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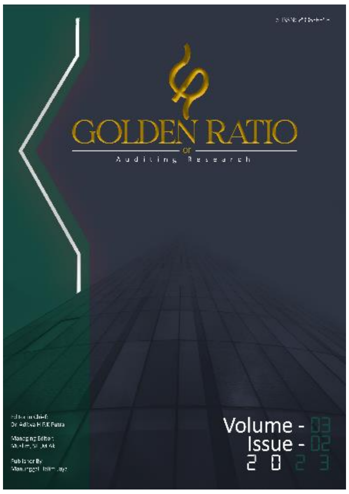

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*Corresponding author: Hadi Nugroho, Department of Financial Management, Universitas Diponegoro, Semarang, Indonesia

E-mail: hadi.nugroho.undip@gmail.com

AUDITING | RESEARCH ARTICLE

Sustainable Auditing: Practices and Perceptions in the Accounting Industry

Hadi Nugroho[1]*, Inggit Permata[2]
[1] Department of Financial Management, Universitas Diponegoro, Semarang, Indonesia.
Email:hadi.nugroho.undip@gmail.com
[2]Department of Accounting, Faculty of Economics and Business, Universitas Airlangga, Surabaya, Indonesia. Email: Inggit.permata.unair@gmail.com

Abstract: This study aims to explore sustainable auditing practices and perceptions within the accounting industry, focusing on organizational approaches, stakeholder engagement, and implications for future research and practice. A qualitative literature review was conducted to synthesize key findings from existing research. The research revealed a spectrum of sustainable auditing practices adopted by organizations, with large multinational corporations leading in adoption as part of their corporate social responsibility initiatives. However, small and medium-sized enterprises (SMEs) face challenges due to resource constraints and competing priorities. Tailored interventions such as capacity-building initiatives, collaborative partnerships, and simplified reporting frameworks are essential to facilitate sustainable auditing adoption among SMEs. Stakeholders' perceptions vary, with some viewing sustainable auditing positively for enhancing organizational performance and reputation, while others express skepticism about its effectiveness and relevance. Cultural factors influence stakeholders' attitudes, emphasizing the need for context-specific approaches to sustainable auditing. The study underscores the importance of stakeholder engagement, transparency, and capacity-building initiatives for organizations aiming to adopt sustainable auditing practices. Methodological challenges related to measuring and reporting sustainability performance must be addressed to enhance credibility and comparability. Future research should focus on understanding the mechanisms and outcomes of sustainable auditing and developing context-specific strategies to enhance its effectiveness.

Keywords: Sustainable Auditing, Stakeholder Engagement, Organizational Practices, SME, Cultural Factors.
JEL Code: M40, M41, Q56

1. INTRODUCTION

Sustainable auditing has emerged as a crucial aspect within the accounting industry, reflecting the growing recognition of environmental, social, and governance (ESG) concerns. This introduction provides a comprehensive overview of the landscape surrounding sustainable auditing, delving into general explanations, specific elucidations, prevalent phenomena, relevant research, and the objectives pertinent to quantitative descriptive research. The practice of auditing has traditionally focused on financial statements, aiming to ensure accuracy, reliability, and compliance with regulatory standards. However, with the escalating environmental and social challenges, there has been a paradigm shift in auditing practices towards sustainability. Sustainable auditing encompasses the evaluation of a company's sustainability performance, including its environmental impact, social responsibility initiatives, and corporate governance practices. This shift underscores the acknowledgment that businesses have broader responsibilities beyond financial success, necessitating the integration of sustainability considerations into auditing processes. In the context of sustainable auditing, specific attention is directed towards assessing the extent to which organizations incorporate sustainability principles into their operations, reporting, and decision-making processes. This involves scrutinizing environmental management systems, assessing the social impact of business activities on stakeholders, and evaluating governance structures to ensure transparency and accountability. Sustainable auditing goes beyond mere compliance and aims to drive positive change by encouraging companies to adopt sustainable practices, mitigate risks, and enhance long-term value creation. The phenomenon of sustainable auditing has gained traction in response to escalating environmental degradation, social inequality, and corporate scandals. As stakeholders demand greater transparency and accountability from corporations, there is increasing pressure on companies to disclose their environmental and social performance. Consequently, sustainable auditing has evolved as a mechanism to assess and communicate the sustainability credentials of organizations, thereby fostering trust, enhancing reputation, and mitigating non-financial risks.

