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Business Resilience and Business Innovation for Sustainability

The Double-Edged Role of Artificial Intelligence and Other Disruptive Technologies

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Preface

Scholars, practitioners, and professionals consider business innovation as a necessity to minimize business risk. Through technological innovation, businesses can adapt to societal changes and reduce the impact of both internal and external threats and risks. Business resilience is the ability to deal with challenging conditions by ensuring the existence and prosperity of the organization. In today's rapidly evolving global landscape, businesses face unprecedented challenges and opportunities. The twin imperatives of building resilience against disruptions and driving innovation for sustainable growth have become paramount for long-term success. This book delves into the complex and often paradoxical role of artificial intelligence (AI) and other disruptive technologies in navigating this intricate terrain.

While AI and related technologies offer transformative potential for enhancing business resilience—from predictive analytics for risk mitigation to automated systems for operational continuity—they also present significant challenges. Ethical considerations, potential biases in algorithms, job displacement concerns, and the environmental impact of technology development all demand careful consideration. This double-edged sword requires a nuanced understanding to harness the benefits while mitigating the risks.

This book aims to provide a comprehensive exploration of this dynamic interplay between technology, resilience, and sustainability. It is targeted towards a diverse audience, including academics, students, researchers, business practitioners, policymakers, and anyone interested in the intersection of technology, business strategy, and sustainable development.

We explore a range of critical topics, including but not limited to technological innovation and inclusivity, sustainable educational planning and integrating technology into educational development strategies, the impact of data analytics on business intelligence, financial technology and inventory management efficiency, augmented reality and digital marketing, and many more.

This work is intended to inspire critical thinking, foster collaboration, and contribute to a more informed and responsible approach to harnessing the power of technology for the benefit of both businesses and society.

Our hope is that this book will serve as a valuable resource for navigating the complex challenges and opportunities presented by AI and other disruptive technologies in the pursuit of sustainable business excellence.

Nablus, Palestine, State of

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The Impact of a Company's Accounting Income and Capital Structure on the Economic and Financial Sustainability—An Empirical Study on Industrial Companies Listed on the Palestine and Amman's Stock Exchange During for the Period 2016–2022

Ghassan Daas and Maram Mashaqi

Abstract The objective of the research was to assess the impact of accounting income and the capital structure on the financial and economic viability (sustainability) of industrial firms listed on the Amman and Palestine Stock Exchanges, determining which of these is most impacted by accounting income and capital structure. on The sustainability measures represented in tax payments to the government, productive diversity, the availability of training courses for employees, the presence of women in the labor market, and return on equity (ROE). The study data was collected for the period 2016–2022 on a sample of 44 firms. The data were analyzed and the hypothesis tested using correlation and regression models. The study discovered that accounting income has a positive significant impact on both the economic and financial sustainability for both Palestinian and Jordanian firms and considered as the main determinant of that. The study suggested that public shareholding companies' management expand employee training opportunities to boost workers' productivity and qualifications, which will enhance their performance and help the company achieve economic sustainability. They should also expand employment opportunities for women and expand the number of production lines to determine the best possible indicators levels to help the company achieve economic sustainability, also to concentrate on the cost.

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Keywords Accounting income · Capital structure · Economic sustainability · Financial sustainability · ROE · PEX · ASE

1 Introduction

The challenges that businesses face in promoting sustainable development have received worldwide attention. In addition to commercial considerations, businesses must also consider sustainability from social and environmental perspectives. This allows them to report on their economic and non-economic performance. From a government point of view, it is also essential to quantify and convey the effects of economic, social, and environmental performance. Moreover, establishing and maintaining the firm's reputation is critical. This trust is based on business decisions and tactics that affect both stakeholders and the organization. Sustainability reporting has the added advantage of making businesses more transparent and taking into account all relevant factors. It does so by exposing the public to the dangers and effects of the issues at hand. Despite the possibility that their activities could harm the environment, businesses often overlook the social and environmental consequences of their economic activity. Stakeholder awareness and media pressure have led companies to include sustainability in their vision, mission, strategy, planning, and decision-making. By reviewing the company's sustainability disclosures, the board of directors, as a member of top management, can ensure that shareholder interests are protected. It is one of the primary means by which managers communicate and distribute information about sustainability initiatives to all stakeholders [1].

