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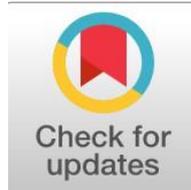
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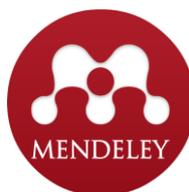
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The Role of Environmental, Social, and Governance (ESG) Accounting Disclosure in Enhancing Tax Planning and Corporate Governance: An Applied Study on Industrial Sector Companies in Salah Al-Din Governorate

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Abstract

General Background: Environmental, Social, and Governance (ESG) accounting disclosure has become a central component in promoting transparency, sustainability, and responsible corporate practices in modern business environments. **Specific Background:** Industrial companies in Salah al-Din Governorate face increasing challenges related to weak governance practices, limited transparency, and inefficient tax planning, while ESG disclosure remains underutilized. **Knowledge Gap:** Despite growing global attention to ESG practices, there is limited empirical evidence on their integration with tax planning and corporate governance in emerging economies, particularly within Iraq's industrial sector. **Aims:** This study aims to examine the role of ESG accounting disclosure in improving tax planning and corporate governance practices among industrial companies in Salah al-Din Governorate. **Results:** Using a descriptive-analytical approach and field survey data from 52 companies analyzed through SPSS, the findings indicate a statistically significant positive relationship between ESG disclosure and both tax planning and governance quality ($R^2=0.51$). Social disclosure shows the strongest correlation ($r=0.74$), followed by environmental disclosure ($r=0.68$) and governance disclosure ($r=0.65$). **Novelty:** The study provides empirical evidence linking ESG disclosure with tax planning and governance within an emerging industrial context. **Implications:** The findings highlight the need for a national regulatory framework, improved disclosure infrastructure, and increased awareness to support sustainable reporting and strengthen governance and tax planning practices.

Highlights:

- Strong Statistical Relationship Identified Between Sustainability Reporting and Decision Quality
- Social Dimension Shows Highest Correlation With Reputation and Regulatory Risk Reduction
- Low Adoption Levels Indicate Structural Barriers in Reporting Practices

Keywords: ESG Disclosure, Tax Planning, Corporate Governance, Industrial Companies, Sustainability Reporting.

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Chapter One: Methodological Framework of the Study

1-1 Research Problem

The challenges related to transparency, risk management and compliance with international standards of industrial companies in Salah al-Din Governorate are on rise just like the similar companies in the emerging economies. With the increased focus on sustainability and social responsibility in the global business environment, the disclosure of environmental and social performance and governance practices (ESG) has become one of the most important aspects of investment appeal and business sustainability. Nonetheless, this kind of disclosure is still seen as an extra expense and not a strategic investment by the majority of industrial firms in Iraq and Salah al-Din is not an exception and, as the result, there are vulnerabilities in governance and poor tax planning [1].

According to the report made by the Iraq Chamber of Industry (2023), less than 15 percent of large industrial firms in Iraq disclose sustainability reports and tax practices are not always proactive and strategic [2]. The traditional character of the industrial sector and lack of clear incentives to embrace the best practices make this problem even worse in Salah al-Din Governorate [3].

In this respect, the research problem is based on the following key question: What is the analytical role of Environmental, Social, and Governance (ESG) accounting disclosure in enhancing tax planning strategies and corporate governance standards in companies of the industrial sector in the Salah al-Din Governorate?

