



Exploring the Role of Transformation-Oriented Behavioral Accounting in Business Sustainability: A Qualitative Research

Nadia Dakhil Enad  

Department of Business Administration,
College of Administration and Economics,
University of Baghdad, Iraq.

Received: 14/10/2025

Accepted: 22/11/2025

Published: 1/12/2025



© 2025 The authors(s). This is an open-access article under the CC BY NC 4.0 license
(<https://creativecommons.org/licenses/by-nc/4.0/>).

Abstract:

Behavioral accounting is an interdisciplinary approach that substantially contributes to financial decision-making by providing analysis of behaviors and guides managers throughout the risks to help organizations achieve their goals. This study examines the impact of transformation-oriented behavioral accounting on business sustainability within Baghdad's State Company for Textile and Leather. The study employed a qualitative approach and an interpretative phenomenological method. The statistical population consisted of the managers of the Baghdad Textile and Leather Company. From this population, 14 individuals with their knowledge of accounting and behaviorism were selected through purposive sampling. Sampling continued until data saturation was reached. The data were collected using semi-structured in-depth interviews. The interview analysis yielded one main theme: transforming the financial decision-making model into a sustainability model through behavioral accounting. This theme was further elaborated upon in nine sub-themes, including: the necessity of transitioning to sustainability in the face of competitive market challenges; facilitating sustainable transformation; the impact of organizational culture; behavioral accounting, financial responsibility, and management; improving sustainability reporting; enhancing strategic decision-making for sustainability; improving stakeholder engagement in sustainability; improving environmental performance; and improving social performance. Identifying these themes not only increases insight and awareness regarding behavioral accounting geared towards transformation and sustainability but also demonstrates that behavioral accounting is a dual-track approach with positive implications for both the behavioral and accounting dimensions of a company. It can offer potential benefits to Baghdad Textile and Leather Company. Key research recommendations include establishing a system for evaluating employee behavioral and financial performance in collaboration with specialized consulting firms and providing rewards and benefits to employees actively participating in sustainability initiatives.

Keywords: Behavioral accounting, organizational transformation, business sustainability, sustainable development, the Baghdad Textile and Leather Company.

- An applied study in the General Company for Textile and Leather Industries.

1. Introduction:

The rapid pace of change in the modern world has led organizations to implement strategies that facilitate transformations (Hutter et al., 2025). Increasing changes in both internal and external environments have created serious challenges ahead for organizations (Tinjan, 2025). These rapid changes have led organizations into constant transformation and innovation (Norling, 2025). Dynamicity and transformations in the modern world have their roots in organizations' move towards modernization and sustainability (Ringo & Kibambila, 2025). Sustainability is the main issue of organizations in the 21st century (Mwesigwa et al., 2025). It is a main factor of long-term organizational success (Mayanja et al., 2025) (Mobard S. & Abdulraheem S., 2024).

Disregarding the notion of business sustainability may bring about challenges that may mark the decline of an organization (Affran et al., 2024). Any hesitation or refusal to adhere to the requirements of sustainability in an organization is likely to produce negative feedback and deteriorate performance (Nunes et al., 2022). Business sustainability is a relatively new concept that has recently come into the center of attention among various organizations (Landoni & Trabucchi, 2024). This is why it has extended in the last decade beyond a mere focus on corporate social responsibility based on social reputation (Medina-Álvarez & Sánchez-Medina, 2023) and environmentalism to become a strategic requirement for sustainable economic and non-economic performance (Kurki & Järvenpää, 2024; Jamil & Farhod, 2025). Achieving business sustainability paves the way for economic, social, and environmental growth as well as development.

In today's business world, any organization that can achieve sustainability may have performance that is in accordance with environmental standards and pro-environmental actions (Sharma et al., 2021). This, in turn, can provide economic and financial sustainability in the market, which is a major factor in the growth of the organization's financial resources (Roxas & Chadee, 2012). On the other hand, sustainability achieved through organizational actions and social responsibility can result in empathetic and responsible performance towards the community and society (Affran et al., 2024), which presents a favorable image of the organization in the minds of people (Cerme & Elg, 2023). This is the reason why managers seek to integrate the principles of sustainable development into their organization's policies and actions (Aldhaen & Braendle, 2025). However, achieving the organization's desirable level of sustainability in an ever-changing environment requires attention to the employees and their successful performance which is a key factor (Wolniak et al., 2023). Therefore, an integration of sustainability into action guarantees that companies cannot focus only on persistence but also on their responsibility towards community, stakeholders, and environment to provide sustainable growth (Dayana & Budiasih, 2024).

Behavioral accounting is a modern concept that acts as a source of power that propels the organization towards success and competitive advantage and provides high performance (Camilli et al., 2024). Hence, an organization could examine the organizational culture throughout the process of organizational transformation by considering the psychological aspects of the employees' behavior as well as their attitudes and incentives (Burghardt & Möller, 2023). In addition to improving the psychological factors of personal behavior and organizational culture (Kutluk, 2017), behavioral accounting paves the way for effective transformations in organizational transparency (Egiyi & Ogbodo, 2023) and contributes to efficient allocation of resources as well as organizational sustainability (Choo & Tan, 2006).

Therefore, behavioral accounting is a key factor in an organization that specifies a sustainable path by taking into account the human behavioral aspects of the employees in the process of organizational transformation (Guffey, 2016), as well as their interpretation of financial and accounting information. The integration of cognitive and behavioral factors in the organization and the way financial information is interpreted and utilized in line with organizational transformations sets the foundation for effective, sustainable decisions in the organization (Coşkun & Karakoç, 2020).

Furthermore, organizational decisions could be guided towards sustainability through proper interaction and communication in financial data (Seymore et al., 2022). Therefore, an organization adopting a sustainable business approach and creating long-term financial, social, and environmental value (Diana & Boudiasseh, 2024) may decide to adopt behavioral accounting to facilitate technology integration and resource optimization.

The research problem lies in the fact that sustainability and transformation decisions are accompanied by financial decisions influenced by the behavior of accountants, especially during times when the company faces cash flow challenges and the requirements of transitioning to sustainability. Thus, this qualitative study aims to examine the impact of behavioral accounting based on transformation to achieve business sustainability at the General Company for Textile and Leather Industries in Baghdad.