A company's capital structure typically emphasizes a combination of debt and equity financing. A company's financial health depends on a variety of financial decisions. Empirical data indicates that a company's decision on which funding sources to use—debt or equity—has a big impact on the company's worth. Making the wrong capital structure decision could cause a business to face financial challenges and, eventually, insolvency. For instance, businesses that have significant amounts of long-term debt that are poorly managed have a higher risk of going bankrupt. Furthermore, maintaining the debt-to-equity ratio is a necessary part of financial planning to maintain public confidence because raising long-term debt shows that management is shifting the company's risk to bondholders or creditors, which raises agency costs and worries shareholders. Ref. countered that firms with lower liquidity and fewer non-debt tax shelters incur higher agency costs and that issuing shares during the debt reduction stage increases the likelihood of a rapid failure. The trade-off theory, which contends that business leverage is established by weighing the benefits of debt tax reduction against the expenses of bankruptcy, provides evidence of this. Thus, managers choose a company's capital structure to maximize its net worth. This demonstrates how a firm's profitability is greatly impacted by its capital structure decision [2].

Because of the unpredictable, uncertain, and unstable nature of the current political and economic climate, as well as the disruptions to customer and supplier interactions, firms must reevaluate their development goals to achieve effective growth. Apart from the primary objectives of the operation, companies are facing challenges in maintaining strong economic indicators, which reduces their activities to a battle for survival. Consequently, the pursuit of sustainable growth and development becomes imperative [3]

2 Problem Statement

Accounting's focus changed from the concept of ownership, which crystallizes in maximizing the self-interest of the owners as it is the primary responsibility of management, to the concept of the accounting unit, which considers the owners as one of the stakeholders in the company [4]. So a company's decision on which funding sources to use—debt or equity—has a big impact on the company's worth. Making the wrong capital structure decision could cause a business to face financial challenges and, eventually, insolvency. For instance, businesses that have significant amounts of long-term debt that are poorly managed have a higher risk of going bankrupt. The evaluation of a firm's financial soundness in the ever-changing world of international commerce goes beyond conventional accounting measures. Scholars, practitioners, and politicians alike are now focusing on accounting income—a measure of a company's underlying activities. According to the hypothesis, a business that only employs equity financing outperforms one that has a large amount of debt on its statement of financial position. The pecking order theory, however, contends that businesses should sequence their funding sources so that equity must be employed as a third source when debt is insufficient and internal financing through net operating income comes in first [2].

Therefore, many businesses started to rely less on maximizing financial gains to establish their reputations and more on disclosing financial and non-financial information to inform their stakeholders about the company's economic performance [5]. Although accounting income is commonly used as a standard measure to evaluate financial performance, it is still unclear how much of an impact it has on sustainability given its correlation with economic revenue [6].

Accounting income, Capital Structure and Economic sustainability are becoming more and more important in the context of corporate responsibility, and it merits scholarly study but there aren't many studies that give a broad picture of the impact of these on Economic sustainability. With human progress and industries expanding, the world has split into two camps: one of them supports the priority of economic growth without regard for the environment [7].

In the context of the financial and economic sustainability, the research problem can be presented as: "What is the impact of a Company's accounting income and Capital Structure on the Economic and Financial sustainability? It is an empirical

study on industrial companies listed on the Palestine and Amman's Stock Exchange during for the period 2016–2022.

Accordingly, the research proposes the following question:

- What is the impact of a Company's accounting income on the economic sustainability of Industrial Companies Listed on Palestine & Amman Stock Exchange?
- What is the impact of a Company's accounting income on financial sustainability of Industrial Companies Listed on the Palestine & Amman's Stock Exchange?
- What is the impact of a Company's Capital Structure on economic sustainability of Industrial Companies Listed on the Palestine & Amman's Stock Exchange?
- What is the impact of a Company's Capital Structure on financial sustainability of Industrial Companies Listed on the Palestine & Amman's Stock Exchange?

