

RESEARCH ARTICLE

EXPLORING THE MEDIATING ROLE OF ENVIRONMENTAL REPORTING QUALITY IN THE RELATIONSHIP BETWEEN ENVIRONMENTAL REGULATIONS AND CORPORATE REPUTATION OF IRAQI INDUSTRIAL COMPANIES

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Abstract : This paper examines the mediating role of environmental reporting quality in the relationship between environmental regulations and corporate reputation in Iraqi industrial companies. The method used in this study is a quantitative research methodology; the study population comprised 250 respondents, including accountants, auditors, and managers of environmental issues from industrial companies on the Iraq Stock Exchange and oil companies in Iraq. Using Smart PLS (Partial Least Squares Structural Equation Modelling) to analyse the data, the results confirmed the hypothesis that there is a positive relationship between environmental regulations and corporate reputation ($t = 11.036$, $\beta = 0.522$, $p < 0.000$). Also, environmental reporting quality significantly and positively impacted corporate reputation (Estimate = 0.32, $p < 0.000$). It was also possible to verify the mediating role of reporting quality in the relationship between environmental regulations and reputation ($\beta < 0.000$). Based on the study's findings, it is evident that the Iraqi company communicates a firmer reputation, as established by the environmental report, with a high level of transparency and high quality, as the generation of low quality by ineffective reporting practices undermines stakeholder confidence.

Keyword: Environmental Regulations, Corporate Reputation, Environmental Reporting Quality, and Iraqi Industrial Companies

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Introduction

Focusing on environmentally sustainable development has prompted industrial corporations globally to reconsider their strategies and disclosures. Environmental legal frameworks, however, play an important role in steering organisations toward better sustainability practices and productive contributions to environmental protection and social well-being (KPMG, 2020). Specifically, integrated reporting on environmental impacts, goals, and firm performance has emerged in recent years due to increased interest among investors, customers, governments, and other stakeholders in understanding organisations' roles and responsibilities in environmental management. This demand is mainly encompassing for developing countries because their environments may change from time to time, and companies may be under magnified pressure to manage their reputational threats and opportunities properly (Gri, 2021).

This paper examines the significant issues and prospects of environmental compliance and corporate image in selected Iraqi industrial organisations. This is even more complicated in Iraq due to its political and economic culture. Environmental issues have become increasingly important as global awareness of the environment, climate change, and sustainability has risen (World Bank, 2022). Accordingly, the role of environmental reporting quality as a mediator of the interaction between regulatory compliance and the cultivation of corporate reputation can be seen. Knowledge of how all these factors work is important next. Intensively developed environmental reports that state that the company is ready to follow all the requirements of the legislation and act in compliance with sustainable principles are efficient elements of reputation management (PwC, 2021). This is especially so since reputation is regarded as an important organizational resource and a key factor affecting competitive advantage and business performance (Forburn & Van Riel, 2004).

Focusing on the above objectives, this paper analyses how environmental reporting quality indicates compliance with existing legislation and improves the organisational image of the selected Sample of Iraqi Industrial Companies. The research aims to identify opportunities for firms to enhance stakeholder interactions and reputational assets by examining various aspects of environmental standards and evaluating the role of environmental disclosure.

2. Literature Review

This literature category provides a strong foundation for understanding the relationship between environmental regulation, corporate reputation, and the quality of environmental reporting. Researchers have learned to analyse these relations by focusing on highly volatile regulatory systems and their profound implications for corporate management and stakeholder interactions (Freeman, 2010). Several reviews have stated that improvements in environmental regulation enhance corporate reputation, particularly when organisations go over and above in implementing regulations set by environmental authorities (Clarkson et al., 2008).

For instance, Roberts and Dowling (2002) have highlighted the seemingly non-material but inestimably significant aspect of reputation in defining corporate positioning, attending to the nature of corporate reputation. In this setting, corporate reputation is closely associated with an organisation's environmental management, leading stakeholders to demand that businesses assume environmental responsibility in advance (Deegan, 2002). Pressure from consumers, investors, and other environmentally active members of society heightens the imperative for robust environmental management mechanisms that address externalities (O'Donovan, 2002). While the concept of corporate environmental disclosure is gradually evolving, the extent of environmental reporting is increasingly becoming the key parameter of corporate transparency and stakeholders' confidence. Thus, obtaining high-quality environmental reports provides compliance data, outlooks, and contextual information with which a firm demonstrates its sustainability timeframe (Gray et al., 1996)). These reports, as noted by Clarkson et al. (2008), serve as a platform for companies to establish credibility and build trust to address potential conflicts, and may be used to promote the organisation's reputation amid growing market competition.

