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## Social and environmental accounting disclosure and financial performance: Evidence from a developing country Bangladesh

 Md. Faykuzzaman Mia

*Department of Accounting and Information Systems, Gopalganj Science and Technology University, Gopalganj-8100, Bangladesh.*

*(Email: [faykuzzaman@gstu.edu.bd](mailto:faykuzzaman@gstu.edu.bd))*

### Abstract

This study aims to explore how social and environmental accounting (SEA) disclosures affect the financial performance of 30 publicly listed companies in Bangladesh from 2020 to 2024. A composite SEA disclosure index was developed using five disclosure categories: environmental management, energy efficiency, employee welfare, community involvement, and customer responsibility. These were scored based on information from annual and sustainability reports. The study applied pooled ordinary least squares (OLS) regression on 150 firm-year observations, while controlling for firm size, leverage, operational efficiency, capital intensity, and industry-specific factors. The analysis indicates a positive but statistically insignificant relationship between SEA disclosure scores and return on assets (ROA). During the course of the study, SEA reporting significantly increased, particularly in terms of community involvement and employee welfare, whereas disclosures related to energy efficiency remained limited. Companies appear to be engaging in SEA reporting primarily for legitimacy rather than for quick financial gains. This analysis confirms that SEA practices in the Bangladeshi context have yet to make significant progress in terms of short-term profitability. This research recommends that the strategic benefits of SEA disclosure can be increased through regulatory standardization, capacity-building programs, and the development of integrated reporting. Future research should focus on the long-term impact and quality of disclosure. Additionally, cross-country comparative studies are recommended.

**Keywords:** Bangladesh, Financial performance, Return on assets, Social and environmental accounting disclosure, Sustainability reporting.

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**Transparency:** The author confirms that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

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## 1. Introduction

During the last decade, the worldwide business environment has placed increasing emphasis on sustainability, transparency, and corporate accountability, significantly influencing corporate reporting practices [1]. Social and environmental accounting (SEA) has emerged as a crucial tool, enabling organizations to disclose their non-financial performance related to social and ecological impacts [2]. In emerging economies such as Bangladesh, where rapid economic development often creates social and environmental challenges, integrating SEA practices is vital for long-term sustainability and stakeholder trust [3].

The Bangladeshi corporate sector has undergone a quick transformation driven by globalization, industrialization, and technological advancement. Major industries, including banking, pharmaceuticals, ready-made garments (RMGs), food and beverages, and petroleum, have significantly contributed to the national GDP, although sometimes at the expense of environmental degradation and social disparities [3]. As a result of these challenges, regulatory bodies and market actors have exerted increasing pressure on corporations to improve transparency through structured SEA reporting [4]. The Bangladesh Securities and Exchange Commission (BSEC) has issued strategies encouraging CSR and sustainability disclosures. Although these disclosures remain largely voluntary, external pressures from global buyers, foreign investors, and advocacy groups have motivated improvements in both the quality and quantity of reporting [4, 5]. Nevertheless, the depth and consistency of SEA disclosures differ widely, with many companies treating sustainability reporting as a mere compliance exercise rather than a strategic initiative [6]. Understanding how firms integrate SEAs into their operational and strategic frameworks is, therefore, essential for assessing genuine corporate accountability.

An increasing body of literature suggests that SEA disclosures may be related to financial performance. Firms that invest in sustainability often gain increased brand loyalty, reduced risk, and improved operational efficiency [7]. However, empirical evidence remains mixed, especially in emerging markets with weaker regulatory enforcement and stakeholder activism [8]. Some studies report a positive relationship between CSR disclosure and firm performance, whereas others argue that the costs of sustainability initiatives can erode short-term profitability [9].

This study examines the relationship between SEA disclosure and the financial performance of 30 firms listed on the Dhaka and Chittagong Stock Exchanges from 2020 to 2024. Focusing on key sectors, banking, pharmaceuticals, RMG, food and beverage, and petroleum, we measure both the extent of SEA reporting, using a composite SEA Disclosure Index, and the degree of strategic integration of sustainability practices within companies [10]. We employ a mixed-method approach, combining quantitative analysis (pooled OLS regressions and t-tests) with qualitative content analysis. Financial performance metrics, such as return on assets (ROA) and return on equity (ROE), are analyzed concerning SEA disclosure scores [11]. Narrative analysis further assesses the quality of disclosures across thematic areas, including energy efficiency initiatives, labor practices, corporate philanthropy, and environmental management systems, to provide a holistic view of SEA reporting practices and their financial implications in Bangladesh.