2. Literature Review and Research Questions:

2.1.1. Business Sustainability:

Business sustainability refers to an organization's measures that are aimed at the effective use of resources without exhausting them for future generations and that are motivated by the organization's social responsibility and concerns (Jaiyeoba et al., 2025). This notion has received a great deal of attention among policy-makers, legislators, investors, and businesses and is usually regarded as the process of focusing on the achievement of the five sustainable functions, namely, economic, corporate governance, social, ethical, and environmental functions (Ringo & Kibambila, 2025). Business sustainability represents an image of value creation for the company along with attention to community and environment (Çera & Ndou, 2024). In fact, it refers to the minimization of the negative impact of an organization and its undesirable performance (Enquist & Sebhatu, 2023). Today, organizations are facing increasing scrutiny and intense pressure from legislators, regulatory bodies, the investment community, and their stakeholders to focus on their financial, corporate governance, social, ethical, and environmental performance (Svensson & Wagner, 2012). They are striving to achieve an optimal level of sustainability in their current financial and economic position that also benefits society and the environment (Abdou & Ammar, 2025) ;(Rahal & Adel Hamid, 2025). Sustainability guides the organization towards maintaining its activities and programs, fulfilling its long-term commitments regarding accurate financial reporting, and increasing profitability via efficiency and innovation (Jermstipparsert, 2020). It also creates the foundation for responsible actions towards the environment (Simões-Coelho et al., 2024) and leads the organization towards better relationships with stakeholders, respect for human rights, implementation of social justice, and corporate social responsibility (Affran et al., 2024).

2.1.2. Organizational Transformation:

Organizational transformation is an approach to development that was proposed in the late 1950s (Muthusamy, 2019). It is based on the insights achieved from dynamic group changes in practical schemes related to planned changes (vom Brocke et al., 2021). Organizational transformation has evolved both in theory and practice and is capable of resolving a large part of human-related issues in the organization (Gallego G.C. & Calderon-Hernandez, 2023). Organizational transformation revolves around the structures of organizations and the individuals within them, as well as how they function in the context of a planned change that leads to the formation of individuals, groups, and organizations for better performance (Soomro & Khan, 2025; Sahar & Nasouri, 2014). It aims for a broad transformation in structure, culture, processes, and strategies with the goal of achieving competitive advantage and effective performance (Schönherr et al., 2023). Transformation has been a recurrent topic from the late 1990s onwards (Canterino et al., 2018). Unplanned changes occur independently or randomly, with the agents of change being aware of them (Smit, 2021). Such changes can be fragile, like a strike that interrupts a manufacturing unit (Albannai et al., 2024), or beneficial, like a conflict between two individuals that results in the establishment of a new procedure to ensure the smooth flow of work between two departments (Goraya et al., 2024). The appropriate aim in coping with planned changes is

that the management should immediately intervene to minimize the negative consequences and maximize probable advantages (Romero, 2025).

2.1.3. Behavioral Accounting:

Behavioral accounting is a branch of accounting that studies the effect of human behavior (Camilli et al., 2024) on accounting processes and financial decision-making (Choo & Tan, 2006). It makes extensive use of various areas of behavioral science, such as behavioral economics, sociology, and psychology, to better understand managers' decision-making in accounting settings (Alshurafat et al., 2025). In fact, behavioral accounting may assist to indicate that psychological, social, and cultural aspects can affect the collecting, processing, interpreting, and using of accounting information (Chauhan et al., 2024). Thus, it can contribute to the optimization of the design of accounting systems, financial reporting, and decision-making processes (Guffey, 2016). It also provides useful information regarding the cost and value of human resources (Coşkun & Karakoç, 2020), which is of great importance in the planning of human resources, as well as information that contributes to the implementation of staff policies (Seymore et al., 2022). Moreover, it assists to discover emotional and cognitive biases that may affect decision-making, thereby leading to proper and efficient use of human resources in the organization (Schneider & Kugel, 2023). Another advantage of behavioral accounting which should not be neglected in organizations is its important role in the optimal design of accounting systems (Dayana & Budiasih, 2024), the optimization of financial reports by means of professional interpretation of accounting information (Sisaye & Birnberg, 2025), and the increased effectiveness of the assessment of employee performance (Garcia-Torea et al., 2023).

2.2 Theoretical Background of Behavioral Accounting:

The term behavioral accounting was first put forward in 1967 (Choo & Tan, 2006). Since then, there has been growing research into this area in the accounting literature (Camilli et al., 2024). Behavioral accounting is a branch of accounting that draws upon human behavior (Chauhan et al., 2024). It focuses on an individual's attitude and behavior when they face an accounting phenomenon (Schneider & Kugel, 2023; Seymore et al., 2022). More broadly, this can be indicative of the behavior that people express during any act of decision-making (Guffey, 2016). Some of the main topics discussed in the literature on behavioral accounting include human behavior for information processing (Garcia-Torea et al., 2023), investors' attention limits (Coşkun & Karakoç, 2020), the quality of judgment (Sutton, 2010), the effect of environment on decisions (Schneider & Kugel, 2023), the styles of the assessment of employee performance (Schiff & A. Y. Lewin., 1974), challenges of accounting from information providers (McEwen & Welsh, n.d.), users' decision-making skills (Hunton, n.d.), and the producers of accounting information that should be considered by managers (Haiza M.Z.N. & Hoque, 2010). Behavioral accounting indeed integrates human behavior and accounting (Caniago et al., 2023). Behavioral science is part of social science, whereas behavioral accounting is part of the science of accounting. Both of them, however, utilize the principles of psychology and sociology to assess and solve problems (Birnberg et al., 2006). The traditional paradigms of accounting have evolved over the years to cover behavioral issues and verify the pivotal role of human behavior in the formation of various accounting methods (Camilli et al., 2024). Behavioral accounting is an interdisciplinary field that integrates psychology, sociology, and economics into the principles of accounting and marks a significant departure from conventional accounting theories (Bobek et al., 2015; Al-Janabi & Al-Haidari, 2022).

The inclusion of behavioral insights has enriched traditional theories and shed light on the effect of individual and organizational behavior on accounting phenomena such as financial reports (Bamberg & Möser, 2007), auditing quality, and managerial accounting processes (Colville, 1981). Consequently, this interdisciplinary approach has not only expanded the theoretical foundations of accounting but has also improved its practical implications in various business environments (Sisaye & Birnberg, 2025). The emergence of behavioral accounting research during the classical and neoclassical economic crises can be attributed to its ability to bridge the

gap between traditional accounting theories and real-world practices by acknowledging the limitations and cognitive biases that are inherent in decision-making (Ben Nefissa & Jilani, 2022). Over the course of time, researchers have enriched this field by including other aspects of human behavior, such as expert feelings (Farkhani & Hoshyar, 2018). Overall, the findings from empirical research into human behavior have helped to combine the accounting procedures and the technologies that support researchers and practitioners in the field of accounting (Camilli et al., 2024). This theory proposes planned behavior as a valuable tool in the sustainability discourse.