3 Importance of the Research

The industrial companies [8] use a lot of resources in the course of their daily operations, they are generally characterized by a boring, routine nature that makes the wheel of economic growth slowed because many of those resources are scarce or limited, whether they be natural, economic, or other resources. They are responsible for both the welfare of the present and future generation, making it necessary for those businesses to exercise their economic sustainability, their vision, mission, strategy, planning, and decision-making. According to the information provided, and a review of previous literature regarding sustainability, a research gap was found related to accounting income and Capital Structure impact on Economic sustainability, although there are previous studies conducted to find the effect of accounting income on sustainability performance, so there is lake of studies which examines the relationship between these variables and the Economic and Financial sustainability.

According to [9] the impact of common share capital on financial sustainability has been the subject of conflicting research by different researchers. Some discovered that the impact of common share capital on long-term financial viability was negligible. However, some researchers came to the opposite conclusion that common share capital had a detrimental impact on financial sustainability while others decided that common share capital had a favourable effect. So this study is important because it highlights their impact on economic and financial sustainability, provides a more accurate picture of a company's financial performance, enhances stakeholder communication, guides investor decisions, evaluates performance, allocates capital efficiently, and improves decision-making.

4 Objectives

Since this subject is so important, the study's objectives are as follows:

1. Identify the impact of accounting income on economic sustainability of Industrial Companies Listed on the Palestine & Amman's Stock Exchange.
2. Identify the impact of accounting income on financial sustainability of Industrial Companies Listed on the Palestine & Amman's Stock Exchange.
3. Identify the impact of Company's Capital Structure on economic sustainability of Industrial Companies Listed on the Palestine & Amman's Stock Exchange.
4. Identify the impact of Company's Capital Structure on financial sustainability of Industrial Companies Listed on the Palestine & Amman's Stock Exchange.

5 Theoretical Framework, Literature Review, and Hypothesis Development

5.1 Theories

According to [10], the best way to achieve growth and capitalist development is to adopt policies that encourage competition and give economic actors more freedom to pursue their interests in line with the widely accepted notions that human nature is characterized by a desire to trade, better oneself materially, and take advantage of advantageous opportunities. In order to stimulate growth [11], the government must increase demand. The shift from goods to services creates forecasts that align with cross-country growth data. These forecasts include an increase in the real investment rate, a decrease in the real interest rate, the marginal product of capital, and an acceleration of technical development particularly in investments as the share of services rises [12].

The main theories Related to the subject:

Stakeholders Theory: [13–15] the voluntary sustainability disclosure of an organization is influenced by a variety of stakeholders, including shareholders, creditors, suppliers, managers, customers, competitors, employees, their families, the media, local communities, charitable organizations, and future generations. Companies will provide more information on sustainable development to minimize the costs associated with inspections and to evade government control and inspection. Managers, on the other hand, anticipate a relaxation of state management regulations when the information is voluntarily shared. The management of a related party's relationship and the company's obligations to them.

Agency Theory: [16] there is a greater likelihood of voluntary sustainability information disclosure from large corporations. The interaction between managers and owners is depicted by agency theory. There is cause for concern that the manager of

the company will not operate in the best interests of the owners, who are the shareholders. If both sides (the owners and the managers) wish to maximize their interests. Agency theory explains why shareholders and creditors get information from annual reports.

Political Economy Theory: [17, 18] managers like the government, labor unions, or community organizations base their choices about matters pertaining to the company's interests (such tax laws, monopoly limits, and competition) on the information that businesses provide.

Signaling Theory: [17, 19] the theory indicated that financial decisions are signals to investors to take feedback into account. The company's financial communication policy is based on this signal. According to signal theory, profitable businesses frequently use financial data as a marketing signal. Greater information transparency will help the business draw investors and facilitate capital raising. As a result, the manager can provide financial statement users with information on corporate sustainability, enabling them to evaluate the company's performance accordingly.

The trade-off theory: this theory [20] introduced that the interest tax shields associated with debt and the costs of financial distress into a state preference model. The trade-off theory of capital structure postulates that managers attempt to balance the benefits of interest tax shields against the present value of the possible costs of financial distress. According to the trade-off hypothesis, there should be an ideal capital structure that strikes a balance between the cost of bankruptcy and the present value of interest tax shielding

5.2 The Conceptual Framework of Economic Sustainability

5.2.1 Sustainability Concept

According to [21] there was a major focus on the idea of sustainability in the early 1970s of the previous Century. Sustainability refers to the coexistence of society within the constraints of available resources in order to achieve social welfare, and it is defined as satisfying the needs of current generations without compromising the capabilities and needs of future generations [5]. Sustainability is the ability of a company to maintain the natural environment and cultural.