Preliminary findings indicate a positive but statistically insignificant association between SEA disclosures and financial performance, suggesting that while socially and environmentally responsible firms perform slightly better, SEA practices have not yet yielded strong short-term financial returns [12]. Notably, over 70% of the selected firms engaged in some form of SEA reporting during the study period, reflecting a growing corporate commitment to sustainability [13].

These findings carry important implications. For corporate executives, they highlight the need to integrate SEA practices into core business strategies rather than treating them as perfunctory compliance activities [14]. Policymakers and regulators should consider implementing standardized, compulsory SEA reporting frameworks to ensure greater transparency and comparability across firms [4]. For investors and other stakeholders, robust SEA disclosures provide a wider basis for evaluating a company's sustainability performance, risk management capabilities, and ethical conduct [15].

In conclusion, as Bangladesh pursues sustainable economic development and deeper integration into global markets, the importance of robust SEA reporting will continue to grow. Through illuminating current practices and their financial implications, this research contributes timely insights to the literature and outlines directions for future studies on the role of corporate responsibility in fostering long-term business resilience [16].

### 1.1. Research Questions & Hypothesis

To what extent do Bangladeshi listed firms disclose social and environmental information across five critical categories?

Is there a statistically significant association between SEA disclosure intensity and firm financial performance, measured by return on assets (ROA)?

Hypothesis 1 (H1): Firms with higher SEA disclosure index scores have higher return on assets (ROA).

## 2. Literature Review

### 2.1. Theoretical Foundations of SEA Disclosure

Among the three main theoretical frameworks, stakeholder theory, legitimacy theory, and institutional theory, social and environmental accounting (SEA) disclosure has been extensively analyzed. Together, these theories provide a comprehensive view of corporate sustainability reporting. Stakeholder theory suggests that organizations disclose social and environmental information to address the interests and expectations of diverse stakeholder clusters, including investors, employees, customers, local communities, and regulators, thereby improving trust and securing the resources necessary for sustained organizational success [1, 2]. Legitimacy theory suggests that firms employ SEA disclosures to align their activities with prevailing societal norms and values, aiming to maintain or regain legitimacy in the eyes of the public and other critical audiences [3, 4]. Institutional theory focuses on external pressures, such as regulatory mandates, industry

norms, and global sustainability initiatives, which force organizations to accept and adapt to established reporting standards [5, 6].

In developing economies, these theoretical standpoints interact with unique socioeconomic and institutional challenges. For example, Bangladesh faces issues including weak regulatory implementation, limited stakeholder activism, and a prevailing emphasis on short-term financial outcomes, all of which influence the extent and quality of SEA adoption [7, 8]. Furthermore, external forces such as demands from international buyers, global frameworks such as the United Nations Sustainable Development Goals (SDGs), and regulatory guidance from the Bangladesh Securities and Exchange Commission (BSEC) progressively shape corporate behavior and disclosure practices within the country [9, 10].

## *2.2. Social (CSR) Disclosure and Financial Performance*

The relationship between corporate social responsibility (CSR) disclosure and financial performance remains a renowned topic of scholarly inquiry, with findings changing notably, particularly in emerging market contexts. Some studies report a positive connection, indicating that firms with comprehensive CSR disclosures frequently benefit from strengthened brand reputation, increased customer loyalty, and improved risk management, which collectively contribute to superior profitability and market valuation [8, 11, 12]. For example, research on Indonesian manufacturing firms has demonstrated that companies with advanced CSR scores achieve significantly better financial outcomes, underscoring the strategic advantages of transparent social disclosures [6]. Moreover, extensive meta-analytical reviews verify the general trend that CSR initiatives exert a beneficial influence on financial performance across various industries and geographic regions [14].

Conversely, research emphasizing Bangladesh and similar developing economies proposes that CSR disclosure does not always generate instant financial returns. For example, although more profitable banks in Bangladesh tend to invest more in CSR activities, these expenditures do not reliably lead to statistically significant improvements in profitability [9]. The outcome aligns with the perspective that CSR investments may primarily reflect firms' internal resource capacities rather than external financial incentives, with the tangible benefits of CSR often emerging over an extended timeframe [16]. Furthermore, superficial or symbolic CSR reporting, lacking significant integration into core business operations, may constrain the financial impact of these disclosures [17].

## *2.3. Environmental Disclosure and Financial Performance*

Environmental disclosure is an essential element of social and environmental accounting (SEA), and has garnered considerable academic interest; however, the empirical results remain inconclusive. Various international investigations have recognized positive relationships between environmental reporting and firm financial performance, suggesting that transparent environmental practices serve as indicators of long-term sustainability and attract investors who prioritize ecological responsibility [18, 19]. For example, studies focusing on Bangladesh reveal that despite the relatively limited extent of environmental disclosures, their existence positively impacts market valuation and increases investor confidence [20, 21]. Similarly, wider global research supports the view that firms engaging in comprehensive reporting on environmental management, pollution mitigation, and energy efficiency tend to realize superior financial and market performance [14].

