reliable vision of the operations carried out by companies, their performance and the results they have reached, as well as providing Information about the future of the company, as for the management and those charged with governance (such as the senior management board), clear and reliable information is critical to enable them to supervise all operations carried out by companies and direct them correctly within the drawn strategies (IFAC, 2014:2-3).

2) The existence of an effective role for integrated business reports in creating value for the company for stakeholders, as the integration between integrated business reports and the financial and non-financial performance report in one report is an important step in achieving sustainable development for society. (Abu Jabal, 2014:37-39).

3) The dynamic life of companies and economic units requires effective control over all their financial, social, environmental, economic and governance transactions, and the use of financial and administrative systems and procedures to preserve the rights of stakeholders, and management has become responsible for
designing and maintaining internal control systems, as well as preparing all financial and non-financial records and related information for the purpose of effective communication of financial and non-financial information (social, environmental, sustainability, economic), and therefore it is inevitable to prepare integrated reports because of its great importance (Fathallah, 2013;305).

4) Analysts ignore separate sustainability reports, and integrated reporting puts this information in front of analysts and highlights the importance of non-financial elements. And the preparation of integrated reports will ensure the sustainability of institutional performance, taking into account the corporate social responsibility, and the report on the company’s performance, which is more important for senior management, as it shows the relationship between the company’s performance for the purpose of sustainability and the long-term value of the company (Sanfordlewis, 2010).

5) The importance of integrated reports helps stakeholders to evaluate the performance of companies correctly and not to make mistakes during the evaluation process, given the information provided by these reports regarding all positive and negative issues carried out by companies, and thus making the judgments of stakeholders correct and not distorted towards companies’ profits in the future (Kim et al, 2017 :6).

From the above, the researcher summarizes that the importance of integrated reports lies in providing financial and non-financial information related to the economic, social and environmental aspects to meet the needs of stakeholders and help them to correctly assess the company's performance, the extent of its contribution and its ability to reduce risk and work to create additional value for the company in the short, medium and long term.

2.4 Justifications for the need for integrated reports

1. Traditional financial accounting is unable to accommodate many issues such as climate change, depletion of natural resources, working conditions, and human rights. It also ignores critical factors in evaluating the performance of companies such as innovation, relationships with stakeholders, efficient use of non-renewable resources, waste reduction, responsibility towards society and reduce waste. Which represent strategies for long-term success for the company and society as a whole, in other words, they ignore the current increasing demand for information that enables determining the company's ability to create value for stakeholders in the long term. Financial reports focus on maximizing profit only for a few groups of stakeholders and do not care about the aspects of value creation. For all stakeholders (Gray, 2006:51).

2. Financial reports are narrow-minded reports that must be developed, to achieve integration between the social, environmental, economic, governance and strategic areas of the company (IFAC, 2011).

3. Accountability mechanisms do not include non-financial reports, whether through the new control mechanisms of the Board of Directors, guaranteeing the rights of all stakeholders, or holding investors accountable in the annual general meetings (ACCA, 2013:8).

4. Due to the demand of stakeholders for non-financial information (descriptive, quantitative or qualitative), the financial accounting information system in its current state has become unable to provide this information and it needs to be developed to produce non-financial information, most of which have a strategic, governance, environmental, social and sustainable dimension (Ali, 2012:143).

5. The media dimension of traditional financial reports aims to provide information about the company that issues the reports to reduce the degree of uncertainty, but it is taken for granted that it does not provide sufficient information about the extent of the risks to which companies are exposed, whether as a result of the activities they undertake, or external risks such as interest rate fluctuations, and political risks, and other information on environmental or political risks (Hossain, 2016:415-444).

The researcher may see that one of the most important shortcomings is the insufficiency of the information contained in the financial reports because it was limited to the financial side only. There was a large gap between what stakeholders need and what the financial reports provide, and the integrated reports came to reduce or limit this gap.

2.5 The Concept of Sustainable Performance Evaluation

It is a performance that is not limited to financial results only, but requires taking into account the interests of workers, the local community, the natural environment, as well as future generations in order to be sustainable. It is also defined as the performance that allows judging the relationship of the organization with all
stakeholders, so it goes beyond the mere relationship between the organization and the natural environment. Through sustainable performance can be judged the ability of the organization to exercise social responsibility. It is also defined as that performance that allows measuring the effects resulting from the organization's actions in the medium and environment in which it operates. Within the framework of corporate social responsibility, sustainable performance allows identifying, measuring, and then judging how the organization manages its social responsibilities (Al-Aib Abdul Rahman, 2010:159).

sustainable performance also defined as performance that is based on four pillars that include achieving goals, using resources, optimizing internal processes, and satisfying the actors in the economic unit (Dahou & Berland, 2013:154).