Sisaye & Birnberg, (2025) conclude that sustainability accounting provides the foundation for sustainable development. Alongside the development of criteria that associate environmental and social performance with measurable and assessable economic indicators, sustainability accounting expands the resource-based view of the company to include both financial and environmental performance. Jankalová & Jankal, 2024 admit that accounting and sustainability are correlated, so that reporting, sustainable development, and responsibility are indicative of the importance of the accounting profession in improving sustainability and ameliorating responsible methods. Rismawati & Hamid, (2024) studied the relationship of state policies, academic support, and sustainable green economy in mineral areas using behavioral accounting. Their findings suggest that effective state policies based on behavioral accounting could significantly enhance sustainable methods in the mining sector. Communication between organizations and the use of behavioral accounting facilitate sustainable development. Farkhani & Hoshyar, (2018) discuss how accountants' attitudes, subjective norms, and perceived behavioral control regarding accountability could determine a company's sustainability performance by using accounting information. Behavioral accounting has a significant role in improving sustainable development. In this context, the importance of behavioral accounting in a culture of accountability is evident, and its usefulness in achieving business objectives is undeniable. Finally, behavioral accounting plays an important role as a strategic instrument for preparing and implementing business strategies to develop sustainability. Garcia-Torea et al., (2023) state that behavioral accounting is a key factor in promoting organizational transformations towards more sustainable practices, with its potential and impacts extending beyond the accounting environment to potentially influence social and environmental accounting as well as the sustainability path of the organization. Nakpodia et al., (2024) demonstrated that both accounting practices and public financial management may positively influence human development and environmental sustainability, particularly concerning sustainable development goals. Managers should prioritize the improvement of accounting practices and public financial management to achieve sustainable development goals, thereby reaching effective strategies and sustainable development by examining and evaluating behaviors before and after critical conditions. According to Dayana & Budiasih, (2024), behavioral accounting contributes to organizational sustainability by increasing transparency in accounting information, which minimizes the risk of budget misuse and ensures efficient resource allocation. Their study supports behavioral accounting as a foundation for shaping organizational culture. Chen et al., (2020) point out that environmental accounting is a corporate practice aimed at calculating the environmental costs of business operations.

It is strongly affected by the attitude adopted towards environmental accounting practices, subjective norms, and perceived behavioral control. Moreover, perceived behavioral control is affected by perceived costs and complexity, perceived regulatory pressure, and the organization's environmental orientation.

Based on the above, we can formulate the main research question as follows: What is the impact of behavioral accounting on companies' transformation towards sustainability? And the two sub-questions are:

- 1- How can behavioral accounting "transform companies" towards "sustainability"?
- 2- What challenges facing "companies' transformation" towards "sustainability" can be explained and resolved from a "behavioral accounting" perspective? and the philosophical premise of the research is: "Behavioral accounting accelerates and promotes the transformation of companies towards sustainability by modifying the cognitive biases of managers, thus facilitating the integration of a long-term sustainability perspective into accounting and decision-making mechanisms."

3. Research Methodology:

The present research is an applied study which was conducted in the qualitative framework using interpretative phenomenology. Interpretative phenomenology is a type of existential phenomenology or Heideggerian phenomenology that focuses on the participants' unique understanding of existence. An interpretative phenomenological study investigates the individual's perception of social contexts. These contexts can have different meanings and values for different individuals, which can only be accessed by interpreting the individual's perspective. The General Company for Textile and Leather Industries was established following Cabinet approval of the merger of the General Company for Cotton Industries, the General Company for Handwoven Carpets, and the General Company for Textile Industries. It operates 11 factories in Iraq.

This company has proven to be a successful and high-performing enterprise in the textile and leather sector, striving for growth and sustainability through effective organizational transformation strategies. The statistical population consisted of managers from the Baghdad Textile and Leather Company, 14 of whom were carefully selected based on their expertise in accounting and sustainable development. These 14 employees were interviewed, and after repeating the profiles and without adding new ideas or interpretations, data saturation was reached with these 14 individuals. The research data were collected using semi-structured in-depth interviews. The relevant interview questions were drawn from both theoretical and empirical backgrounds. Each interview has begun with general questions. As the interview progressed, follow-up and exploratory questions were discussed. The questions were divided into two sections: demographic and behavioral accounting and sustainable development questions. The research process was as follows. After preparing the interview questions based on previous studies, the data was collected over a span of two months using interviews conducted by the researcher. Each interview had an average duration of 30 minutes. Since the participants did not consent to record the interviews, the researcher took notes. Ultimately, the notes were destroyed after the analysis. To validate the data, four criteria were used: credibility and acceptability, dependability, confirmability, and transferability. To ensure the credibility and acceptability of the data, the interview text was given in written form to the participants beforehand, and changes were made if necessary. Efforts were made to avoid the influence of researchers' presuppositions in the analysis and interpretation process in order to ensure research confirmability. Furthermore, data collection and analysis were conducted under the supervision of several experts to increase the reliability of the results. The collected data were analyzed using interpretative phenomenological analysis.

For this purpose, the interviews were first transcribed. The researcher then repeatedly studied these texts to gain a precise insight into the contents of the texts. In the next stage, an interpretative summary was written for each interview, and efforts were made to uncover their latent meanings. It should be noted that each interview was analyzed independently. As the interviews continued, the extracted themes became clearer, more comprehensive, and sometimes consolidated into previous themes. When there was a need to resolve contradictions in interpretation and clarify the themes, the researcher referred back to the text of the interview.

This was done frequently to establish a better connection between the phenomenological interpretations and the themes. After extracting, coding, and categorizing the information, related and common themes were combined into sub-themes and ultimately into the main theme, while unrelated themes were eliminated.

4.Results:

Demographic description

The demographic description of the participants is presented on the table (1).

Table 1: Demographic description of the participants from the State Company for Textile and Leather

ID	Position	Years of service	Education	Marital status	Age	Gender
1	Accounting manager	24	BSc in accounting	Married	45	Female
2	Manager assistant	23	BSc in accounting	Married	45	Female
3	Manager assistant	23	High-school diploma in management	Married	45	Male
4	Assistant of senior engineer	26	Mechanical engineering	Married	50	Male
5	Senior engineer	26	Chemical engineer	Married	49	Female
6	Accounting manager	35	BSc in accounting	Married	75	Female
7	Senior engineer	25	Electrical engineering	Married	48	Female
8	Accounting manager	26	BSc in finance	Married	57	Female
9	Senior manager	37	BSc in management	Married	50	Female
10	Senior manager	35	BSc in management	Married	55	Male
11	Assistant of senior engineer	32	Mechanical engineering	Married	55	Male
12	Accounting manager	22	BSc in accounting	Single	48	Male
13	Physics department manager	24	BSc in physics	Married	55	Male
14	Manager assistant	14	MSc in management	Single	38	Female

Source: Prepared by the researcher.