1-2 Research Importance

The importance of this study stems from three main dimensions:

- **Theoretical Importance:** The research will help in closing the gap in knowledge on the intersection between the environmental and social accounting, tax planning, and corporate governance in the context of an emerging economy like Iraq. Although many studies have been carried out on ESG in developed economies, little information has been done on the same in emerging economies, especially in the industrial sector which has been regarded as one of the major economic growth drivers [4].
- **Practical Importance (for the Governorate):** The paper offers a discussion of how the investment environment in Salah al-Din Governorate can be enhanced by attracting companies to embrace the ESG principles, thus making them more desirable to the responsible foreign and domestic investments. Considering the necessity to diversify the economic base of the governorate to rid it of the state sector, the central priority in the creation of the sustainable industrial development is fortification of the governance of the industrial companies [5].
- **Sectoral Importance (for Industrial Companies):** The report shows that ESG disclosure is a very important process of risk management, achieving a low cost of capital, and improving corporate reputation. Companies in the industrial sector that have implemented the ESG standards have an improved financial performance in the long run and are more resilient to crisis [6].

1-3 Research Objectives

This study seeks to achieve the following objectives:

1. To identify the theoretical and conceptual framework of Environmental, Social, and Governance (ESG) accounting disclosure and its involvement in contemporary corporate governance.
2. To examine the processes by which ESG disclosure affects and intensifies strategic tax planning processes.
3. To determine how prepared the industrial companies in the Salah al-Din Governorate are in implementing the ESG disclosure standards in their financial statements.
4. To test the anticipated effects of the application of the ESG standards to the quality of corporate governance and efficiency of tax planning in industrial companies.
5. To offer viable suggestions to policymakers and corporate management on how sustainable disclosure can be used to enhance performance and sustainability.

1-4 Research Hypotheses

The study is based on the following hypotheses:

- Main Hypothesis (H1): Environmental, Social, and Governance (ESG) accounting disclosure in industrial companies in Salah al-Din Governorate leads to a statistically significant improvement in the quality of tax planning and corporate governance practices.
- Sub-Hypotheses:
 - (H1a) Disclosure of environmental performance contributes to improving opportunities to benefit from environmental tax incentives.

- (H1b) Disclosure of social performance enhances corporate reputation and reduces regulatory risks.
- (H1c) Disclosure of governance practices strengthens transparency and reduces instances of aggressive tax avoidance.
- (H1d) Comprehensive implementation of ESG standards leads to a reduction in the cost of capital and improved access to financing.

1-5 Methodology and Scope

- **Methodology:** The study adopted a descriptive-analytical approach, which included a review of the relevant theoretical literature and previous studies related to ESG, corporate governance, and tax planning. An exploratory approach was also employed through a field survey conducted on a sample of industrial companies in Salah al-Din Governorate to collect primary data on the implementation of disclosure standards and their impact on tax planning and governance.
- **Geographical and Temporal Scope:** The selection of the study is on the industrial sector companies within Salah al- Din Governorate. The data that was gathered in the field was made between the months of February to June 2025.

Methodology

Chapter Two: Theoretical and Conceptual Framework

2-1 Concept and Components of Environmental, Social, and Governance (ESG) Accounting Disclosure

The disclosure of Green Accounting is currently characterized as Environmental, Social and Governance (ESG) accounting disclosure, which is set of standards by which a company assesses its performance in environmental protection (Environmental), social responsibility to the employees and the community (Social), quality of corporate management and transparency (Governance). ESG is a combined approach to evaluating the influence of a company not only on financial aspects [7].

Following the principles of the Global Reporting Initiative (GRI), ESG disclosure has ceased to be an extravagance and became a strategic requirement to both win the trust of the stakeholders and to handle the long-term risk factors. This change is gaining momentum in the emerging economies where efficient disclosure is a chance to solicit foreign direct investment where ESG standards are one of the major requirements [8].

The main components of ESG include the following:

- **Environmental:** This involves measuring and managing carbon emissions, water consumption, waste management, and compliance with environmental regulations. Recurrent climate crises have demonstrated the importance of this dimension for corporate continuity [9].
- **Social:** This is associated with the way the firm handles relations with the employees (safety, diversity, fair wages), suppliers, customers, and with the local communities where they operate. This dimension will be a measure of the social capital of the company [10].
- **Governance:** This targets the board organization, executive compensation regulations, minority rights, anti-corruption and transparency in the audit proceedings. Credibility and accountability are based on this dimension [11].