The Iraqi context presents both challenges and opportunities, as the environment has undergone dynamic transformation, with changes in industrial sectors and regulatory frameworks. Sex offender treatment and management starts with the understanding and practice of this milieu from best practices from other parts of the world, and its implementation in a particular country calls for research queries that are attendant with a peculiar context (Freeman, 2010). Consequently, this review establishes cogent critical reviews of theory and prior research to proceed to understand how such theories and findings play out in the context of Iraqi industrial companies and, in the extended sense, how companies can benefit from high-quality reporting to bolster their reputation (Clarkson et al., 2008).

2.1 Environmental Regulations

Environmental policies have undergone enormous change in recent years due largely because around the world there is growing consciousness about industrial activities and the environmental impact they have on the natural environment. These regulations prescribe a framework of rules, procedures or measures to influence industrial

activities on ecological systems and sustain development for the future (Bebbington & Unerman, 2018). In Iraq, as in many other countries, environmental rules, policies, and legislation are increasingly shaped by national and international legal principles and obligations, including the Paris Agreement. This is explained by the country's particular and rather complicated economic and political environment, which requires both elastic and stable measures to address local issues (Ioannou & Serafeim, 2019).

In addition, it claims that stringent environmental regulatory standards can compel firms to conduct more comprehensive environmental audits and to improve the quality and credibility of the information they provide to interest groups (Clarkson et al., 2011). Iraqi industrial companies, therefore, are operating under the crossfire of pressure to meet international environmental compliance standards while simultaneously determining local policies to achieve compliance. The adjustments highlighted above indicate that environmental standards are now recognised as critical tools for transforming industries to embrace environmentally friendly business models, spur corporate reporting, and foster increased competitiveness worldwide.

2.1.1 Dimensions of Environmental Regulations

Environmental regulation is therefore complex, enshrining many dimensions in its armour, and it is about these that industrial companies must position themselves when responding to it. The first part of environmental regulation is the legal requirement, which sets the limits and requirements that any firm must meet in conducting its business activities (Gunningham, 2011). These legal frameworks can range from emissions standards to resource consumption quotas, which, to be met, force companies to adopt certain technologies or processes.

Another dimension is a fiscal and financial measure that includes charges, rebates, and trading mechanisms that compel companies to act green. For example, cap-and-trade frameworks enable firms to buy or sell emission permits at market prices, creating incentives to reduce negative environmental impacts (Stern, 2006; Stavins, 2001). Lastly, the social aspect aligns with customer demands and external pressures that commonly push for implementation and adherence to environmental rules. Corporations are in a social context, showing how people can shape the regulatory policy and its implementation (Dryzek & Stevenson, 2011). This dimension stressed the need to promote corporate social responsibility as the key to meeting the enhanced environmental goals, driven by increasing consumer pressure.

2.2 Corporate Reputation

Corporate reputation is the intangible resource that shapes a competitive position and manages relationships with important external stakeholders. Reputation has been defined as the sum of the impressions investors, customers, employees, and society at large hold of a given firm. Fombrun and Van Riel (2004) stated that the company plays a key role in managing the process of reputation building through its strategic decisions, announcements of accomplishments, and handling successes and mishaps. Reputation among industrial players, particularly those from Iraq, is not strictly financial performance, but it also involves environmental responsibility, ethical corporate conduct, and social responsibility (Saltz et al., 2021).

The current research shows that customer loyalty and organisational reputation lead to better organisational performance, talent attraction, and greater access to capital, as they increase confidence among investors and financial institutions (Davies et al., 2018). At the same time, digital technology and social networks have further emphasised the value of reputation, so companies need to engage in active reputation management. This work has shown that it is relatively quite challenging to sustain a robust corporate reputation when operating within ever-shifting regulatory and socio-political contexts characteristic of Iraq's industrial sector, as identified by (Wartick, 2020).

Conscientious reporting of environmental data and realistic, believable sustainability initiatives can improve a company's image. Eccles, Newquist, and Schatz (2007) opine that companies in distinctive environments must instil environmental policies and disclosures into strategic play in managing images. This helps build confidence with stakeholders and enhances one firm's position in the global market.