The theme and sub-themes obtained after the analysis of the interviews are listed in the following table.

Table 2: The obtained research themes.

Main theme	Sub-themes	Frequency
Shifting the financial decision-making paradigm to the paradigm of sustainability via behavioral accounting	The necessity of transformation to sustainability in the face of competitive market challenges	11
	The facilitation of sustainable transformation	12
	The influence of organizational culture	6
	Behavioral accounting and financial responsibility and management	9
	The optimization of sustainability reporting	8
	The optimization of strategic decision-making for sustainability	9
	The optimization of stakeholders' participation in sustainability	10
	The optimization of environmental performance	11
	The improvement of social performance	10

Source: Prepared by the researcher.

5. Discussion of Results:

The main theme: Shifting the financial decision-making paradigm to the paradigm of sustainability via behavioral accounting. The interviews indicate that financial decisions can be shifted towards sustainability by means of behavioral accounting. This sub-theme was mentioned frequently in the interviews. Given the longstanding commitment of the Baghdad Textile and Leather Company to sustainability, it requires the implementation of a behavioral accounting strategy to achieve the above-mentioned goals regarding sustainability. The reason is that behavioral accounting transforms organizational culture by examining the individual's behavior, attitude, and psychological emotions. Therefore, risk management, reporting, and financial resource allocation with the aim of improving economic, social, and environmental performance become possible as part of a long-term sustainability plan. The interviewees agreed that it would be a big challenge to shift the paradigm of financial decision-making towards sustainability via behavioral accounting. In today's world, it is not plausible to adopt traditional approaches to financial decision-making. Environmental, social, and governance-related issues are gaining importance. Baghdad's Textile and Leather Company is no exception and should keep an eye on sustainability in its strategies and actions. Additionally, participants believed that behavioral accounting helps the company understand how cognitive biases, emotions, social norms, and motivations can affect the way financial information is collected, processed, and interpreted, ultimately influencing financial decisions related to sustainability. By committing to this approach and using behavioral accounting methods, the Baghdad Textile and Leather Company can become a more sustainable and responsible organization and contribute to creating a better future for all.

Sub-themes:

This section discusses the sub-themes along with their components and finalized concepts.

- The necessity of transformation to sustainability in the face of competitive market challenges

The interviewees provided detailed explanations concerning the market conditions and the competitive challenges ahead for their company. Strong competition in Iraq's market and quick reactions to its attendant changes have compelled the company to develop fundamental and practical plans within financial and behavioral fields to assess and manage financial decisions and actions as efficiently as possible. In the face of fierce market competition, the Baghdad Textile and Leather Company is in need of transformation towards sustainability. This transformation is necessary not only for survival but also for competitive advantage.

This is explained by the participants' belief that, in modern business environments, sustainability can be a key factor in creating competitive differentiation for their company. Instead of focusing on short-term benefits, the company should move towards sustainable behavioral accounting and integrate its economic, social, and environmental aspects into its long-term plans.

- **The facilitation of sustainable transformation:**

One of the identified sub-themes in the interviews is that behavioral accounting helps to improve the quality of decisions by clarifying the impact of psychological factors on financial decision-making. In a dynamic and competitive environment, the textile company must respond comprehensively to the conditions with the help of the provided practical tools and align itself with developments. Therefore, behavioral accounting can serve as an important tool in the Baghdad Textile and Leather Company to analyze human behavior in financial processes, thereby guiding organizational decisions towards sustainable goals and smoothing the path of transformation in a competitive environment. Identifying cognitive biases and their impact on financial choices leads to an accurate picture of the company's plans and measures during periods of transformation. Participants stated that preserving resources in the path of competition and achieving goals is one of the strategies that must be seriously considered.

- **The influence of organizational culture:**

Another theme in the interviews is the importance of culture within the company and among its members. The presence of culture in the path towards transformation and sustainability compels the company to use behavioral accounting. Organizational culture plays a major role in the acceptance of behavioral accounting and the transition towards sustainability. A culture based on participation, transparency, and accountability allows the Textile and Leather Company to make better use of behavioral accounting to achieve sustainable goals. A culture of training employees and motivating them to participate in sustainable decision-making requires institutionalized organizational mechanisms within the company, which facilitate the collaboration of others to ensure the effective implementation of behavioral accounting.

- **Behavioral accounting, financial responsibility, and management:**

Another important theme identified was financial management and responsibility, which highlight the role of methods such as sustainability-related risks and financial resource management. Financial responsibility was frequently mentioned in the interviews. The interviewees emphasized the importance of financial management and its effect on transformation and sustainability, stating that it can be effectively managed via behavioral accounting. Behavioral accounting can greatly assist the Textile and Leather Company in assessing environmental, social, and economic risks and in developing appropriate budget strategies to mitigate those risks. This is beneficial in analyzing stakeholders' behavior and its impact on organizational risks or in evaluating the costs and benefits of sustainable projects for the efficient allocation of financial resources within the company. It also makes it possible to analyze the financial behaviors of employees and stakeholders.

- **The optimization of sustainability reporting:**

Another theme is the improvement of sustainability reporting in the company. Behavioral accounting assists the organization to provide more accurate and transparent sustainability reports. The Baghdad Textile and Leather Company can collect and analyze sustainability-related data more precisely by using behavioral accounting. The reports facilitate the evaluation of the organization's sustainability performance. Access to the company's sustainability reports helps managers to conduct a more precise assessment of the situation and enables them to make sound financial and accounting decisions through behavioral reviews.

- **The optimization of strategic decision-making for sustainability:**

Another theme mentioned in the interviews is that the company moves towards strategic decision-making for sustainability through behavioral accounting and can assess the impact of its decisions on various dimensions of sustainability, developing appropriate strategies to achieve sustainable goals. Behavioral accounting could guide the Baghdad Textile and Leather Company towards more precise behavioral strategies.

- **The optimization of stakeholders' participation in sustainability:**

Another sub-theme identified in the interviews is the improvement of stakeholders' participation in sustainability. The Baghdad Textile and Leather Company enhances stakeholders' involvement in sustainability processes with the help of behavioral accounting. By identifying biases, behavioral accounting can assist managers in producing sustainability reports in a way that minimizes the effects of stakeholders' biases and fosters a correct understanding of the organization's sustainability performance among stakeholders. Behavioral accounting in the company helps to analyze and assess the behavior of individuals and stakeholders to develop appropriate strategies for attracting their interest and participation. The company analyzes individual behaviors through behavioral accounting and aims to increase motivation for collaboration in the sustainability process by creating sustainability reports that are appealing, understandable, and relevant to stakeholders. By understanding the personality and behavior that influence stakeholders' financial decisions, the subsequent actions of these stakeholders can be optimally anticipated and used in the pursuit of sustainability and positive transformations.