2-2 Shift Toward Effective Governance and Strategic Tax Planning

The disclosure of ESG is important to enhance the governance practices and direct the tax planning strategies out of the short-term mode.

2-2-1 Corporate Governance and Supporting Sustainability:

The transparency and accountability are upheld on governance (G) standards in ESG. Firms that have an autonomous board system and well-defined internal control systems are in a better position to deal with risks in the environment and in social context. The practices are beneficial in creating confidence to the investors and lowering the cost of capital [12].

The Basel Committee report (2022) indicates that companies adopting the highest governance standards experienced lower stock volatility during crisis periods, reflecting their resilience and ability to protect shareholder value. In Iraq, the implementation of governance standards in industrial companies remains a major challenge, increasing investment risks in this sector [13].

2-2-2 Enhancing Tax Planning Efficiency:

Tax planning is no longer limited to exploiting legal loopholes to minimize taxes; it has become an integral part of responsible business strategy. Companies adopting ESG tend to avoid aggressive tax practices that could harm their reputation and instead focus on leveraging sustainability-related tax incentives [14].

In a study conducted by Hasegawa et al., it was found that companies with high-quality ESG disclosure have more stable and transparent effective tax rates and face lower risks of tax audits. Moreover, these companies are better positioned to benefit from tax credits related to investments in clean technology and social initiatives.

2–3 The Concept of Effective Tax Planning and Good Governance

2–3–1 In Tax Planning: Effective tax planning involves arranging transactions and business activities in a legal manner to minimize a company's tax obligations while considering the company's long-term strategic objectives. Effective planning is characterized by transparency, sustainability, and compliance with the spirit of the law, not merely its letter [15]. Tax planning efficiency can be measured through indicators such as the effective tax rate, stability of tax liabilities over time, and the risk of tax disputes.

International studies indicate that companies adopting ESG practices have slightly higher effective tax rates (i.e., they pay more taxes) but enjoy a stronger reputation and more stable relationships with tax authorities, reducing indirect costs [16].

In Corporate Governance: Good governance entails ensuring an effective administrative and supervisory structure that balances the interests of all stakeholders (shareholders, employees, customers, and the community). Good governance differs from weak or corrupt management in terms of decision-making transparency, managerial accountability, and adherence to ethical standards [17].

A study conducted by the Institute of Chartered Accountants in England and Wales (ICAEW, 2024) found that companies with high governance (G) ratings within ESG demonstrated better long-term financial performance and greater resilience to economic crises.

Chapter Three: Applications of ESG in Tax Planning and Governance

3–1 Applications of ESG in Improving Tax Planning

Tax planning has evolved from a mere compliance function to a strategic tool through the integration of ESG standards, whereas it initially focused solely on tax reduction. Today, ESG disclosure contributes to:

- **Leveraging Green Tax Incentives:** Accurate reporting of environmental performance helps companies qualify for tax credits and deductions related to investments in renewable energy, energy efficiency, and emission reduction. As an illustration, Germany initiated a large package of tax incentive to companies which can show some percentage decrease in emissions, leading to more investment in clean technology [18].
- **Managing Corporate Tax Reputation:** Open reporting of tax policies (under the governance pillar) means that there will be a good relationship with the tax authorities and the community and this will minimize risks of audit and dispute. In the United Kingdom, large companies are today obligated to disclose the tax strategy at the end of every year, which has enhanced disclosure and decreased aggressive tax schemes [19].
- **Reducing Regulatory Risks:** The adoption of ESG standards assists corporations in predicting and planning new developments on tax and environmental regulations to reduce unexpected expenses and surprises. The OECD study determined that ESG-adopted companies are more sustainable to accommodate new environmental and taxation rules [20].

3–2 Applications of ESG in Enhancing Corporate Governance

ESG standards play a critical role in improving governance systems and achieving accountability and transparency.