Correspondingly, evidence from Turkey and other emerging economies indicates that environmental disclosures do not have a statistically significant influence on accounting-based performance metrics such as return on assets or return on equity [11, 20]. This deviation in findings is often attributed to variations in disclosure measurement methodologies, differences in the voluntary nature of environmental reporting, and the contextual effects of national regulatory frameworks and stakeholder pressures [22, 23]. In addition, some studies have documented negative associations, emphasizing the financial burdens and operational complexities linked to the adoption and maintenance of environmental initiatives [16].

## *2.4. SEA Disclosure in the Bangladesh Context*

Bangladesh presents a complex landscape for SEA disclosure, characterized by evolving institutional frameworks and increasing, but still voluntary, sustainability reporting. The BSEC has issued no mandatory guidelines encouraging CSR and sustainability disclosures, yet formal regulatory requirements remain limited [4]. Empirical studies show that Bangladeshi firms generally prioritize social disclosures, such as community engagement and employee welfare, whereas environmental disclosures lag, are often qualitative, and lack quantitative rigor [7, 10].

Belal's pioneering studies documented the early stages of CSR reporting in Bangladesh, highlighting challenges such as a lack of awareness and weak enforcement [13]. More recent research indicates growing corporate interest and gradual improvements in disclosure quantity and quality, particularly among larger and export-oriented firms facing international buyer pressures [10, 24]. Nevertheless, the overall SEA reporting ecosystem remains fragmented, with notable gaps in standardized metrics, third-party assurance, and integrated reporting practices [9, 25].

## *2.5. Gaps and Contributions*

Despite growing interest, significant gaps persist in SEA disclosure research in Bangladesh and other emerging economies. Most studies have focused narrowly on social or environmental disclosure independently, with limited integration of these dimensions to reflect holistic sustainability reporting [26]. Moreover, empirical investigations often lack strong theoretical frameworks or rely on outdated data, limiting the generalizability of findings [27]. The mixed and inconclusive evidence regarding the SEA–financial performance relationship underscores the need for context-sensitive, longitudinal, and methodologically robust research [28].

This study contributes by addressing these gaps through an integrated approach to SEA disclosure, which is grounded in stakeholder, legitimacy, and institutional theories, and by employing recent data from multiple key sectors in Bangladesh. It advances the literature by simultaneously examining social and environmental disclosures and their short-term financial impacts, offering insights relevant for academics, regulators, and practitioners aiming to enhance sustainability practices in developing-country contexts.

### **3. Overview of Key Industries in Bangladesh**

The major industries of Bangladesh exhibit varying levels of maturity in social and environmental accounting and reporting, reflecting differences in monitoring pressure, stakeholder prospects, and resource availability. Below is a brief overview of SEA-related developments in the key sectors examined in this study:

- a) **Banking:** The banking sector has made extraordinary growth in sustainability initiatives. Banks in Bangladesh are progressively engaging in green financing, such as funding solar energy projects and issuing green bonds, encouraged by both central bank guidelines and international lenders. Various banks produce sustainability or CSR reports that detail their environmental risk management and community investment programs. However, disclosures tend to highlight broad policy commitments, with varying degrees of detail on outcomes.
- b) **Pharmaceuticals:** Pharmaceutical companies have usually focused on internal environmental management and efficiency. Mutual initiatives include waste reduction, proper disposal of chemical byproducts, and energy-efficient production processes to lower operational costs and environmental impact. Some wide-ranging pharmaceutical organizations also report on employee health, safety, and community health dissemination programs. However, sustainability reporting in this sector is increasing; it often remains qualitative, with few companies quantifying their social or environmental impacts.
- c) **Ready-Made Garments (RMG):** In Bangladesh's economy, the RMG sector is a keystone under intense scrutiny by international buyers regarding compliance with labor and environmental standards. In response, Bangladesh has become a global leader in green garment factories, boasting several LEED-certified production facilities that utilize renewable energy and water recycling systems. RMG firms frequently highlight compliance with safety accords and initiatives to promote worker welfare in their disclosures. However, reporting quality fluctuates, with export-oriented firms providing more comprehensive sustainability reports under buyer pressure, whereas smaller suppliers may only meet basic compliance requirements.
- d) **Food & beverage:** Firms in the food and beverage sector are increasingly paying more attention to sustainability, driven by consumer awareness and food safety regulations. Significant focus areas include sustainable sourcing of agricultural raw materials, water conservation in production, and eco-friendly packaging to reduce plastic waste. A few larger conglomerates publish sustainability sections in their annual reports, covering topics such as nutritional initiatives and community food security programs. However, industry-wide, many firms are still in the early stages of formal SEA reporting, and performance can improve in transparency and scope.
- e) **Petroleum & Energy:** Compared with other sectors, the petroleum industry faces greater environmental risk and has been slower to adopt SEA practices. State-owned and multinational oil companies operating in Bangladesh have started reporting on spill prevention measures, emission control, and compliance with environmental regulations, acknowledging public and regulatory concerns. These companies often include environmental impact assessments and mitigation plans in their reports. Despite this progress, overall disclosure in the petroleum sector remains cautious, and greater openness to challenges (such as gas flaring or old infrastructure) is needed as pressure from environmental regulators and the public increases.