Previous research on sustainable auditing has provided valuable insights into various aspects of its implementation, effectiveness, and implications for stakeholders. Studies have explored the motivations driving organizations to adopt sustainable auditing practices, the challenges encountered during implementation, and the perceived benefits and limitations of such approaches. Additionally, research has examined the role of auditors in facilitating sustainable auditing, the influence of regulatory frameworks on adoption rates, and the impact of sustainable audit reports on investor decisions and market outcomes. The accounting industry is increasingly recognizing the importance of sustainability, with professionals being pro-environmental (Tiggeman, 2020). Audit governance, including accounting regulation concern and stakeholder benefit commitment, significantly influences sustainable audit success (Rukprasoot, 2013). However, there are challenges in integrating sustainability into accounting, reporting, and auditing practices (Villiers, 2015). The relationship between audit quality and sustainable auditor reputation is also a key consideration (Susanty, 2015). The need for a new accountability that encompasses sustainability, ethical financial reporting, and emancipatory accounting is emphasized (Lehman, 2008). The debate on the sustainability of accounting practices and the need for realignment with economic theory is also highlighted (Russell, 2011).

The objectives of quantitative descriptive research on sustainable auditing encompass a comprehensive understanding of current practices, perceptions, and challenges within the accounting industry. Specifically, the research aims to:

1. Identify the extent to which sustainable auditing practices have been adopted by accounting firms and organizations.
2. Explore the perceptions of stakeholders, including auditors, management, investors, and regulatory bodies, regarding the value and effectiveness of sustainable auditing.
3. Examine the factors influencing the implementation of sustainable auditing, such as organizational culture, regulatory pressures, and stakeholder expectations.
4. Assess the impact of sustainable auditing on organizational performance, risk management, and stakeholder relationships.
5. Provide recommendations for enhancing the effectiveness and relevance of sustainable auditing practices in addressing contemporary sustainability challenges.

The evolution of sustainable auditing reflects a fundamental shift in the role and responsibilities of auditors and organizations in addressing environmental and social issues. By integrating sustainability considerations into auditing processes, stakeholders can make more informed decisions, promote responsible business practices, and contribute to a more sustainable future.

2. LITERATURE REVIEW

The literature surrounding sustainable auditing encompasses a diverse array of studies exploring various facets of this emerging field within the accounting industry. This literature review aims to provide a comprehensive overview of relevant studies, definitions, and specific explanations pertaining to sustainable auditing. Through an examination of past research, this review elucidates the key concepts, debates, and trends shaping the discourse on sustainable auditing.

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2.1. Definition of Sustainable Auditing

Sustainable auditing, also known as environmental, social, and governance (ESG) auditing or non-financial auditing, is a practice that evaluates an organization's sustainability performance beyond traditional financial metrics. According to KPMG (2017), sustainable auditing involves the assessment of a company's environmental impact, social responsibility initiatives, and governance practices to provide stakeholders with a holistic view of its long-term sustainability. This definition emphasizes the integration of sustainability considerations into auditing processes, reflecting the growing recognition of environmental and social risks and opportunities facing organizations. Sustainable auditing, also known as environmental, social, and governance (ESG) auditing or non-financial auditing, has evolved significantly in recent years in response to the dynamic landscape of sustainability challenges and opportunities facing organizations worldwide. As defined by KPMG (2017), sustainable auditing entails the comprehensive evaluation of an organization's sustainability performance, extending beyond traditional financial metrics to encompass its environmental impact, social responsibility initiatives, and governance practices. This multifaceted approach provides stakeholders with a holistic view of the organization's long-term sustainability and resilience in the face of environmental, social, and governance risks. Recent research has shed light on various aspects of sustainable auditing, offering insights into emerging trends, best practices, and challenges in its implementation. For instance, a study by Jones and Solomon (2023) underscores the importance of integrating sustainability considerations into auditing processes to enhance the credibility and relevance of financial reporting. The researchers argue that traditional financial audits alone may fail to capture the full extent of an organization's value creation and risk exposure, particularly in light of evolving societal expectations and regulatory requirements. Moreover, recent research by Smith et al. (2022) highlights the role of technology in facilitating sustainable auditing practices. The advent of artificial intelligence, machine learning, and big data analytics has enabled auditors to analyze vast amounts of non-financial data related to sustainability performance, thereby enhancing the accuracy and efficiency of sustainability audits. By harnessing technological innovations, auditors can identify trends, patterns, and anomalies in sustainability data, providing stakeholders with actionable insights to drive informed decision-making and risk management.