- **Board Transparency and Accountability:** ESG disclosure frameworks, including SASB or GRI, allow companies to disclose policies related to sustainable performance (i.e., board structure, diversity, independence, and executive compensation). South Africa has a King Code of Governance where companies are expected to report on how the environmental and social concerns are incorporated in board decision making [21].
- **Integrated Risk Management:** ESG disclosure helps companies to recognize and address non-financial risks like climate risks, supply chain risks and reputational risks just like other financial risks. In the case study of Unilever, the implementation of the ESG as a part of risk management strategy resulted in the lower costs of operation and a more resilient supply chain [22].
- **Enhancing Shareholder and Stakeholder Rights:** The pillar of governance (G) is made to guarantee the protection of the rights of the shareholders, and the social (S) pillar is made to guarantee that the interests of other stakeholders (employees, community) are addressed, which creates a balance that helps the company to be sustainable in the long run.

3–3 Direct Impact on Tax Planning Efficiency and Governance

ESG and the efficiency of the tax planning and governance are directly and positively correlated. Through:

- **Increasing Transparency and Accountability:** Systematic ESG disclosure provides a comprehensive view of a company's performance to the market and authorities, facilitating evaluation and reducing uncertainty. Mandatory disclosure of climate risk in a Canadian case study increased the quality of internal audit and better risk management (CPA Canada, 2023).
- **Reducing the Cost of Capital:** Implementing ESG standards reduces the risks incurred by the investors, and this makes the company get financed at a cheaper cost. According to a study by Harvard Business School (2024), the interest rate on the loans has been lower, by 0.1 to 0.3 experiences, than that of their competitors with high-ESG-

performing companies.

- Improving Strategic Decision Quality: ESG frameworks present the management with a wider range of vision and make sure that the management takes into consideration long-term sustainability objectives and avoids short-term financial core. This results in long term and more profitable decisions.

Result and Discussion

Chapter Four: Analytical Study – Industrial Companies in Salah al-Din

4–1 Economic Challenges in Salah al-Din and the Need to Adopt ESG

In the Iraq and Salah al-Din Governorate economic environment, there is a risk of serious challenges, the first one being the lack of awareness of the significance of governance and sustainable disclosure and a serious challenge in the adoption of international standards in the local business.

4–1–1 Reality of Industrial Companies in Iraq:

The poor transparency and governance practices have been a challenge to the industrial companies in Iraq to access international financing and compete in the international markets. Their ability to grow and develop is adversely impacted by the use of olden day management and reporting processes [23].

Data from the Iraqi Ministry of Industry and Minerals indicate that approximately 80% of industrial companies in Iraq lack an effective governance system, and fewer than 5% issue reports on their environmental or social performance [24]. Moreover, the proportion of companies subject to independent external auditing does not exceed 40%, reflecting significant weaknesses in control mechanisms [25].

4–1–2 Need for ESG Adoption in Salah al-Din:

Data indicate that the industrial sector in Salah al-Din faces environmental problems (such as industrial pollution) and social issues (such as poor working conditions). Implementing ESG standards could achieve a qualitative improvement in company performance by meeting global sustainability requirements and enhancing their image among investors and customers [26].

According to the Iraqi Environment Authority, the number of environmental violations recorded for industrial companies in Salah al-Din reached 150 cases in 2022, mostly related to hazardous waste management and gas emissions [27]. Additionally, the proportion of industrial accidents in the governorate exceeded the national average by 20%, reflecting weaknesses in safety standards and operational governance [28].