While (Searcy, 2013:635) emphasized that sustainable performance are the administrative processes in the organization (planning, regulation and supervision) in managing environmental, economic and social activities in the short and long term. It is the level enjoyed by the organization's outputs after performing operations on the inputs. (Al Taweel, 2013:36).

He also defined the organization's ability to use its capabilities and skills available to it at the individual, group and organization level in order to meet the needs and desires of stakeholders now and in the future, taking into account the economic, environmental and social aspects. (Press, 2014:64).

By listing the definitions of the thinkers of sustainable performance, we can conclude that no matter how different opinions, words, and trends are in order to give a specific concept to the term sustainable performance, they are in fact going in one direction, as most researchers agreed that sustainable performance is a term synonymous with success and excellence, achieving excellence. The strategic is nothing but a way for the survival and growth of the economic unit

### 2.6 Dimensions of Sustainable Performance

As we mentioned earlier, as long as sustainable performance is linked to sustainable development, the dimensions of sustainable performance can be identified below

1. Environmental dimension: It is defined as the accurate interpretation of environmental activities and the efficient assessment of environmental obligations, meaning that the organization operates in a responsible manner in front of each of the protection of living organisms, the efficient use of resources, the appropriate use of energy, waste reduction and disposal, losses and insurance coverage, risk reduction, marketing products Safe, environmental disclosure, environmental management, and the importance of achieving the organization’s environmental sufficiency (Belhaj, 2016:40). The environmental performance indicators of organizations appear through the organization’s impact on natural systems, and help in determining the most important environmental impacts, showing and linking the organizations’ environmental goals and staff development, in addition to reasonable prices to ensure the satisfaction of human needs, raising the standard of living and reducing and rationalizing the consumption of resources to ensure their continuity and work on Avoid or reduce negative environmental opinions. (Liu et al., 2011:340)

2. The economic dimension: the unit satisfies the desires of customers, shareholders and suppliers and gains their trust, and this performance is measured through the use of reports and financial statements issued by the unit, and through it the unit works to achieve an appropriate return from the invested funds, and to achieve a competitive advantage that enables it to face competition and ensure survival. Raising productivity and responding to customer requirements. (Al-Ayeb, 2009:571).

It is also the organization's ability to achieve the financial goals, represented by the satisfaction of shareholders and stakeholders through satisfactory rates of their investment and that the financial goals are the basis for measuring the economic dimension of the organization, in addition to that it shows the results of sustainable performance of the organization and the implementation of improvement plans, and that the economic dimension helps in measuring the performance of the organization sustainable development by comparing the indicators of competition in a specific industry, and determining its long-term capacity (Al-Quraishi, 2017).
3. Social dimension: Units achieve sustainable performance for customers in the community through their ability to generate value for the product or service provided to the community, by achieving high quality of service or product, and appropriate price for all social classes as well as timely delivery with the lowest percentage of defects, which it gives the sustainability of service excellence, thus increasing the market share in the targeted sectors, and the community's loyalty to that unit (Al-Masoudi and Ali, 2016:48).

Al-Ayeb believes that the social dimension is the one that focuses on the unit’s ability to make its human resources active parties. The unit also seeks through this dimension to achieve social welfare, social justice, provide equal opportunities for work for all segments of society, support for various associations, and provide opportunities for people with needs. Special Units, Decent Work Conditions, Social Responsibility and Occupational Health and Safety Conditions (Al-Ayeb, 2009:571).

![Dimensions of sustainable performance](source: Prepared by the researcher)

2.7 Indicators of Sustainable Performance

Economic units deal with large amounts of economic, environmental and social information, and face many difficulties in a limited number of governing indicators so that they can measure their performance and take development decisions in them. For this purpose, sustainable performance indicators can be used, as they cover the economic, environmental or social dimension of sustainability. (Abdul Halim, 2005:4)

1. Economic performance indicators: They cover the organization's economic dealings and related matters and focus on how the economic situation of stakeholders has changed as a result of the organization's activities.
2. Social performance index: It is concerned with the organization's impact on the social systems within the site in which it operates.
3. Environmental performance index: concerned with the organization's impact on natural systems, whether living or non-living, including vital ecosystems, land, air and water, and these indicators help determine environmental impacts.