2.3 Environmental Reporting Quality

Environmental reporting quality is an important factor in establishing an organisation's work practices, enabling convergence and innovation in the industrial sector, where environmental impacts are severe. The concept of high-quality reporting of a company's environmental performance is defined as disclosing all environmental performance indicators, such as utilisation, emissions, regulatory compliance, and waste management, in their entirety, with a high level of accuracy, and within the stipulated time. It provides stakeholders with important information to evaluate a company's performance on environmental issues and the success of its sustainability initiatives. Eccles and Serafeim (2020) also note that organisations that undertake high-quality environmental reporting receive more transparency, higher investors' confidence, and enhanced organisational reputation.

As mentioned in the Global Reporting Initiative (GRI) 2020, good-quality reporting tends to align more with best-practice guidelines, as it sets guidelines for sustainable reporting. This can even be represented in very

tangible terms, like improving corporate image and increasing investors' confidence. This is confirmed by the KPMG Survey of Sustainability Reporting (2020), which indicates that firms the world over employ sustainability reporting to improve market positioning and address stakeholder demands (Williams et al., 2022). Moreover, the quality of environmental reporting is not just checking for compliance; it is a value-added activity that can attract interest from stakeholders about technological innovations in sustainability. Larrinaga and Bebbington (2020) mentioned that creating positive stakeholder perceptions and enhancing a firm's reputation can be significant when environmental disclosures are high-quality. He suggests that improving the level of environmental reporting of industrial companies in Iraq can create value, position them closer to global norms, and improve the satisfaction of the increasing number of environmentally conscious stakeholders. Thus, there is a need to invest in high-quality environmental reporting, which in economic terms is not only a strategic imperative but allows the organisations to publicise their environmental credibility in a competitive environment.

2.4 Relationship between Environmental Regulations and Corporate Reputation

There's a fundamental conflict between environmental regulation and corporate reputation that appears quite complex. Environmental regulations are legal requirements that act as a backdrop, shaping companies' environmental policies. Companies operating under these regulations usually give themselves a facelift by acting responsibly to demonstrate their environmental friendliness. Delmas and Toffel (2008) have opined that compliance with environmental regulations serves a signalling function for stakeholders, indicating that the company is fully committed to reducing its environmental impact and sustaining environmentally friendly business practices. On the other hand, failure to observe the set environmental legal requirements poses a significant threat to a firm's image. Such actions can result in legal consequences, including prosecution, fines, and sanctions, as well as loss of stakeholder confidence and reputation.

According to Bansal and Clelland (2004), noncompliance results in fines, impairs the organisation's reputation with stakeholders and affects organisational performance.

As far as the Iraqi industrial companies are concerned, such a relationship is highly relevant. Considering the shift in the regulatory environment and the rising concerns about environmental performance, the pressure on the organisations in this region to improve compliance and reporting standards has never been higher. Proper regulation of the relationship between regulation and reputation is a powerful way to create favourable conditions for Iraqi industrial companies, both nationally and globally. According to Berrone et al. (2013), the regulatory systems minimise risk and must be embraced to enhance corporate reputation.

H₁: There is a significant positive relationship between the strictness of environmental regulations and the corporate reputation of Iraqi industrial companies.

H₂: Environmental reporting quality has a significant positive effect on corporate reputation.

2.5 The Impact of Environmental Reporting Quality on the Relationship between Environmental Regulations and Corporate Reputation

Good environmental reporting can enhance compliance efficiency and fulfill corporate image targets by serving as a bridge between regulation and expectations. Organisations can ensure legal compliance, which is good for business, when they make clear, detailed communications about their environmental policy and practices. As García-Sánchez et al. (2020) explain, consumers have a more positive attitude toward companies after improvements in environmental reporting practice. In addition, environmental reports are well developed and contain details about compliance and innovative, operational activities to address environmental problems. According to Deegan (2002), these reports are an effective way for corporations to convey their stewardship of sustainability affairs as part of a competitive appeal strategy.

Conversely, low environmental reporting quality hinders the identified compliance and may also raise doubts about the company's actual environmental management practices. Oliveira et al. (2020) state that weak reporting can confuse, threaten stakeholder impressions, and undermine corporate image. Thus, it is important to set and hold high environmental reporting standards for the industrial sector in Iraq in order to develop reliable perceptions among the actors, to encourage compliance with environmental standards, and to contribute to a healthy establishment of a strong corporate reputation.

H₃: Environmental reporting quality mediates the relationship between environmental regulations and corporate reputation.