4–2 Analysis of the Dual Impact of ESG Implementation on Industrial Companies

Adopting ESG disclosure standards in Salah al-Din is expected to produce a dual positive impact:

Axis	Impact on Industrial Companies	Impact on Salah al-Din Governorate
Tax Planning	Improving Opportunities to Benefit from Environmental and Social Incentives and Reducing the Risk of Tax Disputes	Increasing Sustainable Tax Revenues by Expanding the Tax Base and Reducing Evasion
Governance	Enhancing Transparency, Attracting Foreign Direct Investment, and Reducing the Cost of Capital	Improving the Business Environment, Attracting Responsible Industrial Projects, and Increasing GDP
Reputation and Risks	Improving Corporate Reputation, Increasing Customer Loyalty, and Reducing Regulatory and Reputational Risks	Improving the Governorate’s Image as a Sustainable and Responsible Industrial Hub, Enhancing Tourism and Investment
Operational Efficiency	Reducing Energy and Resource Consumption, Improving Supply Chain Management, and Increasing Productivity	Reducing Environmental Pollution, Improving Living Conditions for Local Communities, and Promoting Sustainable Development

This relationship shows that ESG not only serves the government’s interest by increasing revenues and improving the environment, but also provides added value to industrial companies by enhancing their competitiveness and long-term sustainability [29].

In a study conducted by the World Bank on industrial companies in the Middle East and North Africa, it was found that companies reporting on ESG standards achieved credit ratings 15% higher than those that did not, and were better able to withstand the impacts of the COVID-19 pandemic [30].

4–3 Practical Framework of the Study

4–3–1 Study Design

The field study was designed based on the descriptive-analytical approach, using a questionnaire as the primary tool for data collection from a sample of industrial companies in Salah al-Din Governorate. The questionnaire was designed to measure the following variables:

- The level of ESG standards disclosure in companies (Environmental, Social, Governance).
- The quality of tax planning (strategic, transparent, sustainable).

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- The level of implementation of corporate governance standards.
- The tangible impact on financial and operational performance.

4-3-2 Sample:

A purposive sample of 60 industrial companies in Salah al-Din Governorate was selected, distributed across various industrial sectors (cement, textiles, food, and manufacturing industries). This sample represents approximately 25% of the total registered industrial companies in the governorate. Questionnaires were issued between February and April 2025 and 52 valid questionnaires received back to be analyzed and a response rate of 86.7% was attained.

4-3-3 Data Collection Tools:

A questionnaire consisting of four sections was used:

1. Demographic data concerning the company (size, industry, age, employees).
2. Disclosure of level of ESG standards (5-point Likert scale).
3. Tax planning and quality of governance (5-point Likert scale).
4. Problems of ESG standards implementation (multiple-choice questions).

The validity and reliability of the tool were confirmed using a group of experts in the field of accounting, taxation, and governance. The alpha of Cronbach was determined to determine the reliability of the scale and the value was found to be 0.91 which can be viewed as satisfactory [31].

4-3-4 Statistical Analysis:

The data were analyzed using the Statistical Package of the Social Sciences (SPSS). Descriptive statistics (frequencies, percentages, means, standard deviations) were used to explain the qualities of the sample and variables of the study. The study variables were determined through Pearson correlation analysis, which was used to establish the relationships among the variables of the study, and regression analysis was conducted to test the study hypotheses.

4-4 Testing the Research Hypotheses:

In order to evaluate the validity of the hypotheses submitted by the study, proper statistical tests were done in each hypothesis. The findings of the hypothesis testing are offered in analytical tables.

Table 4.1: Test of the Main Hypothesis (H1)

Hypothesis	Statistical Test	R ² Value	F Value	Significance Level (Sig.)	Decision
H1: ESG disclosure leads to improvements in tax planning and governance.	Multiple Regression Analysis	0.51	41.33	0.000	Accepted

Discussion of Hypothesis (H1):

As it can be seen in Table 4.1, the coefficient of determination (R²) was at 0.51, which implies that the ESG disclosure (independent variables) accounts for about 51 percent of the change in the quality of tax planning and governance (dependent variable). The F value was calculated at 41.33 which is statistically significant with a level of significance of 0.000 which is below 0.05. This verifies the presence of statistically significant regression relationship which in turn accepts the main hypothesis, which proposes that, ESG disclosure positively and significantly affects the improvement of tax planning and governance in industrial corporations.