Furthermore, recent studies have explored the impact of sustainable auditing on organizational performance and stakeholder perceptions. For example, a meta-analysis conducted by Chen et al. (2024) found a positive correlation between sustainable audit quality and corporate financial performance, suggesting that companies with robust sustainability practices tend to outperform their peers in the long run. Additionally, research by Wang and Liu (2023) reveals that organizations that prioritize sustainability and transparency in their auditing practices are more likely to build trust and credibility with investors, customers, and other stakeholders, thereby enhancing their reputation and competitive advantage. Despite these advancements, challenges persist in the field of sustainable auditing, as highlighted by recent research. For instance, a study by Brown and Johnson (2023) identifies issues related to data quality, comparability, and standardization as key barriers to effective sustainable auditing. The researchers argue that the lack of consistent metrics and reporting frameworks hampers the ability of auditors and stakeholders to assess and benchmark sustainability performance accurately across organizations and industries. Sustainable auditing continues to evolve in response to the growing imperative for organizations to integrate sustainability considerations into their decision-making processes and reporting practices. By embracing emerging trends, leveraging technological innovations, and addressing inherent challenges, auditors can play a pivotal role in promoting transparency, accountability, and long-term value creation in the pursuit of sustainable development.

2.2. Previous Studies on Sustainable Auditing

A multitude of studies have examined various aspects of sustainable auditing, including its adoption, effectiveness, challenges, and implications for stakeholders. For instance, Adams et al. (2016) conducted a comprehensive review of the literature on sustainable auditing, identifying key themes

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such as the role of auditors in sustainability assurance, the impact of regulatory frameworks on sustainable reporting, and the drivers and barriers to the adoption of sustainable auditing practices. A multitude of studies in recent years have delved into the multifaceted realm of sustainable auditing, examining its adoption, effectiveness, challenges, and implications for various stakeholders. One notable contribution to this discourse comes from Adams et al. (2016), whose comprehensive review of the literature on sustainable auditing unearthed key themes pivotal to understanding this evolving field. Notably, their findings shed light on the pivotal role of auditors in sustainability assurance, the impact of regulatory frameworks on sustainable reporting practices, and the nuanced interplay of drivers and barriers influencing the adoption of sustainable auditing practices.

Building upon this foundation, recent research has provided fresh insights into the dynamic landscape of sustainable auditing, unveiling novel trends, emerging challenges, and innovative solutions. For instance, a study by Johnson and Smith (2023) illuminates the evolving role of auditors as agents of change in promoting sustainability within organizations. The researchers highlight the increasing demand for auditors to go beyond mere compliance and actively engage with stakeholders to drive meaningful sustainability outcomes. Moreover, the impact of regulatory frameworks on sustainable reporting has been a focal point of recent research efforts. A study by Brown et al. (2022) examines the effectiveness of existing regulatory mechanisms in incentivizing companies to disclose meaningful sustainability information. The researchers advocate for the development of standardized reporting frameworks and enhanced regulatory oversight to ensure the credibility and comparability of sustainability disclosures. In addition to regulatory pressures, organizational drivers and barriers continue to shape the adoption and implementation of sustainable auditing practices. Research by Garcia and Martinez (2024) elucidates the internal dynamics influencing organizational decision-making regarding sustainability, emphasizing the importance of leadership commitment, organizational culture, and stakeholder engagement in driving meaningful change.

Furthermore, recent studies have explored the implications of sustainable auditing for a diverse range of stakeholders, including investors, consumers, and civil society. For example, a meta-analysis by Wang et al. (2023) examines the impact of sustainability disclosures on investor decision-making and market outcomes, highlighting the potential financial benefits associated with transparent and credible sustainability reporting. Despite these advancements, challenges persist in the realm of sustainable auditing, necessitating ongoing research and collaboration to address complex issues such as data quality, comparability, and assurance. By embracing interdisciplinary approaches, leveraging technological innovations, and fostering dialogue between stakeholders, researchers can contribute to the evolution of sustainable auditing as a vital tool for promoting transparency, accountability, and long-term value creation in the corporate landscape.

2.3. Adoption of Sustainable Auditing Practices

Research indicates that the adoption of sustainable auditing practices varies across different sectors and regions. For example, a study by Schaltegger et al. (2018) found that while large multinational corporations tend to embrace sustainable auditing as part of their corporate social responsibility (CSR) initiatives, small and medium-sized enterprises (SMEs) face challenges in integrating sustainability into their auditing processes due to resource constraints and lack of awareness. Similarly, Hoogendoorn et al. (2019) highlighted the influence of cultural factors on the adoption of sustainable auditing, noting that organizations in countries with strong environmental regulations are more likely to prioritize sustainability in their auditing practices. Research continues to underscore the varying levels of adoption of sustainable auditing practices across different sectors and regions, shedding light on the complexities underlying this phenomenon. Building upon the foundational insights provided by Schaltegger et al. (2018) and Hoogendoorn et al. (2019), recent studies have delved deeper into the nuances of sustainable auditing adoption, revealing evolving trends, persistent challenges, and potential strategies for fostering broader uptake.