There are multiple theories on these relations across environmental regulation, quality, reporting, and corporate reputation. The Stakeholder Theory, which is also an alternative and broader theory of corporate management, suggests that the interests of a business are those of stakeholders other than its shareholders (Freeman, 1984)

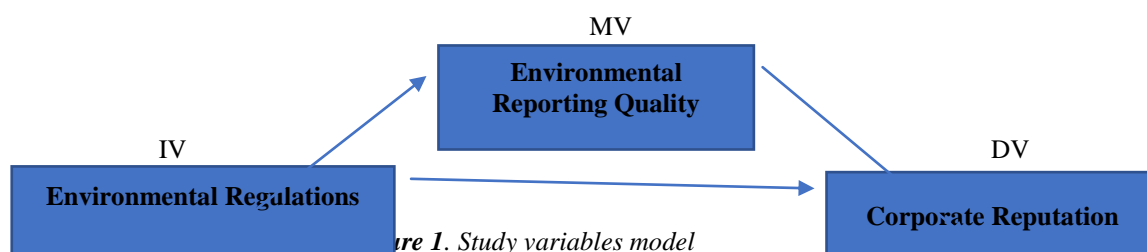
and so it is very important to have any interest in corporate welfare. This theory emphasises the importance of environmental reporting on rebuilding stakeholder trust and reputation by addressing stakeholders' concerns regarding environmental activities. The next theory is also the Legitimacy Theory, claiming that organizations would like to find ways of aligning work with what society values to be legitimate in its field (Suchman, 1995). Therefore, environmental action reporting by firms is a key manifestation of that compliance in this framework and, thus, for firms, this serves the purpose of enhancing its legitimate reputation. Nevertheless, Institutional Theory develops this understanding to examine firms' response to the demands from formal institutions, competitors, and the collective conscience (DiMaggio & Powell, 1983). From this perspective, environmental reporting is still a tool of compliance and an asset that organizations use to develop, maintain and manage their own reputations and relationships with stakeholders. Collectively, these theoretical concepts serve to provide a systematic framework to examine the research issue and focal focus—namely, the quality of environmental reporting as a linkage between environmental regulation and corporate reputation, as well as addressing strategy and ethical components of the reporting system.

3. Methodology

The quantitative research paradigm was applied in this study to investigate their mediating role in the relationship between environmental regulation and corporate reputation in Iraqi industrial companies through environmental reporting quality. Accountants, auditors, environmental department managers and researchers specializing in industrial companies listed on the Iraq Stock Exchange and Iraqi oil companies participated. The authors handed out 260 questionnaires and were able to ensure an adequate return rate and collected 250 complete and usable questionnaires. The speciality researchers are associated with the listed industrial companies (Iraq Stock Exchange) and Iraqi oil companies. Two hundred sixty questionnaires were distributed, yielding a robust return rate of 250 complete and usable responses. This sample size was sufficient for statistical analysis and to run exploration analysis of the hypothesized relations. An innovative, effective PLS program to facilitate working with complex modelling scenarios that can give correct analytical results was employed to analyze the collected data. Thus, this quantitative research approach was taken in order to introduce statistically relevant and useful findings, and in relation with the effects of environmental policy, accuracy of reporting, and reputation of firms in the Iraqi industrial sector.

4. Result

The correlation between the variables analysed in the article is described at the start of the results section. The model shows that the independent variable Environmental Regulations (IV) has a causal relationship with Corporate Reputation (DV) and an indirect effect through Environmental Reporting Quality (MV). Using this model, it is easy to explain how environmental regulations can boost a company's reputation by improving the quality of its environmental reporting or disclosing environmentally friendly information, as indicated in Figure 1.



Steps to Test the Mediation Model

1. **Path A (IV → M):** Test the direct effect of environmental regulations on corporate reputation.
2. **Path B (M → DV):** Test the direct effect of environmental reporting quality on corporate reputation.
3. **Path C (IV → DV):** Test the direct effect of environmental reporting quality on environmental regulations.
4. **Path C' (IV → M → DV):** Test the indirect effect of environmental regulations on environmental reporting quality through corporate reputation.

Table 1 shows that the study sample was almost evenly divided by gender, with 126 (50.4%) males and 124 (49.6%) females. Regarding the position variable, the highest frequency was for Accountants at 81 (32.4%), followed by Quality Unit Managers at 62 (24.8%), Environmental Department Managers at 55 (22%), and Auditors at 52 (20.8%). In terms of Educational Background, the distribution was relatively close, with 87 (34.8%) individuals holding a Bachelor's degree, 86 (34.4%) holding a Master's degree, and 77 (30.8%) holding a PhD.

Table 1. Relative distribution of the study sample.