These industry snapshots illustrate that while sustainability awareness is increasing across Bangladeshi industries, progress is uneven. Sector-specific factors such as regulatory oversight (e.g., stricter guidelines for banks), international market pressure (notably in RMG), and public visibility of environmental risks (as in petroleum) significantly shape the extent and quality of SEA disclosure. Understanding these contextual differences is important for interpreting the results of this study and for designing targeted policies to improve corporate sustainability practices.

## **4. Research Methodology**

### *4.1. Research Design*

This study adopts a correlational research design to quantitatively assess the relationship between social and environmental accounting (SEA) disclosure and financial performance in Bangladesh. It employs a mixed-methods approach that combines secondary data analysis from corporate reports with primary survey data from key firm representatives to gain both quantitative and qualitative insights [1, 4, 10].

### *4.2. Population and Sampling*

Purposive sampling was used to select 30 firms listed on the Dhaka and Chittagong Stock Exchanges from 2020 to 2024. The firms represent major sectors, including banking, pharmaceuticals, ready-made garments, food and beverages, and petroleum [3, 4, 13]. The criteria for selection included firm size, sector representation, and availability of sustainability or annual reports. The sample yielded 150 firm-year observations for empirical testing.

4.3. Data Collection Methods

Primary data were collected via structured questionnaires distributed to senior managers, financial officers, and CSR practitioners. The questionnaire was adapted from validated tools in previous SEA studies and pilot tested for clarity and reliability [9, 10]. Among the 160 questionnaires, 142 valid responses were received, indicating an 89% response rate. Secondary data on SEA disclosures and financial performance indicators were collected from official company reports and websites for the years 2020 to 2024 [6, 10].

4.4. SEA Disclosure Index and Statistical Analysis

SEA disclosures were evaluated across five dimensions: environmental management, energy efficiency, employee welfare, community engagement, and customer responsibility. Each disclosure item was scored 0 (no disclosure), 1 (qualitative disclosure), or 2 (quantitative disclosure), creating a composite SEA Disclosure Index ranging from 0 to 10 per firm-year [7, 8].

A pooled ordinary least squares (OLS) regression was performed to examine the effect of SEA

Disclosure on return on assets (ROA). The control variables included firm size (logarithm of total assets), leverage (debt-to-equity ratio), operational efficiency (cost-to-sales ratio), capital intensity (assets-to-sales ratio), and industry fixed effects [9, 10]. Diagnostic tests confirmed the absence of multicollinearity and heteroscedasticity; robust standard errors were employed to ensure reliable inference [11].

4.5. Ethical Considerations

The analysis followed ethical standards, including informed consent, confidentiality, and voluntary contribution. Ethics approval was obtained, confirming participant rights and data integrity throughout the study [12].

5. Data Analysis and Results

5.1. Respondent Profile

Table 1. Respondent demographic profile.

Position	Frequency	Percentage
Senior Manager	60	42
Financial Manager	50	35
CSR Officer	32	23

Table 1 presents a complete outline of the survey percentages of the respondents involved in this study. The respondents are categorized according to their organizational roles, with the majority being senior managers (42%), followed by financial managers (35%), and CSR officers (23%). Information was collected from key decision-makers and professionals closely involved in sustainability and financial reporting, which is ensured by distribution. Furthermore, 60% of the respondents had over five years of experience in their respective roles, suggesting a depth of expertise that improved the reliability of the collected responses. The demographic shape ensures that the study’s insights are evidence-based in informed viewpoints within the sampled firms.

5.2. Adoption of SEA Practices (Trend 2020–2024)

Figure 1 displays the trend of SEA adoption from 2020 to 2024, with a consistent increase from 63% to 85% of firms approving some form of SEA reporting. Table 2 supports this strategy by providing the numerical data behind these figures. Figure 1: Trend of SEA adoption (2020–2024).