- **The optimization of environmental performance:**

It was highlighted in the interviews that environmental performance is highly significant for the Baghdad Textile and Leather Company, and that behavioral accounting plays a crucial role in ensuring its proper implementation. With the help of behavioral accounting, managers can better manage challenges by gaining new insights into how behavioral factors influence environmental decisions. By examining behavioral biases in environmental assessment and reporting, behavioral accounting assists managers in collecting and presenting more accurate and reliable information. Additionally, other actions related to behavioral accounting mentioned by the interviewees include managing environmental risks, identifying risky behaviors, promoting sustainable practices in production and raw materials, fostering a safety culture, and evaluating environmental costs and benefits, all of which demonstrate the role of behavioral accounting in the environmental initiatives of the Baghdad Textile and Leather Company.

The improvement of social performance:

One of the important themes regarding sustainability and its relationship with society is the social responsibility of the Baghdad Textile and Leather Company. Given the significance of this responsibility in the eyes of customers as well as the organization's attitude to assist individuals and the community, the use of behavioral accounting is considered an effective initiative. The company can analyze its activities and their impact on society with the assistance of behavioral accounting, taking socially-oriented strategies towards sustainable transformation. The important role of behavioral accounting in analyzing and evaluating behaviors and activities in relation to financial and social decisions may play a significant role in corporate social responsibility and sustainability. Therefore, the application of this practical approach is deemed effective and is endorsed for improving the performance and social responsibility of the Baghdad Textile and Leather company.

The model developed based on the phenomenological analysis of the interviews is depicted in Figure 1.

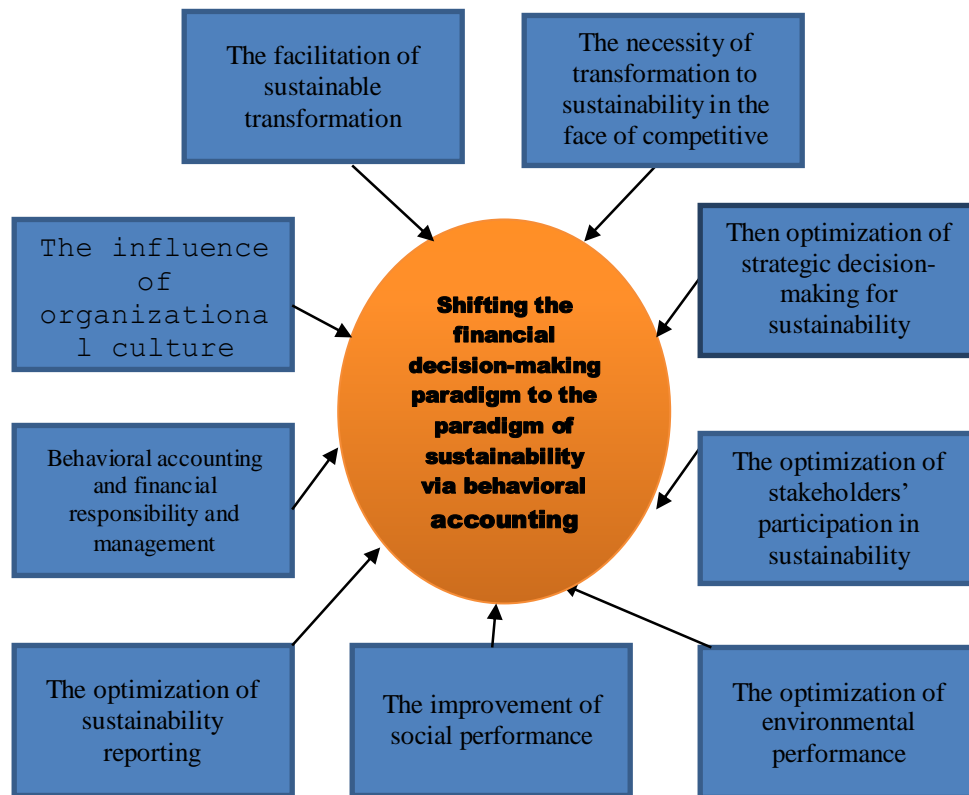


Figure 1: The qualitative model developed based on the interviews

Source: Prepared by the researcher.

6. Conclusion:

The results obtained from observations, analyses, and interviews suggest that behavioral accounting acts as a key factor in the movement of the Baghdad Textile and Leather Company towards sustainable development. Transformation-oriented behavioral accounting serves as a measure to examine the behavior of managers, employees, and stakeholders in the Baghdad textile and leather company to obtain the best outcomes in financial and accounting decisions. In fact, based on the analysis of the opinions of the interviewees at the Baghdad textile and leather company, behavioral accounting is an effective and precise method that allows for the analysis of the conditions and behavior of individuals based on psychological factors in the theory of perceived behavior and prevents the formation of potential biases. Behavioral accounting helps the company to achieve its goals by developing effective strategies in the dynamic and evolving market with regard to the position of sustainability and implementing necessary actions within the company. Moreover, behavioral accounting can assist the company in addressing the specific industrial challenges more effectively, improving its key processes, and enhancing its sustainability. Overall, behavioral accounting can play a crucial role in the transformation and sustainability of the Baghdad Textile and Leather Company. By improving decision-making processes, employee performance, risk management, and sustainability. This approach can support the company achieve its objectives and succeed in the long term. However, successful implementation of behavioral accounting entails attention to the existing challenges as well as careful planning.

In conclusion, the above summary addresses the main research question and its sub-questions. Regarding the findings of these and other studies, we note the study by Dayan and Boudiasseh (2024), which produced theoretical and conceptual dimensions and presented a mechanism. Similarly, the study by Schneider and Kugel (2023) delved into the personal characteristics of accountants and their relationship to their financial decision-making tendencies, which determine success and sustainability. Meanwhile, the study by Seymore et al. (2022) highlighted the importance of developing scientific research methodologies to keep pace with the significant demographic changes of the past fifty years, which affect the long-term comparability of research findings. The current study offers an applied aspect and practical approaches that can be implemented within the corporate environment where the study was conducted. Therefore, while previous studies aimed to ground theoretical knowledge, this study provides practical applications of that knowledge.