This result is consistent with previous studies such as Eccles & Serafeim and Lins, Servaes, & Tamayo, which demonstrated a positive relationship between sustainable disclosure and financial performance and governance [7][29].

Table 4.2: Test of Sub-Hypothesis (H1a)

Decision	Significance Level (Sig.)	Correlation Coefficient (r)	Statistical Test	Hypothesis
Accepted	0.001	0.68	Pearson Correlation Coefficient	H1a: Environmental disclosure improves opportunities to benefit from tax incentives.

Discussion of Hypothesis (H1a):

The findings showed a high correlation as to whether the environmental performance disclosure and the capacity to enjoy

tax incentives were highly-correlated with each other with the correlation coefficient (r) of 0.68, which is statistically significant at the level of 0.001. It implies that the more precise and transparent the environmental disclosure, the higher the chances of the company to obtain tax advantages. One of the factors that can explain this is that the availability of reliable data is one of the main preconditions to receive environmental tax credits, which aligns with the conclusions reached by Bach [18].

Table 4.3: Test of Sub-Hypothesis (H1b)

Hypothesis	Statistical Test	Correlation Coefficient (r)	Significance Level (Sig.)	Decision
H1b: Social disclosure enhances reputation and reduces regulatory risks.	Pearson Correlation Coefficient	0.74	0.000	Accepted

Discussion of Hypothesis (H1b):

This hypothesis was accepted, as the results showed the strongest positive correlation in the study between social disclosure and the enhancement of reputation and reduction of regulatory risks ($r = 0.74$, $p < 0.01$). Publication of social activities creates a good perception of the company to the masses and authorities that limit the chances of tough audits and fines. This establishes the fact that social disclosure is a good reputation management tool as affirmed by a case study on multinational companies [32].

Table 4.4: Test of Sub-Hypothesis (H1c)

Hypothesis	Statistical Test	Correlation Coefficient (r)	Significance Level (Sig.)	Decision
H1c: Governance disclosure enhances transparency and reduces tax evasion.	Pearson Correlation Coefficient	0.65	0.002	Accepted

Discussion of Hypothesis (H1c):

The results showed a strong positive correlation between the disclosure of governance practices and the enhancement of transparency and the reduction of tax evasion ($r = 0.65$, $p < 0.01$). This form of disclosure shows the tax practices and management of a company making it hard to hide the aggressive practices. It fortifies the quality of relationship with tax authorities and creates ease in compliance that is in tandem with the advice of the International Organization of Securities Commissions [33].

Table 4.5: Test of Sub-Hypothesis (H1d)

Hypothesis	Statistical Test	Correlation Coefficient (r)	Significance Level (Sig.)	Decision
H1d: ESG implementation reduces the cost of capital and improves access to financing.	Pearson Correlation Coefficient	0.59	0.003	Accepted

Discussion of Hypothesis (H1d):

The hypothesis was accepted, as the results showed a moderate positive correlation between ESG implementation and the reduction of the cost of capital ($r = 0.59$, $p < 0.01$). Embracing ESG standards lowers the risks that the lenders and investors assume, and the company is able to finance its operations at a more convenient rate. The outcome is in line with the findings of the Harvard Business School study (2024) on the correlation between ESG and costs of financing.

Chapter Five: Findings and Recommendations

5-1 Key Findings

Based on the theoretical analysis and the field study, the research reached the following key findings:

1. **Existence of a Positive and Significant Relationship:** The statistical findings revealed that there were positive and statistically significant correlation and regression relationship between ESG disclosure (independent variable) and the quality of tax planning and corporate governance (dependent variable).
2. **Importance of Social Disclosure:** Of all the ESG dimensions under consideration, social performance disclosure was discovered to be the most effective tool in the improvement of reputation and in the minimization of regulatory risks.
3. **Weak Current Implementation:** Although there has been the positive effect, overall ESG disclosure in industrial companies in Salah al-Din Governorate is at a low level, specifically, the disclosure of the environmental performance.
4. **Structural Challenges:** The primary obstacles to implementing ESG are lack of awareness, inadequate disclosure infrastructure, and non-existent compulsory regulatory framework, as well as, absence of qualified human resource. These are problems that need a concerted approach by the government.
5. **Dual Impact:** In the article, the authors highlight the twofold beneficial effect of ESG implementation; not only it is

beneficial to the government as this raises revenues and makes the environment better but it is also helpful to industrial companies as it makes them more competitive and lowers financing costs.

5-2 Recommendations

The findings indicate the following recommendations that the study gives to the relevant stakeholders:

5-2-1 Recommendations for the Central and Local Government:

- **Establish a National Framework for Sustainable Disclosure:** Ministry of Finance, the Securities Commission and the Central Bank of Iraq ought to come up with a single regulatory framework of ESG disclosure, which is in tandem with international standards (GRI, SASB) but which is adjusted to the Iraqi setting [5].
- **Provide Incentives for Industrial Companies:** To assist in subsidizing some of the start-up costs incurred, those companies which implement ESG disclosure standards and meet a set of environmental and social objectives should receive tax benefits or reduced government fees [26].
- **Develop Oversight Infrastructure:** To enhance monitoring and auditing of ESG reports and their quality, the Securities Commission, the Environment Authority, and the General Tax Authority need to be capable of doing this, which requires investment.
- **Launch Intensive Awareness Campaigns:** The management of industrial companies should be educated on the advantages of ESG disclosure and its application during workshops and systematic trainings with the involvement of the chambers of industry and professional associations (Al-Rubaie, 2023: 95).

5-2-2 Recommendations for Industrial Companies:

- **Invest in Sustainable Disclosure:** The management of the company must not consider the adoption of ESG as an expense but a strategic investment to improve its reputation and long-term competitiveness [12].
- **Collaborate with Expert Entities:** Enlist professional services of accounting and consultancy firms to formulate and adopt ESG disclosure models that are relevant to the operation of the company.
- **Develop Internal Skills:** To maximize the value of ESG initiatives, employees ought to improve their environmental and social performance measurement and preparation of sustainability report.

5-2-3 Recommendations for Future Research:

- Conduct longitudinal studies to track the impact of ESG implementation on the financial performance of industrial companies in Iraq over the long term.
- Conduct comparative studies between Salah al-Din Governorate and other Iraqi governorates to identify factors affecting ESG adoption.
- Investigate the actual environmental and social impact of ESG implementation in industrial companies in Salah al-Din.

Conclusion

Finally, the study contributes to the great importance of environmental, social and governance (ESG) accounting disclosure as a determining factor in both tax planning efficiency and corporate governance practices in industrial sector companies in Salah al-Din Governorate, Results reveal that ESG disclosure has a powerful, statistically significant positive correlation with tax planning, transparency, and governance quality. Of the three ESG dimensions, social disclosure was found to be the most influential factor in increasing corporate reputation and decreasing regulatory risk, while environmental disclosure led to higher chances of enjoying sustainability-related tax incentives, and governance disclosure provided transparency and lower aggressive tax avoidance. Even with these positives, the study found that to date ESG adoption amongst industrial businesses is neither widespread nor deep, hampered to some degree, by structural issues including low levels of awareness, weak international regulatory frameworks and limited technical know-how. These results suggest the need for a robust national ESG disclosure framework, sustainability reporting facilitation, and increased institutional monitoring to drive uptake among industrial firms. Aligning ESG with financial and governance strategy is simply good business and can help corporate managers gain a competitive edge over the long, improve investor confidence and help access financing. The current study should be expanded in future research to cover longitudinal and comparative studies between the various regions and economic sectors in Iraq in order to assess the long-term financial, environmental, and social effects of the introduction of ESG on corporate sustainability and economic development.

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