Variables/Category		Frequency	Percent %
Gender	Male	126.0	50.4%
	Female	124.0	49.6%
	Total	250.0	100.0%
Position	Accountant	81.0	32.4%
	Auditor	52.0	20.8%
	Environmental Department Manager	55.0	22.0%
	Quality Unit Manager	62.0	24.8%
	Total	250.0	100.0%
Educational Background	Bachelor	87.0	34.8%
	Master	86.0	34.4%
	PhD	77.0	30.8%
	Total	250.0	100.0%

The average years of Experience were 10.256, with the highest being 36. The average age of the sample was 43.43, with the oldest being 59 (see Table 2).

Table 2. Descriptive Statistics of Variables Study.

	N	Minimum	Maximum	Mean	Std. Deviation
Years of Experience	250	.00	36.00	10.2560	9.20747
Age	250	25.00	59.00	43.4320	10.76685
Valid N (listwise)	250				

Validity and Reliability

According to this study's research hypotheses and objectives, the following sections detail the application of the PLS method in its standard forms to validate the study constructs and variables. An analysis of the internal consistency reliability of the measures used and the convergent validity of the constructs is presented in Table 3. Consequently, the analysis reveals that Cronbach's alpha, composite reliability, and indicator reliability are all above 0.7, and the AVE is above 0.5. This clearly shows the high reliability of the measurement model formulated during this study. Items with a composite reliability of less than 0.7 were deleted to improve the constructs' validity and reliability, see Table 3, Fig.2 & 3.

Table 3. Overview of Tests for Reliability and Convergent Validity.

	Cronbach's Alpha	Composite Reliability	Meas_Items	Composite Reliability >0.7	Composite Reliability >0.7 after Del.	Average Variance Extracted (AVE) >0.5
Corporate Reputation	0.933	0.938	CR1	0.615	Deleted	0.69
			CR2	0.791	0.857	
			CR3	0.768	0.801	
			CR4	0.765	0.855	
			CR5	0.747	0.840	
			CR6	0.809	0.896	
			CR7	0.467	0.815	
			CR8	0.738	0.857	
			CR9	0.335	Deleted	

			CR10	0.689	Deleted	
			CR11	0.762	0.717	
			CR12	0.895	0.926	
			CR13	0.685	Deleted	
			CR14	0.668	Deleted	
			CR15	0.699	Deleted	
			ER1	0.712	0.717	
			ER2	0.741	0.756	
			ER3	0.778	0.790	
			ER4	0.753	0.766	
			ER5	0.886	0.901	
			ER6	0.884	0.901	
			ER7	0.746	0.761	
Environmental Regulations	0.95	30.952	ER8	0.807	0.804	0.63
			ER9	0.736	0.718	
			ER10	0.694	Deleted	
			ER11	0.840	0.835	
			ER12	0.781	0.771	
			ER13	0.796	0.783	
			ER14	0.792	0.791	
			ER15	0.697	Deleted	
			ERQ1	0.745	0.763	
			ERQ2	0.602	Deleted	
			ERQ3	0.731	0.749	
			ERQ4	0.788	0.803	
			ERQ5	0.800	0.809	
			ERQ6	0.598	Deleted	
			ERQ7	0.555	Deleted	
Environmental Reporting Quality	0.929	0.94	ERQ8	0.814	0.823	0.757
			ERQ9	0.707	0.707	
			ERQ10	0.756	0.765	
			ERQ11	0.708	0.703	
			ERQ12	0.696	Deleted	
			ERQ13	0.732	0.736	
			ERQ14	0.707	0.711	
			ERQ15	0.762	0.758	