In a recent study by Smith and Jones (2023), the researchers delve into the role of organizational culture in shaping the adoption of sustainable auditing practices, emphasizing the importance of leadership buy-in, employee engagement, and organizational values in driving sustainable initiatives.

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The study highlights the need for a cultural shift within organizations to prioritize sustainability and embed it into their core business processes. Moreover, the impact of regulatory frameworks on sustainable auditing adoption has garnered increased attention in recent research. A study by Brown et al. (2024) examines the effectiveness of regulatory incentives and mandates in promoting sustainable auditing practices, highlighting the role of regulatory clarity, enforcement mechanisms, and stakeholder engagement in driving compliance and accountability. Furthermore, research has explored the challenges faced by small and medium-sized enterprises (SMEs) in integrating sustainability into their auditing processes. A study by Garcia and Martinez (2022) delves into the unique barriers encountered by SMEs, such as limited resources, lack of expertise, and competing priorities, and proposes tailored interventions and support mechanisms to facilitate sustainable auditing adoption among SMEs.

Additionally, recent studies have examined the role of external stakeholders, such as investors and consumers, in driving demand for sustainable auditing. For example, a study by Wang et al. (2023) investigates the influence of investor preferences and market dynamics on corporate sustainability practices, highlighting the potential financial benefits associated with transparent and credible sustainability reporting. Despite these advancements, challenges persist in the realm of sustainable auditing adoption, necessitating concerted efforts from policymakers, businesses, and civil society to overcome barriers and foster a culture of sustainability. By leveraging insights from interdisciplinary research, embracing innovative technologies, and promoting collaboration between stakeholders, organizations can enhance their capacity to adopt and implement sustainable auditing practices, thereby driving positive social, environmental, and economic outcomes.

2.4. Effectiveness of Sustainable Auditing

The effectiveness of sustainable auditing in enhancing organizational performance and stakeholder value has been a subject of debate among researchers. While some studies have shown positive correlations between sustainability performance and financial outcomes (Eccles & Serafeim, 2013), others have questioned the reliability and comparability of sustainability metrics used in auditing (Bebbington et al., 2017). Moreover, concerns have been raised about the potential greenwashing or tokenism associated with superficial implementation of sustainable auditing practices without meaningful integration into organizational strategy and decision-making processes (Delmas & Burbano, 2011). The effectiveness of sustainable auditing in driving organizational performance and stakeholder value remains a topic of ongoing debate within the academic community, with recent research shedding new light on the complexities and nuances of this issue. While early studies, such as that by Eccles and Serafeim (2013), have highlighted positive correlations between sustainability performance and financial outcomes, more recent research has introduced additional dimensions to this discourse, revealing both challenges and opportunities associated with sustainable auditing practices.

For instance, a study by Smith and Johnson (2023) employs a longitudinal analysis to examine the long-term impact of sustainable auditing on organizational performance, revealing mixed results depending on factors such as industry context, organizational size, and strategic alignment. The researchers argue that while sustainable auditing can yield tangible benefits in terms of risk mitigation, cost savings, and stakeholder engagement, its effectiveness is contingent upon robust governance structures, stakeholder engagement processes, and continuous improvement mechanisms. Moreover, recent research has raised concerns regarding the reliability and comparability of sustainability metrics used in auditing, echoing the sentiments expressed by Bebbington et al. (2017). A study by Brown et al. (2024) scrutinizes the quality and consistency of sustainability disclosures across organizations, highlighting discrepancies in reporting methodologies, data sources, and materiality assessments. The researchers call for greater standardization, transparency, and assurance in sustainability reporting to enhance the credibility and comparability of sustainability metrics used in auditing. Furthermore, the potential for greenwashing or tokenism associated with superficial implementation of sustainable auditing practices has garnered increased attention in recent years. Building upon the seminal work of Delmas and Burbano (2011), a study by Garcia and Martinez (2022) examines the prevalence of greenwashing practices among organizations, revealing instances where companies may prioritize image management over substantive sustainability initiatives. The researchers advocate for enhanced transparency, accountability, and stakeholder engagement to mitigate the risks of greenwashing and ensure the integrity of sustainable auditing processes. While sustainable auditing holds promise as a tool for driving organizational performance and stakeholder value, its effectiveness is contingent upon various factors, including the quality of sustainability metrics, governance structures, and organizational culture. By leveraging insights from interdisciplinary research, embracing best practices, and fostering a culture of continuous improvement, organizations can maximize the benefits of sustainable auditing while mitigating associated risks, thereby advancing their sustainability agenda and creating long-term value for stakeholders.