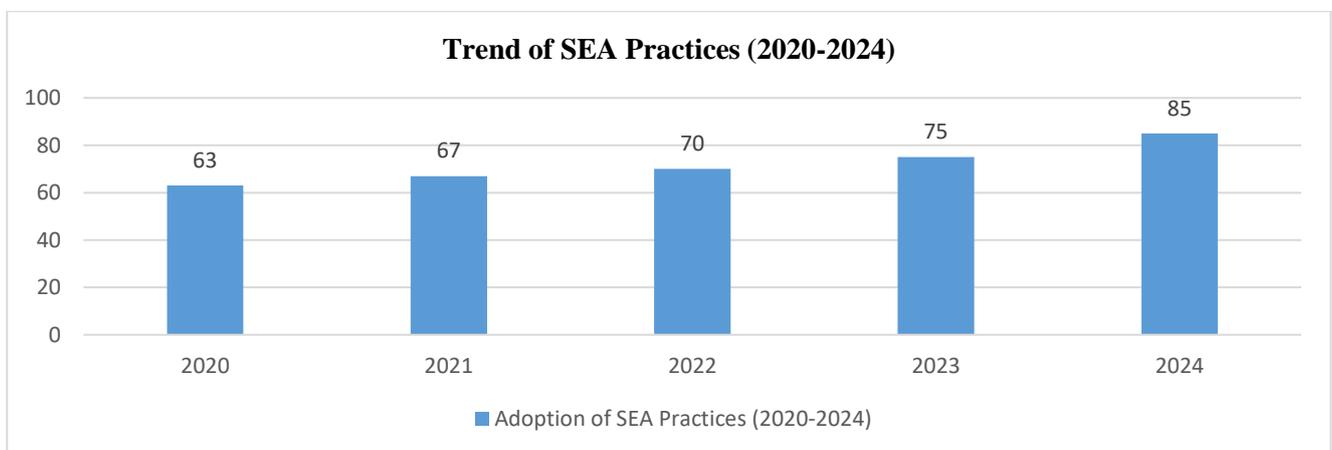


Figure 1. Trend of SEA adoption (2020–2024).

**Table 2.**  
Year-wise SEA adoption data (2020–2024).

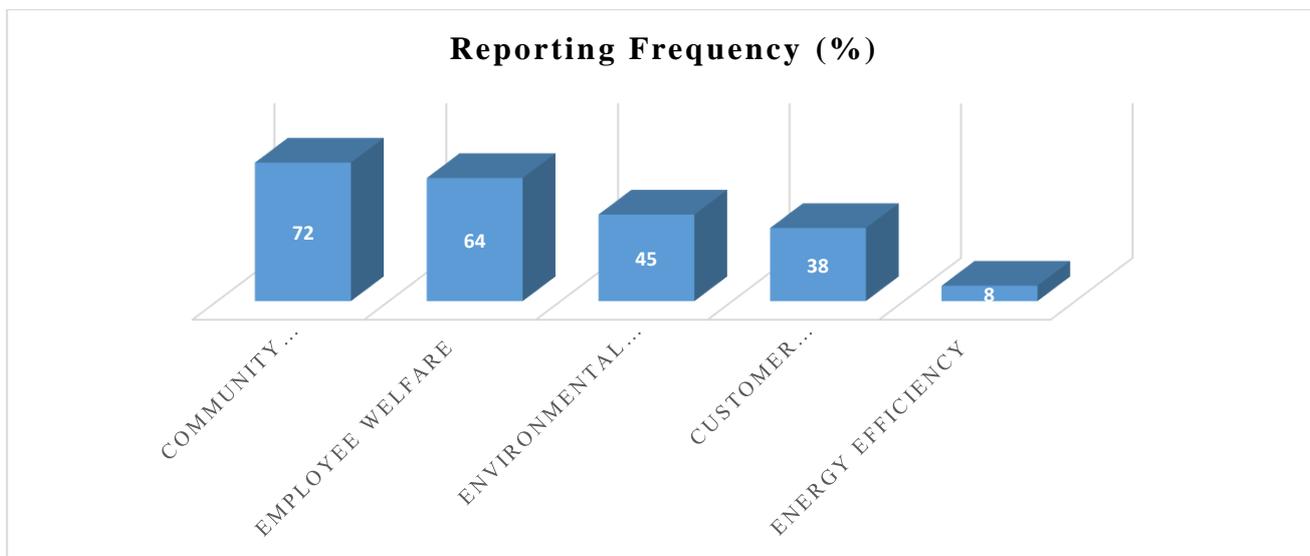
Year	Companies Reporting SEA (%)
2020	63%
2021	67%
2022	70%
2023	75%
2024	85%

Figure 1 shows the progressive increase in the adoption of social and environmental accounting (SEA) practices among Bangladeshi firms from 2020 to 2024. Starting at 63% in 2020, the percentage of firms reporting SEA activities gradually rose to 85% by 2024. This rising trend is reinforced by the numerical data in Table 2, which tabulates the year-wise adoption percentages. The steady growth suggests increasing awareness and commitment toward sustainability reporting, possibly influenced by evolving regulatory guidelines and international market expectations. This rising trend reflects a positive shift in corporate attitudes toward environmental and social accountability within Bangladesh’s key economic sectors.