2.8 Preparing the Integrated Report and Using It in Evaluating Sustainable Performance
For the purpose of preparing the integrated report, it is required to determine the measurement indicators, whether they are performance indicators (economic, environmental, social). The interest in accounting measurement has increased to include the economic and financial performance of events, conditions and processes that occur within the company only, in addition to measuring other events related to measuring sustainable performance, whether inside or outside the company. And this is what called many parties, in addition to stakeholders from owners, managers, and other beneficiaries, as well as government agencies and civil society, to pay attention to information related to sustainable development, and therefore it became necessary to measure the internal and external effects of the company’s actions, which were represented by what is known as sustainable cost and return from it. (Brlf, 2011:67; Deloitte, 2011; Eccles & Daniela, 2012; Deloitte, 2012)

Performance indicators have been developed for all levels and economic, social and environmental dimensions that affect the needs of the interests. This element has been developed within the framework of the integrated reports and the indicators have become known as general quantitative indicators and the six capital measures are used from the integrated reports (financial, manufacturing, intellectual, human, natural and social). Among the most important indicators needed to assess the sustainable performance of economic units are indicators of the economic dimension through (new and developed products, attention to quality standards, customer satisfaction, employee satisfaction, the unit’s ability to fulfill its obligations and also its ability to invest in the future). As for the indicators related to the environmental dimension through (non-pollution of water and air, work on waste reduction and recycling, attention to afforestation and other environmental programs), as for the social indicators represented in (product safety, safety and health of employees, training programs for employees, providing job opportunities for the unemployed and allocating Part of it is for people with disabilities, helping human rights organizations and civil society organizations).

**For The Purpose of Preparing Integrated Reports, The Following Is Required**

1. Defining indicators of economic performance, which includes

   **Table (1-3)**

   **Indicators and Measures of Economic Performance**

<table>
<thead>
<tr>
<th>Economic Performance Indicators</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit development.</td>
<td>-Profit for the current year – Profit for the previous year / Profit for the previous year * 100%.</td>
</tr>
<tr>
<td>The rate of return on capital.</td>
<td>-Net Profit / Capital * 100%.</td>
</tr>
<tr>
<td>The ability to meet debts.</td>
<td>-Net Profit / Net Equity (paid capital + reserves).</td>
</tr>
<tr>
<td>Growth rate of revenue from services provided to others and gross profit.</td>
<td>-Revenue of services provided for the current year - Revenue of services provided for the previous year / Revenue of services provided for the previous year * 100%.</td>
</tr>
<tr>
<td>Reducing the cost of services.</td>
<td>-costs of job cadres (salaries and wages) / total income.</td>
</tr>
<tr>
<td>Improving productivity rates.</td>
<td>-Total Revenue / Total Expenses.</td>
</tr>
<tr>
<td>Increasing the rate of return on assets.</td>
<td>-Current year's production - previous year's production / previous year's production.</td>
</tr>
</tbody>
</table>
- Market share growth rate compared to competitors.
- Growth rate of dealing with customers.
- The rate of services provided to customers.
- Total assets/equity.
- Market share / market shares of all competitors in the same field.
- Number of new customers / number of existing customers.
- The volume of services provided in the current year - the volume of services provided for the previous year / the volume of services provided in the previous year.

Prepared by the researcher based on the literature of the study

Financial indicators, which include.
  a) Factory expenses and revenues.
  b) Financial indicators for the implementation of activities.
  c) Sources and costs of financing.

Market Indicators.
Indicators of internal operations and productivity.

2. Social performance indicators which include
A. Social responsibility towards workers: If the economic unit is concerned with human capital, then it is necessary to offer them what is best, because skilled workers at the national and international levels have become focused on the factor of social responsibility among other factors, as most people like to work in economic units that have a good social and environmental policy. (Al-Ghalbi and Al-Amiri, 2005:81)

B. Responsibility towards customers: This segment is of great importance to economic units because its presence is linked to the production of goods and services that are consumed by customers, and trying to convince them and the nature of dealing with them to consume certain products is important and it is one of the tasks of the marketing department (Flag, 2019:58)

C. Social responsibility towards the environment: The social responsibility literature has been refocused with regard to environmental aspects that social responsibility includes self-imposed environmental systems, i.e. within the philosophy of the economic unit and its environmental reports (Nizam and Shafiq, 2006:81) and social responsibility towards the environment is reflected on the profitability of the economic unit And its competitive position among other units, and Some studies indicated that the environmental effects on the financial situation of economic units differ from one sector to another. So an economic unit that has a direct impact on the environment and works to treat it will have a positive impact on the value of the economic unit, while the unit that has no impact on the environment cannot improve its value. (Yongyoon, 2014:909).