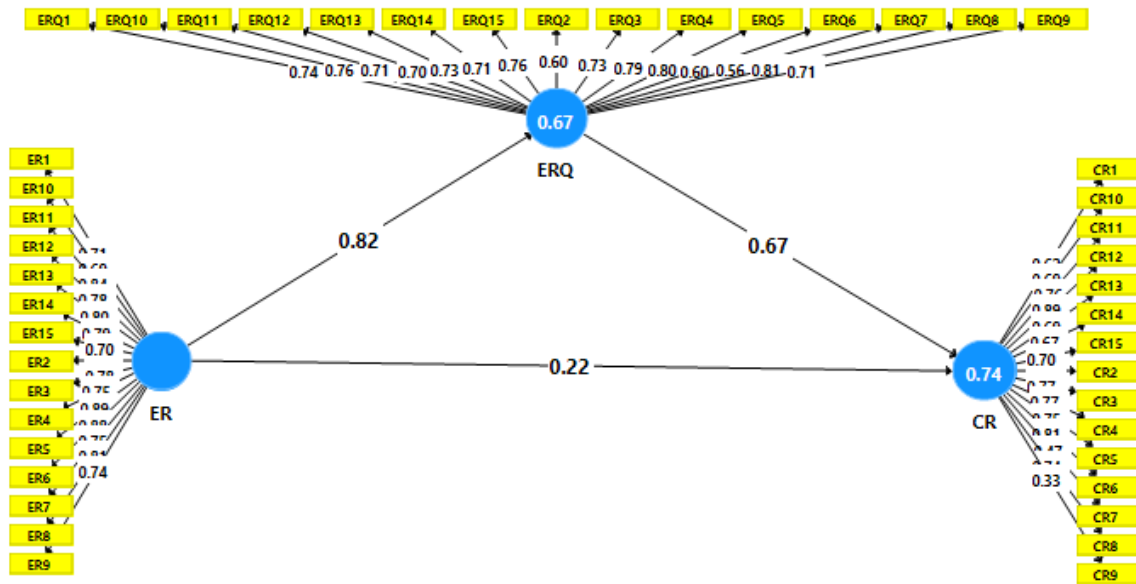


Figure 2. Initially, the Structural model.

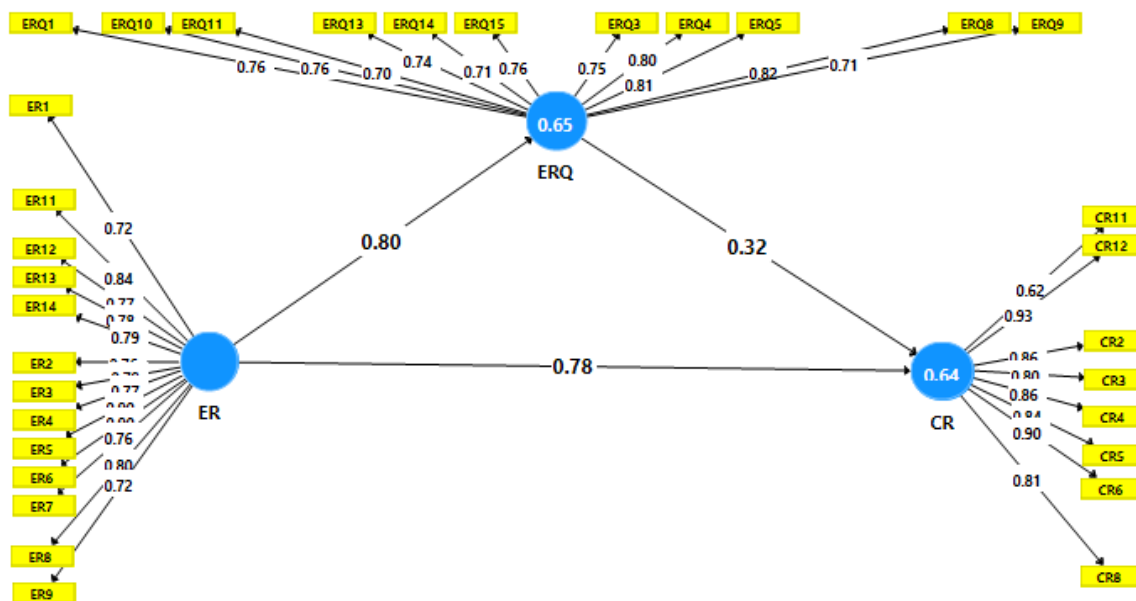


Figure 3. Finally, the Structural model.

Discriminant validity

The researcher used the Fornell-Larcker criterion and the Heterotrait-Monotrait (HTMT) ratio to assess discriminant validity. Table 4 presents the results using the Fornell-Larcker criterion. The diagonal elements (in bold) represent each construct's square root of the average variance extracted (AVE). These values are consistently higher than the correlations with other constructs, indicating successful discriminant validity.

Table 4. Outcomes of Fornell-Lacker's Criterion.

	CR	ER	ERQ
CR	0.831		
ER	0.780	0.794	
ERQ	0.740	0.704	0.758

Additionally, the researcher applied the HTMT criterion, as shown in Table 5. All HTMT values were below the threshold of 0.9. Henseler et al. (2015) state that maintaining HTMT values below 0.9 strongly confirms discriminant validity.

Table 5. Heterotrait-Monotrait Ratio (HTMT).