5.3. Key Areas of SEA Disclosure

**Table 3.**  
Frequency of SEA Disclosure by Category.

SEA Area	Reporting Frequency (%)
Community Involvement	72
Employee Welfare	64
Environmental Management	45
Customer Responsibility	38
Energy Efficiency	8

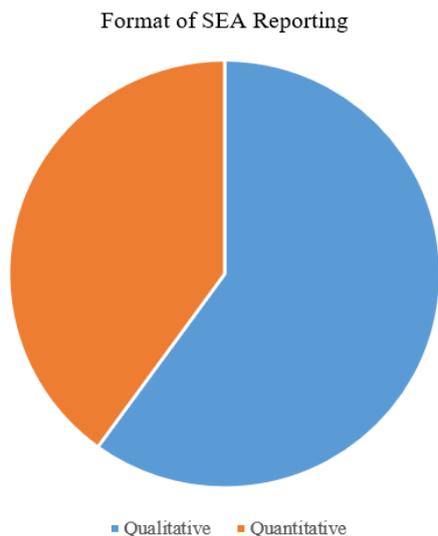


**Figure 2.**  
Prevalence of SEA reporting by area.

Figure 2 and Table 3 present a breakdown of the specific SEA disclosure areas prioritized by firms. Community involvement emerges as the most reported area, with 72% of firms including it in their disclosures, followed by employee welfare at 64%. Environmental management is reported by 45% of firms, whereas customer responsibility and energy efficiency receive comparatively less attention, with 38% and 8% respectively. This distribution highlights a predominant focus on social responsibilities over environmental or energy-related initiatives. The prioritization likely reflects prevailing stakeholder pressures and resource constraints faced by Bangladeshi companies. These findings underscore the need for increased emphasis on environmental and energy disclosures to achieve balanced sustainability reporting.

5.4. Format and Nature of SEA Reporting

Figure 3 presents the distribution of reporting formats, showing that 60% of firms use qualitative narratives, whereas only 40% provide quantitative data.



**Figure 3.** Format of SEA Reporting (Qualitative vs Quantitative).

Figure 3 depicts the nature of the SEA reporting formats adopted by the sampled firms, illustrating a clear preference for qualitative narratives (60%) over quantitative disclosures (40%). This predominance of qualitative reporting suggests that many companies currently rely on descriptive accounts of their sustainability efforts rather than providing measurable and standardized data. The limited use of quantitative indicators may affect the comparability and credibility of SEA reports, posing challenges for stakeholders seeking concrete performance metrics. The findings highlight an opportunity for firms and regulators in Bangladesh to encourage more rigorous, data-driven sustainability reporting aligned with international standards.

The dominance of qualitative reporting suggests limited measurement or standardization of SEA metrics, impacting the comparability and usefulness of disclosures.

5.5. Extent of SEA Disclosure (Content Analysis Results)

Table 4 presents regression results examining the relationship between SEA disclosure (composite index) and return on assets (ROA). The coefficient for SEA disclosure is positive ( $\beta = 0.034$ ) but statistically insignificant ( $p > 0.05$ ).

**Table 4.** Summary of the regression results.

Variable	Coefficient ( $\beta$ )	P value	Significance
SEA Disclosure Index	0.034	0.12	Not Significant
Firm Size	0.125	0.01	Significant
Operational Efficiency	0.210	0.002	Significant

Table 4 presents the pooled ordinary least squares (OLS) regression results assessing the impact of social and environmental accounting (SEA) disclosure on firms’ financial performance, measured by return on assets (ROA). The coefficient of the SEA Disclosure Index is positive ( $\beta = 0.034$ ), indicating a positive association between the extent of SEA disclosure and profitability. However, this relationship is statistically insignificant at conventional levels ( $p = 0.12$ ), suggesting that within the sample and period studied, SEA disclosure does not have a strong direct effect on ROA.

In contrast, control variables such as firm size and operational efficiency have statistically significant positive effects on ROA, with coefficients of 0.125 ( $p = 0.01$ ) and 0.210 ( $p = 0.002$ ), respectively. These findings are consistent with prior research [9, 10], which demonstrates that larger firms and those with better operational efficiency tend to exhibit higher profitability.