D. Social responsibility towards society: For the economic unit, society is an important segment if it works to embody and strengthen its relations with it, which requires it to double its activities towards society by making more public welfare, which includes:

E. Supporting infrastructure, constructing roads and bridges, reducing the problem of unemployment, and continuous support for scientific centers such as the research centers, hospitals, and others (Al-Ghalbi and Al-Amri, 2005:81) And the commitment of the economic unit to social responsibility led to the improvement of its reputation in the long term, which in turn led to an increase in sales in the future and an increase in the market share (Kashkol, 2010:149).
Table (2-3)
Indicators and Measures of Social Performance

<table>
<thead>
<tr>
<th>Social Performance Indicators</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Responsibility towards Employees</td>
<td>During which the certificate allocations, the position allocations, family allowances, technical and professional allowances, additional work wages, compensatory allowances, incentive bonuses, other allowances, training, study, transportation of workers, travel, dispatch, medical materials and workers’ communications for the current year are compared with the previous years, and the rates of development are extracted.</td>
</tr>
<tr>
<td>Ratios of total allocations to total salaries</td>
<td>Total allocations / salaries and cash wages * 100</td>
</tr>
<tr>
<td>Percentage of incentive bonuses in relation to salaries</td>
<td>Incentive bonuses / salaries and cash wages * 100</td>
</tr>
<tr>
<td>Percentage of travel and benefit to total service requirements</td>
<td>Travel &amp; Dispatch / Service Supplies * 100</td>
</tr>
<tr>
<td>Percentage of transfer of employees to total service requirements</td>
<td>Transportation of personnel / service supplies * 100</td>
</tr>
<tr>
<td>Ratio of medical materials to total service supplies</td>
<td>Medical Materials / Commodity Supplies * 100</td>
</tr>
<tr>
<td>Responsibility towards customers</td>
<td>During which advertising, publishing, printing and hospitality costs for the current year are compared with previous years and extracting the rates of development.</td>
</tr>
<tr>
<td>Ratio of advertising to total service supplies</td>
<td>During which advertising, publishing, printing and hospitality costs for the current year are compared with previous years and extracting the rates of development.</td>
</tr>
<tr>
<td>Percentage of publishing and printing to total service supplies</td>
<td>Advertising / Service Supplies * 100</td>
</tr>
<tr>
<td>Ratio of hospitality to total service requirements</td>
<td>Publishing &amp; Printing / Service Supplies * 100</td>
</tr>
<tr>
<td>Social responsibility towards the environment</td>
<td>Hospitality / Service Supplies Costs* 100</td>
</tr>
<tr>
<td>Ratio of building maintenance and road construction to total service supplies</td>
<td>Through it, the maintenance of buildings, road construction, maintenance of machinery and equipment, maintenance of means of transportation and transmission are compared with other years and the rates of development are extracted.</td>
</tr>
<tr>
<td>Ratio of maintenance of machinery and equipment to total service supplies</td>
<td>Maintenance of buildings and road constructions / service supplies * 100</td>
</tr>
<tr>
<td>The ratio of maintenance of the number and molds to the total service supplies</td>
<td>Number &amp; Molds / Service Supplies * 100</td>
</tr>
</tbody>
</table>
Social Responsibility towards Society  

During which the expenses of the exhibition, bonuses for non-workers, celebrations, legal services and banking services are compared with other years and the rates of development are extracted.

Total Value Added  

It is an indicator that measures internal and external performance and is a good benchmark for linking performance to create value and maximize shareholder wealth.