	CR	ER	ERQ
CR			
ER	0.826		
ERQ	0.763	0.795	

Structural Model Analysis

After confirming the measurement model, the hypotheses were examined through Partial Least Squares Structural Equation Modelling (PLS-SEM). Based on Hair et al. (2017), the findings consider path coefficients, coefficient of determination (R^2), effect size (f^2), and predictive relevance (Q^2). To evaluate the path coefficient significance, the researchers used a bootstrap procedure with a resample size of 500 in SmartPLS 3 (Figure 4; Ramayah et al., 2018).

The results showed that all direct paths were statistically significant, indicating sufficient grounds to accept the first three hypotheses (the 1st through the 3rd). The result for H₁ shows that the β is 0.522, $t = 10.33$, $p < 0.000$ again with a considerable effect size measure ($f^2 = 1.826$), meaning that environmental regulations directly influence corporate reputation. For H₂, the values were $\beta = 0.32$, $t = 36.503$, and $p < 0.000$, suggesting that environmental reporting quality directly impacts corporate reputation with a medium effect size ($f^2 = 0.102$). The results of H₃ were $\beta = 0.135$, $t = 2.544$, $p = 0.011$ for environmental reporting quality and a direct effect on environmental regulations, with a small effect size ($f^2 = 0.042$), Table 6. The indirect relationship also significantly confirmed the Acceptance of the Fourth hypothesis (H₄). For H₄, the standardised estimate was $\beta = 0.257$, $t = 7.034$, $p < 0.000$, indicating that environmental regulations indirectly affect environmental reporting quality through corporate reputation.

R^2 score is an index with values from 0 to 1 that shows the level of prediction accuracy. Chin (1998: 203) has defined the strength of R^2 as follows: Strong R^2 ranges from 0.67, medium from 0.33, and weak from 0.19. The results of the path coefficient analysis showed R^2 values of 0.644 for corporate reputation (CR) and 0.646 for environmental reporting quality (ERQ). Assuming the presence of a reflective endogenous latent variable as essential in predicting a construct assigns a positive Q^2 value to the latter. The Q^2 for CR was 0.437, and for ERQ, it was 0.335, both of which were greater than zero. As Table 6 indicates, the proposed model demonstrates adequate predictive validity according to the standards formulated by Hair and his colleagues (2011).

Table 6. Bootstrapping Test Results.

H.	Path	Beta (β)	Lower	Upper	T values	P Values	F^2	Remarks
H1	IV \rightarrow M	0.522	0.415	0.618	10.330	0.000	1.826	Supported
H2	M \rightarrow DV	0.32	0.232	0.405	36.503	0.000	0.102	Supported
H3	IV \rightarrow DV	0.804	0.758	0.844	6.913	0.000	0.271	Supported
H4	IV \rightarrow M \rightarrow DV	0.257	0.187	0.326	7.034	0.000		Supported

CR: $R^2 = 0.644$, R^2 Adjust = 0.641, $Q^2 = 0.437$

ERQ: $R^2 = 0.646$, R^2 Adjust = 0.645, $Q^2 = 0.335$

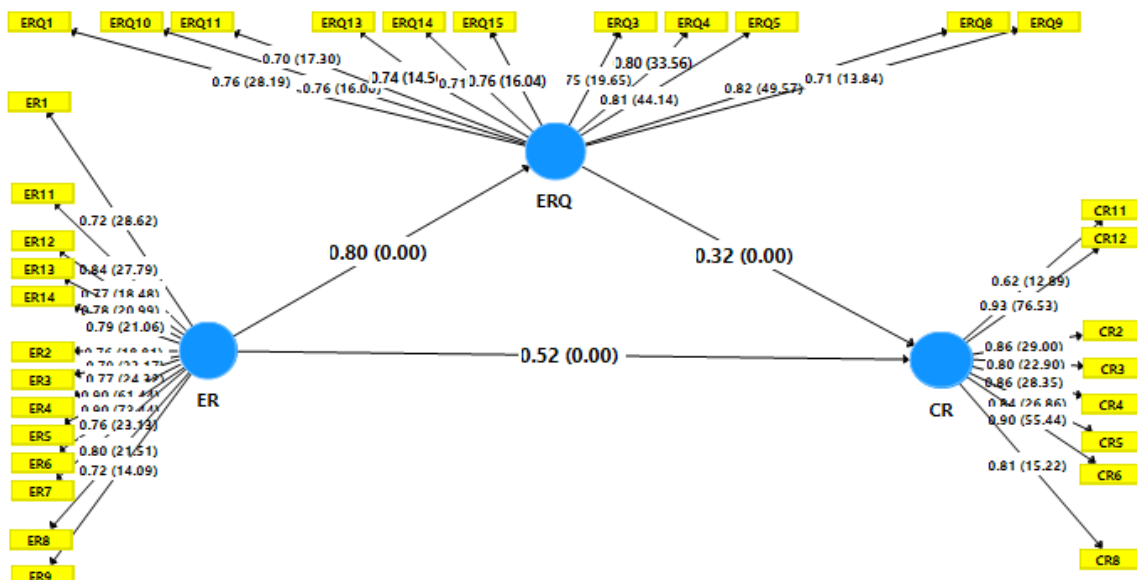


Figure 4. Bootstrapping structural model.