7. The Recommendations:

Based on the analysis and coding of the themes derived from the interviews, the above qualitative research model was presented. In line with our findings, we offer the following suggestions to accelerate the organization's progress towards sustainable development:

1. Implementing a behavioral accounting system within the company.
2. Establishing a system for evaluating the behavioral and financial performance of employees in collaboration with specialized consulting firms.
3. Providing rewards and benefits to employees actively involved in sustainability initiatives.
4. Holding company-wide meetings and workshops focused on developing innovative sustainability frameworks.
5. Developing practical Corporate Social Responsibility (CSR) programs in collaboration with managers and relevant authorities, such as the Prevention Department of the Federal Integrity Commission.
6. Organizing annual strategic conferences that focus on environmental issues and profit growth, integrating these into the company's strategic and annual plans.
7. Establishing a system for measuring the performance of company members within the context of potential actions, under the responsibility of the company's Total Quality Management (TQM) department.

Authors Declaration:

Conflicts of Interest: None

-We Hereby Confirm That All The Figures and Tables In The Manuscript Are Mine and Ours. Besides, The Figures and Images, which are Not Mine, Have Been Permitted Republication and Attached to The Manuscript.

- Ethical Clearance: The Research Was Approved by The Local Ethical Committee in The University.

References:

- Abdou, Y., & Ammar, N. (2025). Hands-on sustainability: designing an engaging undergraduate sustainable business course. *International Journal of Sustainability in Higher Education*, 26(2), 278–294. <https://doi.org/10.1108/IJSHE-07-2023-0300>
- Affran, S., Oppong, E. D. E., & Kolug, J. Y. (2024). Examining the moderating role of technological resources on marketing innovation and family business sustainability. *IIMBG Journal of Sustainable Business and Innovation*, 2(2), 143–162. <https://doi.org/10.1108/IJSBI-01-2024-0003>
- Albannai, N. A. A., Raziq, M. M., Malik, M., & Abrar, A. (2024). Digital leadership and its impact on agility, innovation and resilience: a qualitative study of the UAE media industry. *Benchmarking: An International Journal*. <https://doi.org/10.1108/BIJ-06-2024-0492>

- Aldhaen, E., & Braendle, U. (2025). The role of accreditation on financial innovation and business sustainability: a study of AACSB-accredited business schools in the GCC region. *Competitiveness Review: An International Business Journal*, 35(2), 268–285. <https://doi.org/10.1108/CR-08-2023-0204>
- Al-Janabi, A., & Al-Haidari, W. (2022). The Role of Behavioral Approach In Financial Reporting Enhancement. *Journal of Economics and Administrative Sciences*, 22(89), 425. <https://doi.org/10.33095/jeas.v22i89.629>
- Alshurafat, H., Hamdan, A., Alzahrane, M., & Al Shbail, M. O. (2025). Guest editorial note: The role of forensic accounting in businesses development: alleviating the fraud risk and the litigation risk. *Journal of Financial Reporting and Accounting*, 23(1), 1–4. <https://doi.org/10.1108/JFRA-02-2025-803>
- Bamberg, S., & Möser, G. (2007). Twenty years after Hines, Hungerford, and Tomera: A new meta-analysis of psycho-social determinants of pro-environmental behaviour. *Journal of Environmental Psychology*, 27(1), 14–25. <https://doi.org/10.1016/j.jenvp.2006.12.002>
- Ben Nefissa, B., & Jilani, F. J. (2022). Behavioural Accounting Explained through Different Factors. *Indonesian Management and Accounting Research*, 20(1), 67–80. <https://doi.org/10.25105/imar.v20i1.8155>
- Birnberg, J. G., Luft, J., & Shields, M. D. (2006). Psychology theory in management accounting research. *Handbooks of management accounting research*, 1, 113–135.
- Bobek, D. D., Hageman, A. M., & Radtke, R. R. (2015). The Effects of Professional Role, Decision Context, and Gender on the Ethical Decision Making of Public Accounting Professionals. *Behavioral Research in Accounting*, 27(1), 55–78. <https://doi.org/10.2308/bria-51090>
- Burghardt, J., & Möller, K. (2023). The use of management controls to enhance the perception of meaningful work – a systematic literature review and conceptional model development. *Journal of Accounting Literature*, 45(2), 209–255. <https://doi.org/10.1108/JAL-07-2022-0073>
- Camilli, R., Mechelli, A., & Coronella, L. (2024). History of behavioral accounting research (1960–2023): a bibliometric analysis. *Journal of Management History*. <https://doi.org/10.1108/JMH-04-2024-0053>
- Caniago, I., Yuliansyah, Y., Dewi, F. G., & Komalasari, A. (2023). Islamic work ethic in behavioral accounting. *Journal of Islamic Accounting and Business Research*, 14(8), 1281–1299. <https://doi.org/10.1108/JIABR-05-2021-0152>
- Canterino, F., Cirella, S., & Shani, A. B. (2018). Leading organizational transformation: an action research study. *Journal of Managerial Psychology*, 33(1), 15–28. <https://doi.org/10.1108/JMP-12-2016-0393>
- Çera, G., & Ndou, V. (2024). The role of innovation and social media in explaining corporate social responsibility–business sustainability nexus in entrepreneurial SMEs. *European Journal of Innovation Management*. <https://doi.org/10.1108/EJIM-01-2024-0062>
- Chauhan, A. S., Sikarwar, T. S., & Raj, M. (2024). Trends and patterns in behavioral accounting research: 53 years of bibliometric analysis. *Accounting Research Journal*, 37(6), 595–614. <https://doi.org/10.1108/ARJ-09-2023-0246>
- Chen, X., Weerathunga, P. R., Nurunnabi, M., Kulathunga, K. M. M. C. B., & Samarathunga, W. H. M. S. (2020). Influences of Behavioral Intention to Engage in Environmental Accounting Practices for Corporate Sustainability: Managerial Perspectives from a Developing Country. *Sustainability*, 12(13), 5266. <https://doi.org/10.3390/su12135266>
- Choo, F., & Tan, K. (2006). A Commentary on Sample Design Issues in Behavioral Accounting Experiments. *Accounting Research Journal*, 19(2), 153–158. <https://doi.org/10.1108/10309610680000685>
- Colville, I. (1981). Reconstructing “behavioural accounting.” *Accounting, Organizations and Society*, 6(2), 119–132. [https://doi.org/10.1016/0361-3682\(81\)90002-7](https://doi.org/10.1016/0361-3682(81)90002-7)