5.2.2 Dimensions of Sustainability

There are three sustainability dimensions that are economic, social, and environmental which have come into greater focus in recent years as a result of growing public interest in sustainability [7] and in this research we will focused on the economic

dimension that is relates to economic vitality and diversity within the company. Economic Dimension is required in order to survive in the market by enhancing its financial performance.

5.2.3 Growth in the Economy and Sustainable Development

The interaction of various economic resources is what drives economic activity. The quality and quantity of human and natural resources enable economic growth and comprehensive economic development, which entails significant structural changes in the economy and permits the creation of plans and programs in every area covered by the dimensions of sustainable development. Sustainability accounting standards are essential governance instruments in order to achieve the goals of economic sustainability. It is optional but not required to report on sustainable practices [5].

Through sustainability, a society can develop infinitely, both in terms of its technological aspect and its capacity to ensure rising income levels for future generations. From a strictly classical standpoint, sustainability refers to the maintenance and expansion of economic well-being for the longest amount of time. This well-being is determined by rates of income and consumption, the latter of which includes many necessities for human survival, including clothing, food, housing, transportation, health care, and education, by "discovering and adopting new and better production methods, as well as working to raise production levels by developing human energies and skills. Economic development is defined as "the development of societies" [3]

5.3 The Conceptual Framework of Financial Sustainability

Despite financial sustainability's lack of embeddedness in definitions and measures of economic sustainability, it is possible to explicitly differentiate between various terms [22]. Additionally, accounting theory's "principles of capital maintenance" align with financial sustainability. Many businesses are under pressure to implement sustainable practices because of the many advantages that come with being sustainable. Good capital structure decisions are essential for corporations to become sustainable since they maximize earnings, which in turn makes them sustainable [2].

Microfinance institutions are able to meet all of their operational, financial, and service costs in order to maximize equity market value and accomplish their social objectives. Customers and politicians in developing nations like Pakistan, India, and Bangladesh frequently criticize microfinance institutions (MFIs) for charging exorbitant interest rates in an effort to achieve financial sustainability. All stakeholders have the same primary objective, which is to measure the financial performance of their assets. The majority of earlier research focuses on earnings per share (EPS), return on equity (ROE), return on assets (ROA), and return on sales. Positive correlations between CSR and financial performance are also seen in this research.

Accounting returns and investor returns are the two metrics used to quantify financial sustainability [23].

Accounting practices can enhance financial sustainability when they are used to create value for stakeholders. Because sustainability is so embedded in accounting, the idea of sustainable accounting has grown. Sustainability accounting uses cutting-edge information management and accounting strategies to deliver relevant, high-quality data that supports the long-term, sustainable growth of enterprises. Accounting researchers assert that accounting can be a component of numerous accounting processes, such as accounting techniques for sustainability [24].

5.4 Literature Review and Hypothesis Development

5.4.1 Accounting Income

An entity's net income for any period is the most that can be distributed to its owners during that period while still allowing the entity to have the same net worth at the end of that period as it did at the beginning, after adjusting for the contributions of the owners. In other words, an entity must maintain capital before it can generate income. It should be noted that according to financial accounting theory, capital maintenance refers to financial capital maintenance rather than physical capital maintenance; the distinction between the two is found in how capital is defined. A financial capital method defines capital as the company's net assets, or all assets less all liabilities. A physical capital method measures a firm's productivity, not its financial position. In other words, income only arises from the physical approach if the value of the company's current inventories, along with its property, plant, and equipment, rises throughout the course of the period, after deducting the cost of further purchases made with the help of outside finance [25].

According to the above, we propose the following hypothesis:

H1 There is no impact of accounting income at the level of significance ($a < 0.05$) on economic sustainability of Industrial Companies Listed on the Palestine & Amman's Stock Exchange.

H2 There is no impact of accounting income at the level of significance ($a < 0.05$) on financial sustainability of Industrial Companies Listed on the Palestine & Amman's Stock Exchange.