5. Discussion

Based on the exploration of environmental regulations, reporting quality, and corporate reputation, several hypotheses have been formulated to guide this study: Research question H₁: The extent to which there is a positive correlation between levels of environmental regulations and the Iraqi industrial companies' corporate image. This hypothesis presupposes that those stakeholders have a favourable perception of firms that meet stringent environmental standards, thereby improving their corporate image. H₂: Environmental reporting quality affects corporate reputation. This hypothesis is based on the idea that the quantity and scope of corporate environmental reports are vital for shaping stakeholder perceptions and organisational image. H₃: This paper examines the role played by environmental reporting quality in the relationship between environmental regulations and corporate reputation. This hypothesis centres on how high-quality environmental reporting can significantly boost the positive relationship between stringent environmental regulations and corporate reputation. H₄: ESR voluntary beyond statutory requirements provides a broader reputational advantage than conforming to regulative requirements. The first hypothesis was therefore decimalised and statistically validated using data collected from Iraqi industrial companies to determine the existence or otherwise of the posited relations and mediating effects. These hypotheses were intended to provide deeper insight into the risks, issues, and opportunities inherent in the subject matter and to shed international value on the relatively unexplored topic of environmental reporting within the broader field of reputation management.

6. Conclusions

The implication I draw from this study is that the quality of environmental reports matters a great deal for the reputations of Iraqi industrial companies in the regulation of environmental systems. It has been found that rigorous environmental regulation enhances the firm's reputation, ensuring the environmental report is clear and of high quality. This underscores a critical mediator: the credibility of reporting can either increase or decrease the perceived ethics and reliability of the organisation from the perspective of its information consumers. Environmental reporting appears not only as a compliance regime for organisations but also as a management tool with the potential to enhance the organisation's reputation and satisfy the demands of the environmental regulatory framework. This anticipatory strategy enables firms to position themselves at the forefront of environmental management, enhancing their competitive advantage. As a result of the study, it is recommended that high-quality environmental reporting is crucial for Iraqi industrial companies that wish to use environmental regulations to improve their organisational standing. This investment guarantees compliance and is a force multiplier in re-establishing the corporate voice amid increased social pressure for greater transparency in operations. Moreover, it emerged that most Iraqi firms are unaware of the disclosure of environmental policies. This includes a poor legal environment, a low understanding of environmental reporting, and no government incentives or social pressure to do so. Therefore, -scandalous reporting on the environment has the effect of dampening the image of these companies and causing a loss of confidence in the shareholders and the public, thereby constraining their capacity to meet international change on sustainable development. These findings form the basis for related studies that help companies recalibrate their reporting frameworks to reflect current sustainability and accountability practices.

7. Future Studies

Further research will allow the broadening and deepening of the presented research results. Given the constantly changing nature of environmental regulations and the growing awareness of environmental conservation, several directions for further research could offer a better understanding of the interaction between these components. In one vein, it would be helpful to examine the longitudinal correlations between environmental reporting quality and changes in business reputation over time. It could include monitoring reputation trends to draw more accurate conclusions and enhancing reputation through a proper reporting system and sustained engagement with stakeholders. Also, broadening the research focus to compare industries or regions could be important. Differences in context may explain variations in relationships driven by current environmental regulations, reporting quality, and corporate reputation. For instance, comparative research on industrial and non-industrial organisations, or even Iraqi organisations, with those of other Middle Eastern countries would likely reveal both differences and similarities. Through such and other research opportunities, scholars can expand their knowledge of environmental reporting and corporate reputation and, therefore, enhance corporate management strategies that embrace the right strategies to maximise business benefits while preserving the environment.

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AUTHOR'S CONTRIBUTION

All authors contributed equally to the development of this article. They collaborated on contextualization, research design, data analysis, and the formulation of conclusions.

CONFLICTS OF INTEREST

The authors declare no conflicts of interest related to this article.

DATA AVAILABILITY

Data will be made available upon request.

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