The insignificant effect of SEA disclosure might be explained by the relatively nascent stage of sustainability integration in Bangladeshi firms or the voluntary nature of disclosures, which may not yet translate into measurable financial benefits. This finding also suggests that while SEA practices may contribute to nonfinancial advantages such as reputation and stakeholder trust, their immediate impact on accounting-based financial performance remains limited.

**Source citation:** Control variables such as firm size and operational efficiency showed significant relationships with ROA, which is consistent with the findings of previous studies [9, 10].

5.6. Financial Performance and SEA: Regression Results

**Table 5.**  
Descriptive Statistics of the Key Variables.

Variable	Mean	Std. Dev.	Minimum	Maximum
<b>Acknowledgments:</b> The authors would like to express their sincere gratitude to all the participants who provided valuable insights and data for this study. Special thanks to the organizations and individuals who supported the data collection process. We also acknowledge the constructive feedback from the reviewers and editors, which helped improve the quality of this manuscript.	<b>Acknowledgments:</b> The authors would like to express their sincere gratitude to all the participants who provided valuable insights and data for this study. Special thanks to the organizations and individuals who supported the data collection process. We also acknowledge the constructive feedback from the reviewers and editors, which helped improve the quality of this manuscript.	<b>Acknowledgments:</b> The authors would like to express their sincere gratitude to all the participants who provided valuable insights and data for this study. Special thanks to the organizations and individuals who supported the data collection process. We also acknowledge the constructive feedback from the reviewers and editors, which helped improve the quality of this manuscript.	<b>Acknowledgments:</b> The authors would like to express their sincere gratitude to all the participants who provided valuable insights and data for this study. Special thanks to the organizations and individuals who supported the data collection process. We also acknowledge the constructive feedback from the reviewers and editors, which helped improve the quality of this manuscript.	<b>Acknowledgments:</b> The authors would like to express their sincere gratitude to all the participants who provided valuable insights and data for this study. Special thanks to the organizations and individuals who supported the data collection process. We also acknowledge the constructive feedback from the reviewers and editors, which helped improve the quality of this manuscript.

Table 5 summarizes the descriptive statistics for the key variables used in the study. The SEA Disclosure Index has an average score of 5.6 out of 10, indicating a moderate level of social and environmental disclosure by the sampled firms. The return on assets (ROA), a measure of financial performance, has a mean value of 8.2%, suggesting moderate profitability across firms. The range of minimum and maximum values highlights the diversity in disclosure levels and profitability within the sample.

**Table 6.**  
Correlation matrix

Variables	SEA Disclosure Index	ROA	Firm Size
SEA Disclosure Index	1	0.25	0.45
ROA	0.25	1	0.62
Firm Size	0.45	0.62	1

Table 6 presents the correlation coefficients among the key variables. A positive but moderate correlation ( $r = 0.25$ ) exists between the SEA Disclosure Index and ROA, implying that firms with higher levels of SEA disclosure tend to have somewhat better financial performance. Firm Size shows a stronger positive correlation with ROA ( $r = 0.62$ ) and the SEA Disclosure Index ( $r = 0.45$ ), indicating that larger firms tend to disclose more and perform better financially. These relationships provide preliminary evidence supporting the relevance of SEA disclosure to firm performance, although the moderate strength suggests that other factors are also important.

**Table 7.**  
Regression Coefficients and Significance Levels.

Variable	Coefficient	Std. Error	P value	Significance
Intercept	1.20	0.50	0.01	Significant
SEA Disclosure Index	0.034	0.02	0.12	Not Significant
Firm Size	0.125	0.04	0.01	Significant
Leverage	-0.045	0.03	0.07	Marginal
Operational Efficiency	0.210	0.05	0.002	Significant
Capital Intensity	-0.098	0.04	0.09	Marginal

Table 7 shows the detailed results of the multiple regression analysis examining the impact of SEA disclosure and control variables on firm financial performance (ROA). The SEA Disclosure Index has a positive coefficient (0.034), indicating a positive association with ROA, but it is not statistically significant ( $p = 0.12$ ). Firm size and operational efficiency both have significant positive effects on ROA ( $p < 0.05$ ), suggesting that larger and more efficient firms achieve greater profitability. Leverage and capital intensity have marginally significant negative effects, indicating potential financial constraints. Overall, while SEA disclosure shows a positive trend, it does not have a statistically significant effect on ROA within the sampled period.

### 5.7. Discussion of Results

The findings from this study offer valuable insights into the relationship between social and environmental accounting (SEA) disclosure and firm financial performance in the context of Bangladeshi companies.