5.4.2 Capital Structure

There are two categories of sources of capital formation: external and domestic sources. For this reason, choosing the best sources of funding is crucial to the health and long-term viability of the business's finances. Selecting a sound and ideal capital structure is crucial since it will influence the expenses that the business will incur.

According to [26] the theories mostly debate the best ways to optimize and balance the capital structure in order to maximize the market value of the company. However, achieving long-term sustainable development is every corporation's primary internal goal. One of the financial elements that affects a company's ability to grow sustainably is its capital structure [27]. Financial sustainability or short-term financial sustainability can indirectly affect long-term financial sustainability.

The capital structure has a big impact on asset returns. The availability and burden of capital are significantly impacted by the capital structure, which in turn impacts the performance of the business [26].

According to the above, we propose the following hypothesis:

H3 *There is no impact of Company's Capital Structure at the level of significance ($a < 0.05$) on economic sustainability of Industrial Companies Listed on the Palestine & Amman's Stock Exchange.*

H4 *There is no impact of Company's Capital Structure at the level of significance ($a < 0.05$) on Financial sustainability of Industrial Companies Listed on the Palestine & Amman's Stock Exchange.*

According to [28] inclusion of company's age and size, can impact company's decision in economic sustainability. Research has shown that corporate characteristics affect how sustainability is implemented and disclosed. Considers size to be a risk factor, [29] note that larger companies (in terms of total assets) are more knowledgeable about risk management and are more diversified. Larger businesses typically reveal more information than smaller ones. Big, profitable businesses may afford to pay extra for sustainability reporting or the fullest transparency of financial accounts. The difference in capital structures between industrial companies listed on the ASE and PEX stock markets also should be measured against the impact of the accounting income and the capital structure on both financial and economic sustainability.

6 Methodology and Procedures

The current study aims to determine the impact of accounting income & Capital Structure on the economic and financial sustainability of industrial companies listed on the Palestine & Amman's Stock Exchange.

6.1 Population and Sample

The research population and sample consists of all industrial companies listed on Palestine and.

Amman's Stock Exchange. Data was collected over the period (2017–2022) (Table 1).

Table 1 Study population and sample

Name of the exchange	Companies	Percentage (%)
PEX	11	25
ASE	33	75
Total	44	100

6.2 Data Collection

The data primarily comes from the annual financial reports of industrial companies and from the disclosures issued for the period (2017–2022) and published on the websites. In addition to consulting academic publications on the topic, whether they be from Palestine & Amman (Table 2).

6.3 Variables

6.3.1 Models:

Model 1: Economic sustainability = a0 + 1AI + β2CS + β3FAGE + β4FSIZ + ε.

a0: represent Intercept;

β1-6 represents regression coefficient; AI: Accounting Income; CS: Capital Structure; FAGE: Firm Age; FSIZ: Firm Size; ε; error term.

So the multiple regression equation are:

Tax (spending to the government) = a0 + 1AI + β2CS + β3FAGE + β4FSIZ + ε.

Line of production = a0 + 1AI + β2CS + β3FAGE + β4FSIZ + ε.

Training courses = a0 + 1AI + β2CS + β3FAGE + β4FSIZ + ε.

Women's existence = a0 + 1AI + β2CS + β3FAGE + β4FSIZ + ε.

Capital structure has a crucial effect on the financial sustainability of companies. To examine the link between capital structure and the financial sustainability of the entities studied more extensively, a model encompassing seven distinct variables was established for estimation. In the model, financial sustainability was the criterion variable represented by return on equity (ROE) [37]. In contrast, the debt ratio (DR) and the debt-to-equity ratio (DE) were the surrogates of capital structure. Because of the consequences of omitted variable bias, the study controlled for firm size (SIZE) firm Age (AGE). The model formulated to study the nexus within the series was specified as follows:

Model 2: ROE = a0 + 1AI + β2CS + β3FAGE + β4FSIZ + ε.

a0: represent Intercept; β1-6 represents regression coefficient; AI: Accounting Income; CS: Capital Structure; FAGE: Firm Age; FSIZ: Firm Size; ε; error term.