- Coşkun, A., & Karakoç, M. (2020). A Conceptual Framework for Behavioral Accounting. In *Uncertainty and Challenges in Contemporary Economic Behaviour* (pp. 77–88). Emerald Publishing Limited. <https://doi.org/10.1108/978-1-80043-095-220201007>
- Dayana, N. W. Y. P., & Budiasih, I. G. A. N. (2024). Behavioral Accounting as A Catalyst in the Organizational Transformation Process Toward Sustainability. *Jurnal Akuntansi Dan Keuangan Indonesia*, 21(2), 260–279. <https://doi.org/10.21002/jaki.2024.12>
- Egiyi, M., & Ogbodo, N. (2023). Behavioral Accounting: Analyzing How Cognitive Biases affect Financial Decisions and Reporting. *European Journal of Finance and Management Sciences*, 7(3), 20–30.
- Enquist, B., & Sebhatu, S. P. (2023). *SDGs and Strategic Priorities of MNEs for Sustainability Transformation: Lessons from IKEA* (pp. 111–131). <https://doi.org/10.1108/S1745-886220230000017007>
- Farkhani, Z. N., & Hoshyar, V. (2018). *The effect of merit-based placement on employees' job attitudes: Case study: Government agencies of Bojnord City*. Unpublished research.
- Gallego G.C., & Calderon-Hernandez, G. (2023). The contribution of strategic design, as intellectual capital, to organizational transformation. *Journal of Organizational Change Management*, 36(4), 541–560. <https://doi.org/10.1108/JOCM-06-2022-0163>
- Garcia-Torea, N., Larrinaga, C., & Luque-Vílchez, M. (2023). Bridging the Understanding of Sustainability Accounting and Organizational Change. *Organization & Environment*, 36(1), 17–38. <https://doi.org/10.1177/10860266221083339>
- Goraya, M. A. S., Yaqub, M. Z., Khan, M. A., Akram, M. S., & Alofaysan, H. (2024). Transforming performance: how agility, response, resilience and support shape success in digital strategies. *Information Technology & People*. <https://doi.org/10.1108/ITP-05-2024-0592>
- Guffey, D. M. (2016). *An Analysis of the Research Contributions of Advances in Accounting Behavioral Research : 1998–2012* (pp. 1–32). <https://doi.org/10.1108/S1475-148820160000019001>
- Haiza M.Z.N., & Hoque, Z. (2010). Research in management accounting innovations. *Qualitative Research in Accounting & Management*, 7(4), 505–568. <https://doi.org/10.1108/11766091011094554>
- Hunton, J. E. (n.d.). *The impact of digital technology on accounting behavioral research* (pp. 3–17). [https://doi.org/10.1016/S1474-7979\(02\)05035-4](https://doi.org/10.1016/S1474-7979(02)05035-4)
- Hutter, K., Brendgens, F.-M., Gauster, S. P., & Matzler, K. (2025). Scaling organizational agility: key insights from an incumbent firm's agile transformation. *Management Decision*, 63(6), 1882–1913. <https://doi.org/10.1108/MD-05-2022-0650>
- Jaiyeoba, H. B., Abdullah, M. A., & Khalid, A. A. (2025). The influence of integrated sustainability practices on the sustainability of halal businesses. *Journal of Islamic Marketing*. <https://doi.org/10.1108/JIMA-06-2023-0172>
- Jamil, O., & Farhod, S. B. (2025). Auditing the dimensions of long-term financial sustainability and its reflection on strategic decisions: Applied research in Industrial Bank. . *Journal of Accounting and Financial Studies (JAFS)*, 20(70), 468–485.
- Jankalová, M., & Jankal, R. (2024). Accounting Contribution to Sustainable Development. *Sustainability*, 16(24), 11090. <https://doi.org/10.3390/su162411090>
- Jermstiparsert, K. (2020). Leadership and Industry 4.0 As A Tool to Enhance Organization Performance: Direct and Indirect Role of Job Satisfaction, Competitive Advantage and Business Sustainability. In *Agile Business Leadership Methods for Industry 4.0* (pp. 233–257). Emerald Publishing Limited. <https://doi.org/10.1108/978-1-80043-380-920201014>
- Kurki, M., & Järvenpää, M. (2024). Engaging management accountants in corporate sustainability. *Accounting, Auditing & Accountability Journal*, 37(9), 100–127. <https://doi.org/10.1108/AAAJ-02-2023-6292>

- Kutluk, F. A. (2017). Behavioral Accounting and its Interactions. In *Accounting and Corporate Reporting - Today and Tomorrow*. InTech. <https://doi.org/10.5772/intechopen.68972>
- Landoni, P., & Trabucchi, D. (2024). Non-profit and hybrid organizations as multi-sided platforms: insights from the analysis of sustainability models. *European Journal of Innovation Management*, 27(9), 384–407. <https://doi.org/10.1108/EJIM-08-2023-0641>
- Mayanja, S. S., Mutebi, H., & Isingoma, J. W. (2025). Entrepreneurial networking and sustainability of women-owned micro-enterprise performance: the mediating role of self-organization and entrepreneurial learning behaviors. *IIMBG Journal of Sustainable Business and Innovation*, 3(1), 61–86. <https://doi.org/10.1108/IJSBI-08-2024-0039>
- McEwen, R. A., & Welsh, M. J. (n.d.). *The effect of bias on decision usefulness: A review of behavioral financial accounting research* (pp. 3–24). [https://doi.org/10.1016/S1474-7979\(01\)04066-2](https://doi.org/10.1016/S1474-7979(01)04066-2)
- Medina-Álvarez, E., & Sánchez-Medina, P. S. (2023). Types of organizational culture and sustainability in ecotourism businesses in southern Mexico. *Journal of Economics, Finance and Administrative Science*, 28(56), 386–403. <https://doi.org/10.1108/JEFAS-12-2021-0267>
- Mobard Sarhid, A., & Abdulraheem Said Alubadi, S. (2024). Impact of Strategic Entrepreneurial on Strategic Decision-Making: A Field Study in North Oil Company/Kirkuk. *Journal of Economics and Administrative Sciences*, 30(141), 71-82. <https://doi.org/10.33095/p38x6766>
- Muthusamy, S. K. (2019). Power of positive words: communication, cognition, and organizational transformation. *Journal of Organizational Change Management*, 32(1), 103–122. <https://doi.org/10.1108/JOCM-05-2018-0140>
- Mwesigwa, R., Alupo, S., Nakate, M., Mayengo, J., & Nabwami, R. (2025). The role of institutional support on female-owned business sustainability from a developing Country's perspective. *Journal of Humanities and Applied Social Sciences*, 7(3), 290–310. <https://doi.org/10.1108/JHASS-03-2024-0039>
- Nakpodia, F., Sakariyahu, R., Fagbemi, T., Adigun, R., & Dosumu, O. (2024). Sustainable development goals, accounting practices and public financial management: A pre and post COVID-19 assessment. *The British Accounting Review*, 101466. <https://doi.org/10.1016/j.bar.2024.101466>
- Norling, K. (2025). Digital transformation or digital standstill? Status quo bias in Swedish public sector strategies. *Transforming Government: People, Process and Policy*, 19(1), 91–107. <https://doi.org/10.1108/TG-04-2024-0078>
- Nunes, A. K. S., Morioka, S. N., & Bolis, I. (2022). Challenges of business models for sustainability in startups. *RAUSP Management Journal*, 57(4), 382–400. <https://doi.org/10.1108/RAUSP-10-2021-0216>
- Rahal, R., & Adel Hamid, S. . (2025). Strategic Monitoring and Its Impact on Organizational Sustainability: An Analytical Study in Baghdad Health Directorates (Karkh, Rusafa, and Medical City). *Journal of Economics and Administrative Sciences*, 31(147), 33-49. <https://doi.org/10.33095/z8e3av48>
- Ringo, D. S., & Kibambila, V. K. (2025). Transcending the past into the future: the effects of succession planning and incumbents' willingness to step aside on the sustainability of family businesses. *Journal of Trade Science*, 13(2), 110–127. <https://doi.org/10.1108/JTS-03-2024-0013>
- Rismawati, & Hamid, R. S. (2024). Behavioral Accounting: Evaluating Policy and Academic Support Impact on Sustainable Green Mining Practices. *Jurnal Kajian Akuntansi*, 8(1), 94–114. <https://doi.org/10.33603/jka.v1i1.9554>
- Romero, I. (2025). Information technology as a driver of organizational change in SMEs: a study of key determinants. *Journal of Organizational Change Management*, 38(3), 625–643. <https://doi.org/10.1108/JOCM-11-2024-0702>