The positive yet statistically insignificant coefficient for SEA disclosure ( $\beta = 0.034$ ,  $p = 0.12$ ) in the regression analysis (Table 7) suggests that while there is a tendency for firms with higher SEA disclosure to achieve better financial performance as measured by Return on Assets (ROA), this relationship is not strong enough to be considered statistically conclusive within the sample and period examined. This result aligns with earlier studies, according to Kabir and Chowdhury [9], which reported limited short-term financial benefits from CSR activities in emerging economies such as Bangladesh. This implies that SEA initiatives might currently function more as strategic or reputational tools than as immediate profit drivers.

The descriptive statistics (Table 5) and correlation analysis (Table 6) support this interpretation by showing moderate variation in SEA disclosure and financial performance, and only modest positive associations between these variables. Larger firms, as indicated by the significant positive impact of Firm Size ( $\beta = 0.125$ ,  $p = 0.01$ ), tend to disclose more on SEA matters and simultaneously enjoy better financial outcomes. This could reflect greater resource availability and stronger stakeholder pressures faced by larger entities, encouraging them to adopt sustainability practices more robustly.

Operational efficiency also emerged as a significant positive determinant of ROA ( $\beta = 0.210$ ,  $p = 0.002$ ), underscoring the importance of efficient resource management in driving profitability, independent of sustainability disclosures. The marginally negative effects of leverage and capital intensity suggest that financial structure and asset utilization also influence firm profitability, a common finding in financial performance studies.

From a theoretical perspective, these findings resonate with legitimacy and stakeholder theories, where SEA disclosure acts as a mechanism to fulfill societal expectations and maintain corporate legitimacy, especially in developing country contexts [1, 2]. The absence of a strong financial impact in the short term suggests that firms may prioritize SEA disclosure for compliance, risk management, or reputational benefits rather than for immediate economic returns.

Practically, the study indicates that Bangladeshi firms should view SEA initiatives as long-term strategic investments that may not translate into immediate financial gains but can improve sustainable growth and stakeholder trust over time. Policymakers and regulators might consider strengthening disclosure requirements and promoting standardization to advance the financial relevance and credibility of SEA reporting.

### 5.8. Limitations

This research has several limitations that should be acknowledged. The size of the sample is relatively small, with 30 comprehensive firms from selected key sectors, which may limit the universality of the results across all industries in Bangladesh. Second, the cross-sectional nature of the data limits the capacity to draw causal understandings or measure the long-term impact of SEA disclosures on financial performance. Third, the reliance on secondary data and self-report survey responses may introduce partiality connected to reporting accuracy and respondent subjectivity. Finally, the research focuses primarily on quantitative financial metrics such as ROA, which may not capture the full range of benefits associated with SEA practices, enhanced corporate reputation, and stakeholder trust.

## 6. Conclusion and Recommendations

### 6.1. Conclusion

This study contributes to the understanding of the connection between social and environmental accounting (SEA) disclosure and financial performance in the context of developing economies, specifically Bangladesh. The findings specify a positive but statistically insignificant relationship between SEA disclosure and firm profitability, measured by return on assets. Large corporation size and operational efficiency appear to be more significant drivers of financial performance. The results suggest that, whereas SEA initiatives are gaining progress among Bangladeshi companies, their immediate financial benefits remain limited. Companies seem to engage in SEA disclosure more for legitimacy and stakeholder management than for short-term economic gain.

### 6.2. Recommendations

The following recommendations are proposed based on the outcomes of the research:

1. For Firms: Integrate SEA disclosures into key strategic planning and operational practices rather than handling them as a compliance practice. Emphasizing measurement and reporting of quantitative environmental and social metrics can increase credibility and stakeholder trust.
2. For policymakers and regulators, standardized SEA reporting frameworks with compulsory requirements should be formulated and implemented to improve consistency, transparency, and comparability across firms. Capacity-building programs should support firms in adopting resilient SEA practices.
3. For researchers, the future should employ larger, longitudinal datasets and incorporate qualitative methods to explore firm motivations, stakeholder perceptions, and long-term impacts of SEA disclosure. Broadening the scope beyond financial metrics to include reputational and social performance indicators can provide a more comprehensive assessment.

### 6.3. Future Research Directions

Future research should emphasize longitudinal studies to evaluate how social and environmental accounting (SEA) disclosure impacts firm performance over time. Increasing sample sizes and industry diversity will develop applicability

and reveal sector-specific patterns. Integrating qualitative methods, such as interviews, can provide insights into managerial motives and stakeholder expectations. Scholars should broaden performance metrics to include environmental and social outcomes. In addition, examining regulatory and institutional influences explains the role of governance in SEA. Finally, investigating the effect of digital technologies on SEA reporting quality offers valuable avenues for improving sustainable business practices.

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