Table 2 Variables structure

The variable	Accounting income (AI)	Capital structure (CS)	Economic sustainability	Financial sustainability	Size of the company (FSIZ)	Age of the company (FAGE)
Variable type	Independent	Independent	Dependent	Dependent	Control	Control
Definition	An increase in economic benefits during the accounting cycle in the form of income flows or an increase in assets that results in an increase in property rights other than those associated with the contributions of equity holders [30]	The amount of money, or capital that finances a business's operations, assets, and support. Additionally, it can display capital expenditures and business acquisitions that may have an impact on the company's profitability [31]	Propose an equitable distribution and efficient allocation of resources and the business should be profitable [25]	Is the process by which a business manages its finances to ensure that its present financial success does not jeopardize its prospects for future financial success, including the success of future generations? Since businesses must turn a profit in order to remain in business, the majority of them see the financial pillar as their foundation for success	Natural logarithm of total assets [32]	The variable is usually referred to as a control variable; it is rarely used as an explanatory one [33] the number of years of incorporation of the company [34]

(continued)

Table 2 (continued)

The variable	Accounting income (AI)	Capital structure (CS)	Economic sustainability	Financial sustainability	Size of the company (FSIZ)	Age of the company (FAGE)
Measurement	Reported income in the financial statements	Capital Structure = Cost of debt / cost of equity [24]	Economic indicators: • Government tax: tax and fees payed to the government • Diversification: diversification of production given by the number and relative importance of products and services sold business diversification is measured by [35] the number of production lines • Training courses: the availability of training courses, 1 for the availability, 0 if no training courses introduced • Women Employment existence, existence of employment = 1, unemployment = 0	(Net Income/Average Shareholders' Equity) * 100	Natural Logarithm of total assets [29]	No of years since incorporation [36]

7 Results and Findings

7.1 Correlation and Multicollinearity Analysis, Palestinian Firms

The correlation matrix indicates that any value in the matrix not exceeds 80% between the independent, so there is no probability of multicollinearity effects signs between the independent variables. The values mostly indicate that a positive correlation between the accounting income and annual tax, training course, women's existence, and ROE. Whereas negative correlation with lines of production. The results also indicate that a negative correlation between capital structure and annual tax, training course, women's existence. Whereas positive correlation with lines of production and ROE (Table 3).

7.2 Correlation and Multicollinearity Analysis, Jordanian Firms:

The correlation matrix indicates that any value in the matrix not exceeds 80% between the independent, so there is no probability of multicollinearity effects signs between the independent variables, also the result supports the regression results that all VIF less than 5. The values mostly indicate that a positive correlation between the accounting income and annual tax, women's existence, production lines, and ROE. The results also indicate that a negative correlation between capital structure and annual tax, line of production, and ROE. Whereas positive correlation with women existence. Correlation of training courses was not performed as the variable is constant (Table 4).

7.3 Economic Sustainability

The economic sustainability with its four measured components tested against the impact of the accounting income and the capital structure.

- **Government Spending (Tax and Fees)**: for the Palestinian firm's net income and the capital structure have a significant impact, positive for net income and negative for the capital structure. 0.394 of coefficient of determination which means that 39.4% of the variation of the Government Spending (Tax & Fees) due to the independent and control variables. For the Jordanian firm's net income only with a significant positive impact, positive for net income and negative for the capital structure. 0.868 of coefficient of determination which means that 86.8% of the

Table 3 Palestinians firms, correlation matrix

		Government tax	Capital structure	Net income	Training courses	Women's existence	Line of production	ROE	Firm size	Age of company
Government tax	Correlation	1	− 0.344**							
	Sig		0.002							
Capital structure	Correlation	− 0.344**	1							
	Sig	0.002								
Net income	Correlation	0.510**	− 0.263*	1						
	Sig	0.000	0.021							
Training courses	Correlation	0.245*	− 0.021	0.217	1					
	Sig	0.032	0.858	0.058						
Women's existence	Correlation	0.245*	− 0.021	0.217	1.000**	1				
	Sig	0.032	0.858	0.058	0.000					
Line of production	Correlation	0.114	− 0.302**	− 0.112	0.140	0.140	1			
	Sig	0.325	0.008	0.331	0.225	0.225				
ROE	Correlation	0.139	− 0.241*	0.664**	− 0.146	− 0.146	0.215	1		
	Sig	0.228	0.034	0.000	0.206	0.206	0.060			
Firm size	Correlation	0.469**	0.041	0.518**	0.774**	0.774**	− 0.216	− 0.099	1	0.582**
	Sig	0.000	0.724	0.000	0.000	0.000	0.059	0.390		0.000
Age of company	Correlation	0.302**	− 0.107	0.331**	0.364**	0.364**	− 0.141	− 0.019	0.582**	1
	Sig	0.008	0.353	0.003	0.001	0.001	0.221	0.868	0.000	