- Roxas, B., & Chadee, D. (2012). Environmental sustainability orientation and financial resources of small manufacturing firms in the Philippines. *Social Responsibility Journal*, 8(2), 208–226. <https://doi.org/10.1108/17471111211234842>
- Sahar, F., & Nasouri, F. (2014). Restructuring of the public industrial sector companies Wayshift to private shareholding companies and mixed (Iraqi experience as a model). *Journal of Economics and Administrative Sciences*, 20(77), 286. <https://doi.org/10.33095/jeas.v20i77.742>
- Schiff, M., & A. Y. Lewin. (1974). *Behavioral Aspects of Accounting: Prentice-Hall*.
- Schneider, A., & Kugel, J. (2023). A Synthesis of Behavioral Accounting Studies that Examine Personality Traits (pp. 325–348). <https://doi.org/10.1108/S1475-148820230000026012>
- Schönherr, S., Eller, R., Kallmuenzer, A., & Peters, M. (2023). Organisational learning and sustainable tourism: the enabling role of digital transformation. *Journal of Knowledge Management*, 27(11), 82–100. <https://doi.org/10.1108/JKM-06-2022-0434>
- Seymore, M., Wilner, N., & Curtis, M. B. (2022). The “Who” in Behavioral Accounting Research: Implications for Academic Research (pp. 209–225). <https://doi.org/10.1108/S1475-148820220000025009>
- Sharma, R. R., Kaur, T., & Syan, A. S. (2021). Sustainability and Business Environments. In *Sustainability Marketing* (pp. 193–209). Emerald Publishing Limited. <https://doi.org/10.1108/978-1-80071-244-720211015>
- Simões-Coelho, M., Figueira, A. R., & Russo, E. (2024). *How Do Consumer Goods Multinationals Engage with Corporate Sustainability? A Cross-Company Case Study Analysis* (pp. 219–243). <https://doi.org/10.1108/S1569-376720240000023013>
- Sisaye, S., & Birnberg, J. G. (2025). The evolution of sustainability accounting and reporting in the United States: applications of the ecological anthropology and industrial ecology frameworks. *Journal of Business and Socio-Economic Development*, 5(2), 104–121. <https://doi.org/10.1108/JBSED-03-2023-0020>
- Smit, W. (2021). Insight in cultural change during organizational transformation: a case study. *Journal of Organizational Change Management*, 34(5), 1047–1062. <https://doi.org/10.1108/JOCM-08-2020-0255>
- Soomro, M. A., & Khan, A. N. (2025). Leadership in times of crisis: cultivating crisis management through digital transformation and organizational agility. *Engineering, Construction and Architectural Management*. <https://doi.org/10.1108/ECAM-05-2024-0620>
- Sutton, S. G. (2010). The fundamental role of technology in accounting: Researching reality. In *Advances in accounting behavioral research* (pp. 1-11). Emerald Group Publishing Limited.
- Svensson, G., & Wagner, B. (2012). Business sustainability and E-footprints on Earth’s life and ecosystems: generic models. *European Business Review*, 24(6), 543–552. <https://doi.org/10.1108/09555341211270555>
- Tinjan, M. (2025). Waiting for change: a case study on the social construction of digital transformation in the public sector. *Transforming Government: People, Process and Policy*, 19(1), 74–90. <https://doi.org/10.1108/TG-05-2024-0111>
- vom Brocke, J., Schmid, A. M., Simons, A., & Safrudin, N. (2021). IT-enabled organizational transformation: a structured literature review. *Business Process Management Journal*, 27(1), 204–229. <https://doi.org/10.1108/BPMJ-10-2019-0423>
- Wolniak, R., Gajdzik, B., & Grebski, W. (2023). Environmental sustainability in business. *Scientific Papers of Silesian University of Technology Organization and Management Series*, 2023(175). <https://doi.org/10.29119/1641-3466.2023.175.39>

Interview Questions

To contribute to the development of companies operating within the Ministry of Industry, including the General Company for Textiles and Leather, please answer the following questions. A scientific study on behavioral accounting and its role in sustainability will be prepared. The study topic is important as it addresses a significant factor influencing company decisions regarding maintaining growth and continuity amidst the current challenges of the Iraqi market. This involves the behavioral aspect of financial decisions and their relationship to sustainability that is, maintaining growth in the present and the long term.

1. Please fill in the following information:

Gender: Age: Marital Status:

Educational Qualification: Years of Service: Job Title:

2. How was this company established? What important steps has it taken to achieve environmental and social sustainability?

3. What led to the decision to undertake a more comprehensive transformation towards sustainability?

4. What procedures will help us make effective decisions to guide the organizational transformation towards sustainability?

5. How do all employees in the organization manage the budget for a particular program?

6. Have you ever heard of behavioral accounting? 7. How do you see behavioral accounting as an effective factor in organizational transformation toward sustainability?

8. What was your first impression upon joining this company, and what caught your attention?

9. Why do you think a company that was sustainable from the beginning still needs room to transition toward more comprehensive sustainability?

10. What reactions or changes did you experience when receiving accounting information? For example, the program budget?

11. How does behavioral accounting appear from the perspective of your current role?

12. Do you believe that accounting information influences how sustainability decisions are made?

13. Do you believe that behavioral accounting and the culture in this organization are interconnected and play a role in the company's sustainability?

14. Can organizational accounting play an effective, influential, and positive role during times of organizational change? If so, how?