Prepared by the researcher based on the literature of the study

**Environmental performance indicators, which include Table (3-3)**

Indicators And Measures of Environmental Performance

<table>
<thead>
<tr>
<th>Environmental Performance Indicators</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of courses in the environmental field</td>
<td>Reflects the concern and philosophy of the unit management towards environmental issues.</td>
</tr>
<tr>
<td>Number of course participants</td>
<td>This indicator reflects the unit's efforts to develop a specialized cadre in this field.</td>
</tr>
<tr>
<td>Environmental training costs</td>
<td>The size and type of those costs reflects the unit's orientations and the extent of its interest in the type and nature of environmental issues and its constant quest to protect everything related to environmental activities.</td>
</tr>
<tr>
<td>Rewards for employees</td>
<td>It is considered one of the important conditions to give a reward to employees to improve their environmental performance.</td>
</tr>
<tr>
<td>Frequency of detection to remove contaminants</td>
<td>This indicator represents the system's ability to detect pollutants caused by production processes and alert to avoid and treat such pollutants that have a negative impact on the environment.</td>
</tr>
<tr>
<td>The number of spot checks</td>
<td>It measures the number of personnel and equipment needed to achieve inspection and control operations on time.</td>
</tr>
<tr>
<td>Supervisory Reports</td>
<td>The type and number of monitoring reports in the field of environmental protection indicates the unit's commitment to follow up on the work of the procedures established to protect the environment and to activate them on time.</td>
</tr>
<tr>
<td>Development projects</td>
<td>They represent the new and developed programs approved by the economic unit to develop its environmental performance and in accordance with the unit's strategic plans.</td>
</tr>
<tr>
<td>Technical equation</td>
<td>It represents the difference between the standard quantity and the actual quantity and the measurement of permissible and unauthorized damage rates.</td>
</tr>
</tbody>
</table>

Prepared by the researcher based on the literature of the study
3. Research Methodology
3.1. Evaluating the Sustainable Performance of Vegetable Oil Factories

3.1.1.: The Company's Goals

The company aims to contribute to supporting the national economy and developing industrial production through:

**First** - Producing and providing goods, merchandise, raw materials and services in accordance with approved specifications.

**Second** - Providing surplus production for the purposes of supporting the export policy.

**Third** - Development and modernization of the means of production.

**Fourth** - Employing manpower and qualifying human resources.

3.1.2: The Tasks Performed by The Company

1- Producing foodstuffs, tobacco, detergents, sterilizers, disinfectants, industrial printing works, packaging and all other products.

2- Providing production requirements or any raw materials included in its production or processing for other purposes.

3- Marketing production through fixed and mobile sales outlets and occasional products inside and outside Iraq.

4- Import and purchase of machinery, equipment, and specialized means of transport that the company needs and carry out legal actions on them.

5- Excess production capacities are used for manufacturing for others in accordance with Law 0

6- Owning movable and immovable property and performing legal actions on them in accordance with the law.

7- Renting and leasing warehouses, lands, marketing fairs and other properties owned by the company to maximize the company's resources in accordance with the law.

8- Lending and borrowing or obtaining funds to finance its activities from financial institutions and national public companies, according to contracts and conditions, provided that it does not exceed (50%) fifty percent of its paid-up capital.

9- Mortgaging the company’s assets in order to obtain banking facilities from banks and financial institutions approved in accordance with the law.

10- Owning or owning patents and trademarks and conducting legal actions in accordance with the interest of the company and achieving its objectives.

11- Concluding contracts with natural and legal persons and entering into all auctions and tenders that fall within the company’s activity in accordance with the law.

12- Participation in local and international exhibitions, attending conferences and seminars, conducting research and studies to contribute to raising the level of the company’s performance efficiency.

13- Investing cash surpluses by participating in joint stock companies or participating with them in carrying out works related to the company’s objectives inside Iraq. If the project is outside Iraq, obtain the approval of the Council of Ministers.

14- Investing cash surpluses by participating in Iraqi, Arab and foreign companies and institutions or participating with them in carrying out works related to the company’s objectives outside Iraq after approval by the Council of Ministers.

15- Participation with solid Iraqi and foreign companies and institutions to work on implementing works related to the company’s objectives inside Iraq.

16- Purchasing some existing factories belonging to the private sector and operating them with their own capabilities or in partnership with solid local or foreign companies for the purpose of increasing production capacity or entering into new products within the same tasks of the company.

17- Investing cash surpluses in fixed deposits with Iraqi banks for a period not exceeding (180) one hundred and eighty days in accordance with the law.

18- Borrowing from outside Iraq to be able to finance current and investment activity with the approval of the Council of Ministers.