**Correlation is significant at the 0.01 level (2-tailed)

*Correlation is significant at the 0.05 level (2-tailed)

Table 4 Jordanian firms, correlation matrix

		Net income	Capital structure	Government tax	Line of production	Training courses	Women's existence	ROE	Firm size	Age of company
Net income	Correlation	1								
	Sig									
Capital structure	Correlation	− 0.017	1							
	Sig	0.802								
Government tax	Correlation	0.919**	− 0.010	1						
	Sig	0.000	0.883							
Line of production	Correlation	0.027	− 0.029	0.000	1					
	Sig	0.687	0.664	0.996						
Training courses	Correlation	0[a]	0[a]	0[a]	0[a]	0[a]				
	Sig									
Women's existence	Correlation	0.069	0.040	0.041	0.165*	0[b]	1			
	Sig	0.294	0.550	0.537	0.012					
ROE	Correlation	0.400**	− 0.038	0.353**	0.155*	0[b]	0.111	1		
	Sig	0.000	0.563	0.000	0.019		0.093			
Firm size	Correlation	0.414**	0.047	0.262**	0.194**	0[b]	0.426**	0.186**	1	
	Sig	0.000	0.478	0.000	0.003		0.000	0.005		
Age of company	Correlation	0.277**	− 0.034	0.182**	− 0.235**	0[b]	− 0.134*	0.133*	0.095	1
	Sig	0.000	0.603	0.006	0.000		0.041	0.043	0.150	

**Correlation is significant at the 0.01 level (2-tailed)

*Correlation is significant at the 0.05 level (2-tailed)

[a]Cannot be computed because at least one of the variables is constant

variation of the Government Spending (Tax & Fees) due to the independent and control variables which is higher of the Palestinian firm's model.

- **Line of production**: for the Palestinian the capital structure with negative significant impact. 0.149 of coefficient of determination which means that 14.9% of the variation of the line of production due to the independent and control variables. For the Jordanian firms none of the independent variable have significant positive or negative impact. 0.104 of coefficient of determination which means that 10.4% of the variation of the line of production due to the independent and control variables which is less of the Palestinian firm's model

Training courses: for the Palestinian firms both of the net income and the capital structure have a significant negative impact. 0.677 of coefficient of determination which means that 67.7% of the variation of the training courses due to the independent and control variables. For the Jordanian firms the model will not performed because the variable (Training courses is constant).

Women existence: for the Palestinian firms both of the net income and the capital structure have a significant negative impact. 0.677 of coefficient of determination which means that 67.7% of the variation of the training courses due to the independent and control variables. For the Jordanian both of the net income and the capital structure have no significant impact. 0.218 of coefficient of determination which means that 21.8% of the variation of the training courses due to the independent and control variables which is less the Palestinian firms (Table 5).

7.4 Financial Sustainability

The financial sustainability measured by ROE tested against the impact of the accounting income and the capital structure. For both the Palestinian and the Jordanian firms, the net income has a positive significant impact on the financial sustainability measured by ROE. This because that the net income of one of the determinant of the ROE (Table 6).

8 Conclusions

For the Palestinian firms, the significant impact of the net income on the economic sustainability elements was positive for government spending, and negative for training courses and women existence, the high correlation between net income and the tax amounts is the cause of the positive impact. Whereas the capital structure has a significant negative impact on all the economic sustainability elements which is due to the amount of debts to equity in the capital structure.