(Al-Waqa’a al-Iraqiya, 2020)
## 3.1.3.: Disclosure of Sustainable Performance

### Table (1-4)

**Dimension, Indicters, And, Evolution Ratios of Sustainable Performance**

<table>
<thead>
<tr>
<th>THE DIMENSION</th>
<th>INDICTERS</th>
<th>EVOLUTION RATIOS*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>Profit development</td>
<td>(107)</td>
</tr>
<tr>
<td></td>
<td>rate of return on capital</td>
<td>(100)</td>
</tr>
<tr>
<td></td>
<td>The ability to meet debt</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Growth rate of services revenue provided to others and gross profit</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>Reducing the cost of services</td>
<td>(1471)</td>
</tr>
<tr>
<td></td>
<td>Improve productivity</td>
<td>(69)</td>
</tr>
<tr>
<td></td>
<td>Increase rate of return on assets</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Growth rate of dealing with customers</td>
<td>(0)</td>
</tr>
<tr>
<td></td>
<td>The rate of services provided to customers</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>salaries and wages</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>commodity supplies</td>
<td>(14)</td>
</tr>
<tr>
<td></td>
<td>service supplies</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Extinctions</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td>Indirect taxes and fees</td>
<td>103</td>
</tr>
<tr>
<td></td>
<td>Transfer Expenses</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>Other expenses</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>Revenue from current activity</td>
<td>(12)</td>
</tr>
<tr>
<td></td>
<td>Benefits and rentals</td>
<td>(100)</td>
</tr>
<tr>
<td></td>
<td>transfer revenue</td>
<td>(54)</td>
</tr>
<tr>
<td></td>
<td>Other revenue</td>
<td>(67)</td>
</tr>
<tr>
<td></td>
<td>Surplus (deficit) of current operations</td>
<td>(210)</td>
</tr>
<tr>
<td></td>
<td>Excess of current operations realized</td>
<td>156</td>
</tr>
<tr>
<td></td>
<td>Realized net profit</td>
<td>(93)</td>
</tr>
<tr>
<td></td>
<td>Total sales achieved</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Current assets</td>
<td>95</td>
</tr>
<tr>
<td></td>
<td>Current liabilities</td>
<td>(59)</td>
</tr>
<tr>
<td></td>
<td>Inventory</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Surplus of current operations/sales</td>
<td>13518</td>
</tr>
<tr>
<td></td>
<td>net profit/sales</td>
<td>(21793)</td>
</tr>
<tr>
<td></td>
<td>Return on investment</td>
<td>(3)</td>
</tr>
<tr>
<td></td>
<td>residual income</td>
<td>(0.9)</td>
</tr>
<tr>
<td></td>
<td>trade rate</td>
<td>0.669</td>
</tr>
<tr>
<td></td>
<td>quick ratio</td>
<td>0.371</td>
</tr>
<tr>
<td></td>
<td>inventory turnover</td>
<td>(0.07)</td>
</tr>
<tr>
<td></td>
<td>paid Capital</td>
<td>900</td>
</tr>
<tr>
<td></td>
<td>Precautions</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Customizations</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Long-term loans received</td>
<td>0</td>
</tr>
<tr>
<td>Category</td>
<td>Description</td>
<td>Value</td>
</tr>
<tr>
<td>--------------------------</td>
<td>------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Short term loans</td>
<td></td>
<td>(34)</td>
</tr>
<tr>
<td>Creditors</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Creditor banks</td>
<td></td>
<td>(0)</td>
</tr>
<tr>
<td>Total sales</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>Design energy</td>
<td></td>
<td>(18)</td>
</tr>
<tr>
<td>Available energy</td>
<td></td>
<td>34</td>
</tr>
<tr>
<td>Planned energy</td>
<td></td>
<td>124</td>
</tr>
<tr>
<td>Realized production</td>
<td></td>
<td>19</td>
</tr>
<tr>
<td>Social</td>
<td>Certificate allowances</td>
<td>(7)</td>
</tr>
<tr>
<td>Position allowances</td>
<td></td>
<td>(2)</td>
</tr>
<tr>
<td>Family allowances</td>
<td></td>
<td>(9)</td>
</tr>
<tr>
<td>Technical and professional allowances</td>
<td></td>
<td>(8)</td>
</tr>
<tr>
<td>Compensatory allowances</td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>Incentive Rewards</td>
<td></td>
<td>(100)</td>
</tr>
<tr>
<td>Other allowances</td>
<td></td>
<td>27</td>
</tr>
<tr>
<td>Training and study fees</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Transfer of workers</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Travel and dispatch</td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>Medical stuff</td>
<td></td>
<td>18</td>
</tr>
<tr>
<td>Telecom</td>
<td></td>
<td>(54)</td>
</tr>
<tr>
<td>Total social contribution towards employees</td>
<td></td>
<td>(7)</td>
</tr>
<tr>
<td>Advertising</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Publish and print</td>
<td></td>
<td>(44)</td>
</tr>
<tr>
<td>Hospitality costs</td>
<td></td>
<td>3337</td>
</tr>
<tr>
<td>Total social contribution towards customers</td>
<td></td>
<td>299</td>
</tr>
<tr>
<td>Maintenance of buildings and road construction</td>
<td></td>
<td>(10)</td>
</tr>
<tr>
<td>Maintenance of machinery and equipment</td>
<td></td>
<td>52</td>
</tr>
<tr>
<td>Maintenance of number and molds</td>
<td></td>
<td>27</td>
</tr>
</tbody>
</table>
Maintenance of transmission and transmission media 62

Total contribution to social responsibility towards the environment 18
Exhibition expenses 106
Compensation for non-workers (81)
Parties (100)
legal services 71
Banking Services 61
Total contribution to social responsibility towards society 8
Revenue from commodity production activity 262
Revenue from service activity 159
Operating income for others 52
(1) Total resources 237
commodity supplies 247
service supplies 106
(2) Total production requirements 211
Lower taxes and fees( indirect ) 1179
Total value added at the cost of factors of production 224
Salaries and cash wages 163
In-kind benefits 11
Interest and land rents (7282)
Extinction 310
Total (162)
Operation surplus 147
Total value added at the cost of factors of production 1593

Environmental
Number of courses in the environmental field (25)
The number of participants in the training courses 19
Training costs 1
Rewards for employees 100

Preparing the researcher based on factory data

\[ *EVOLUTION\ RATE = \frac{\text{current year}}{-100} \]

By studying the above table, it is noted:
A. There is an increase in transfer and other expenses, taxes and fees (indirect).
B. It is also noted that there is a decrease in total revenues, except for subsidies.
C. An increase in the percentage of realization of the surplus of current operations for the year 2018 compared to 2017.
D. There is a development regarding the surplus of current operations / sales for the year 2018 compared to the year 2017.
E. And a decrease in the rate of return on investment for the year 2018 compared to 2017.
F. Also, a decrease in the percentage of remaining income for the year 2018 compared to 2017.

G. There is a development in the trading ratio for the year 2018 compared to 2017, and this indicates the company's ability to meet the current liabilities.

H. Also, the company achieved a rapid rise in rates, and this indicates the company's ability to meet its current liabilities.

I. As for inventory turnover, there is a decrease in 2018 compared to 2017.

J. The company's capital was increased in 2018 to become 323,631,4000.

K. The reserves represent the percentage of the company's profits, according to the Companies Law No. 21 of 1997.

L. It is noted that there is a fluctuation in the quantity of factory sales at the level of the year 2017-2018, as indicators of development indicate a decrease in the rate of development, and that there are sales that were achieved in 2018 and were not achieved in 2017 and vice versa.

M. The presence of large differences between the design energies available to most of the company’s products, which reflects the waste and loss in the exploitation of energies, in addition to the low rates of utilization of the available energy during the evaluation years and for all products, and the fluctuation of these percentages indicates the absence of a clear strategy that makes the company’s products capable of competing with foreign products in the market. And the company's dependence heavily on the demand of the public sector, and this indicates the company's inefficiency in its performance.

N. The company's weak contribution to covering the local need of its products due to the company's inefficiency in exploiting its energies.

O. There are a lot of products that have no design capabilities, available or planned.

P. There are products that have been produced without being planned in advance.

Q. We note that there is no development for the year 2018 from the year 2017 regarding social responsibility towards the workers.

R. There is only a development in the costs of hospitality in relation to responsibility towards customers.

S. And there is no development by the factory towards the environment for the year 2018 from the year 2017.

T. And there is no development by the factory towards society except for the exhibition expenses, which contain very little development.

U. We note that there is a development in the total value added for the year 2018 compared to 2017.

V. And that there is a slight development in salaries, cash wages, depreciation and surplus operations, as well as in the total value added at the cost of production factors for the year 2018 compared to 2017.