Table 5 The impact on the economic sustainability

Coefficients—dependent variable: government spending (tax and fees)									
Model		Palestine				Jordan			
		B Coefficient	Sig	R square	VIF	B Coefficient	Sig	R square	VIF
1	(Constant)	− 1,340,547	0.011	0.394		29,297,543	0.000	0.868	
	Net income	0.019	0.031		1.536	0.291	0.000		1.297
	Capital structure	− 334,873	0.004		1.155	19,669	0.654		1.005
	Firm size	98,045	0.006		1.980	− 1,616,461	0.000		1.211
	Age of company	− 593	0.813		1.554	− 80,768	0.001		1.085
Coefficients—dependent variable: line of production									
Model		Palestine				Jordan			
		B Coefficient	Sig	R square	VIF	B Coefficient	Sig	R square	VIF
1	(Constant)	73.231	0.226	0.149		− 8.050	0.121	0.104	
	Net income	− 9.802E-7	0.338		1.536	8.506E-10	0.916		1.297
	Capital structure	− 37.892	0.005		1.155	− 0.033	0.450		1.005
	Firm size	− 2.237	0.577		1.980	0.935	0.002		1.211
	Age of company	− 0.181	0.534		1.554	− 0.099	0.000		1.085
Coefficients—dependent variable: training courses									
Model		Palestine				Jordan			
		B Coefficient	Sig	R square	VIF	B Coefficient	Sig	R square	VIF
1	(Constant)	− 2.774	0.000	0.677		N/A as the variable is constant			
	Net income	− 1.995E-8	0.000		1.536				
	Capital structure	− 0.152	0.030		1.155				
	Firm size	0.231	0.000		1.980				
	Age of company	− 0.003	0.078		1.554				

(continued)

Table 5 (continued)

Coefficients—dependent variable: government spending (tax and fees)									
Coefficients—dependent variable: women existence									
Model		Palestine				Jordan			
		B Coefficient	Sig	R square	VIF	B Coefficient	Sig	R square	VIF
1	(Constant)	− 2.774	0.000	0.677		− 1.024	0.000	0.218	
	Net income	− 1.995E-8	0.000		1.536	− 5.373E-10	0.211		1.297
	Capital structure	− 0.152	0.030		1.155	0.000	0.859		1.005
	Firm size	0.231	0.000		1.980	0.117	0.000		1.211
	Age of company	− 0.003	0.078		1.554	− 0.003	0.012		1.085

Table 6 The impact on the financial sustainability

Coefficients—dependent variable: ROE									
Model		Palestine				Jordan			
		B Coefficient	Sig	R square	VIF	B Coefficient	Sig	R square	VIF
2	(Constant)	0.917	0.000	0.712		0.018	0.811	0.162	
	Net income	2.401E-8	0.000		1.536	6.578E-10	0.000		1.297
	Capital structure	0.017	0.474		1.155	0.000	0.597		1.005
	Firm size	− 0.053	0.000		1.980	0.002	0.688		1.211
	Age of company	0.000	0.772		1.554	0.000	0.707		1.085

For the Jordanian firms, only positive significant impact of the net income on the economic sustainability of the government spending, and negative for training courses and women existence, the high correlation between net income and the tax amounts is the cause of the positive impact. Whereas the capital structure has no significant negative impact on all the economic sustainability elements which is due to the amount of debts to equity in the capital structure.

So, in both cases the net income is the determinant of the economic sustainability of the firms, highly correlated with the governmental tax amounts.

Accordingly, in both of the economic and financial sustainability be determined by the impact of the net income as the profitable firms will pay a lot for tax, internal development for its production lines, and develop its training courses to enhance its employee's skills for both men and women.

9 Recommendations

- Analyzing the relationship between economic expansion and sustainability. Indices of consumption, unemployment, and gross domestic product can be used for future research.
- Assessing the cost of sustainability: The objective of this study may be to ascertain the total cost of implementing sustainable practices in the economy or in specific industries. Examples of the kinds of analyses that could be included in the assessment include a cost analysis of switching to renewable energy sources, a cost analysis of recycling and waste management, and an analysis of the projected financial rewards from long-term sustainability.
- Evaluating the financial returns from sustainable investments: Analyzing the financial returns from sustainable investments in companies and projects. Two instances of analysis include comparing the financial returns of sustainable investments with those of conventional investments and evaluating the performance of sustainable businesses relative to non-sustainable firms.

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