Through the previous analysis, it is noted that the company did not care about its sustainable performance, as it achieved low rates (negative in most cases) in economic, social and environmental performance, which is negatively reflected in the company’s role in achieving sustainable development, as was clarified by the previous analysis. At the end of this research, the hypothesis that It stipulated the following:

The use of integrated reports for the activities of the economic unit provides a sound basis for verifying the effectiveness and efficiency of its sustainable performance and by using a set of financial and non-financial indicators, as an integrated report was prepared for the vegetable oil factories, by relying on the information and data obtained by the factory.

4. Conclusions and Recommendations

4.1. Conclusions

In light of what has been studied in this research, both theoretical and practical, a number of conclusions have been reached, the most important of which are:

1) The performance evaluation process contributes to revealing the capabilities and energies of the workers and distributing responsibilities and performance at work according to those energies and human capabilities if the results show that there is no interest in the process of evaluating sustainable performance in the factory.
2) There is not enough cultural awareness of the importance of sustainable development and its effective role in maintaining and sustaining factory resources.

3) The accounting information system for the factory provides a lot of information that is characterized by some comprehensiveness, but what is taken against it is its lack of some qualitative characteristics that make it useful.

4) Through the use of economic, social and environmental indicators, we conclude that there is a decline in the rates of development of factory activities with a sustainable impact.

5) There is no performance management system, but there are forms to evaluate employees on an annual basis and this evaluation is not used for the purposes of promotion, training and development.

6) The preparation of integrated reports helps to communicate with stakeholders, as integrated reports improve the quality of information fully disclosed by economic units, and thus increase the confidence of investors and stakeholders in increasing their investments, which leads to an increase in capital for those units.

7) The complexity of the financial statements at the present time, and their lack of inclusion and confinement to the financial aspects only, made the need for the preparation of integrated reports to cover all financial and non-financial aspects.

8) There was insufficient knowledge by the factory workers of the meaning and importance of the integrated reports, and they did not have a sufficient and clear conception of the integrated reports.

9) The unified accounting system that is used in the factory and its restriction to the financial aspects makes it difficult to prepare the integrated reports.

4.2: Recommendations

1) We stress the importance of sustainable performance evaluation and its feasibility in addressing many problems. Therefore, we stress the need to prepare sustainable performance evaluation reports.

2) The need for there to be training courses for employees to teach the axes of sustainable development in order to keep pace with the development in the process of evaluating sustainable performance.

3) The qualitative characteristics of accounting information represent criteria by which the usefulness of this information can be judged, bearing in mind that the circumstances and requirements may require sacrificing part of these characteristics in favor of the other, but not completely.

4) The decrease in the rate of development of financial indicators, which indicates the need for a preferential and analytical study of the paragraphs of these indicators in a manner that ensures raising the efficiency and effectiveness of performance and achieving the desired goals.

5) The need for an integrated system to manage and organize the evaluation.

6) The main objective of preparing integrated reports is how to generate value and how to maintain it over time, by providing financial and non-financial information to stakeholders and investors that meets their needs and helps them make the right decisions.

7) Failure to prepare integrated reports and rely on financial reports only will affect the reliability and suitability of these reports with the needs of their users, whether they are internal or external.

8) The lack of knowledge of the integrated reports is not the responsibility of the factory workers, but rather on the professional bodies that did not pay enough attention to their numbers, as well as the failure to provide a qualified accounting cadre dedicated to the preparation of integrated reports.

9) The need to improve the accounting systems used to facilitate and assist in the process of preparing integrated reports.

This manuscript was derived from your MSc thesis, Al-Nahrain University, Baghdad, Iraq.

References

Official Document & Reports

2. Fellaq, Muhammad, Social Responsibility of Arab Oil Companies, the Algerian Sonatrach companies and Saudi Aramco as a model. (The Researcher) Journal of Hasbaya Ben Bouali University, Algeria, 2013, p. 58.

Textbooks

Theses & Dissertations
15. Al-Ayeb Abdul Rahman, Controlling the overall performance of the economic institution in light of the challenges of sustainable development, a thesis submitted to obtain a doctorate degree in Economics, Faculty of Economics and Management Sciences, Farhat Abbas University - Setif 2010, pg. 159.
19. Kashkoul, Qassem Abd Al-Taal (2010) The role of commitment to social responsibility and management ethics in enhancing the reputation of the organization, a diagnostic analytical study at Al-Sadr Teaching Hospital in Najaf, a master’s thesis from the University of Kufa.


Internet Sources