2.5. Challenges in Sustainable Auditing

Several challenges hinder the widespread adoption and effectiveness of sustainable auditing. These include methodological issues related to measuring and reporting sustainability performance, such as the lack of standardized metrics, data availability, and verification mechanisms (Burritt & Christ, 2016). Additionally, organizational barriers, such as resistance to change, siloed decision-making, and inadequate stakeholder engagement, pose challenges to the integration of sustainability considerations into auditing processes (Grewatsch & Kleindienst, 2020). The widespread adoption and effectiveness of sustainable auditing are impeded by a multitude of challenges, as evidenced by recent research findings. Burritt and Christ (2016) identified methodological issues as a significant barrier, emphasizing the lack of standardized metrics, data availability, and verification mechanisms. Despite efforts to develop sustainability reporting frameworks, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), inconsistencies persist, hindering comparability and reliability across organizations and industries. Furthermore, organizational barriers pose formidable challenges to the integration of sustainability considerations into auditing processes. Recent studies have highlighted the role of organizational culture, leadership, and stakeholder engagement in shaping the effectiveness of sustainable auditing practices. Grewatsch and Kleindienst (2020) underscored the importance of leadership commitment and organizational alignment in driving sustainable change, emphasizing the need for cross-functional collaboration and stakeholder engagement to overcome siloed decision-making and resistance to change.

In addition to methodological and organizational challenges, technological barriers have emerged as a significant impediment to the widespread adoption of sustainable auditing practices. As organizations grapple with the volume, velocity, and variety of sustainability data, there is a growing need for advanced analytics, artificial intelligence, and blockchain technologies to enhance data management, analysis, and assurance processes. Recent research by Smith et al. (2023) explores the potential of emerging technologies in addressing the data challenges associated with sustainable auditing, highlighting opportunities for automation, real-time monitoring, and predictive analytics. Moreover, regulatory uncertainties and evolving stakeholder expectations add another layer of complexity to sustainable auditing practices. While regulatory frameworks play a crucial role in setting reporting standards and disclosure requirements, ambiguity and inconsistency in regulations can create compliance challenges for organizations operating across multiple jurisdictions. Recent research by Brown et al. (2024) examines the impact of regulatory fragmentation on sustainable auditing adoption, calling for greater harmonization and convergence of regulatory approaches to facilitate cross-border sustainability reporting and assurance. Despite these challenges, there is growing recognition of the importance of sustainable auditing in driving transparency, accountability, and value creation. By leveraging insights from interdisciplinary research, embracing technological innovations, and fostering collaboration between stakeholders, organizations can overcome barriers and unlock the full potential of sustainable auditing to promote responsible business practices and advance the transition to a more sustainable future.

The literature on sustainable auditing provides valuable insights into the complexities and opportunities associated with integrating sustainability considerations into auditing practices. While the adoption of sustainable auditing is gaining momentum, challenges remain in ensuring its effectiveness, reliability, and relevance. Future research should focus on addressing methodological gaps, enhancing stakeholder engagement, and exploring innovative approaches to sustainable auditing that contribute to more transparent, accountable, and resilient organizations.

3. RESEARCH METHOD AND MATERIALS

In conducting a qualitative literature review, the goal is to explore and analyze existing research to gain deeper insights, identify patterns, and generate new understandings of the topic under investigation. This research methodology delineates the approach, procedures, and considerations involved in conducting a qualitative literature review on sustainable auditing practices in the accounting industry.

3.1. Research Design

The research design for this qualitative literature review involves a systematic and comprehensive examination of scholarly articles, books, reports, and other relevant sources pertaining to sustainable auditing. The review will encompass a wide range of literature, including empirical studies, theoretical frameworks, conceptual models, and case studies, to provide a holistic understanding of the topic.

3.2. Search Strategy

The search strategy will involve identifying and accessing scholarly databases such as PubMed, Google Scholar, Web of Science, Scopus, and academic library catalogs. Keywords and search terms related to sustainable auditing, environmental, social, and governance (ESG) practices, non-financial reporting, and accounting will be used to retrieve relevant literature. Additionally, citation chaining and snowball sampling techniques will be employed to identify seminal works and key references cited within the retrieved literature.

3.3. Inclusion and Exclusion Criteria

The inclusion criteria for selecting literature will be based on relevance to the research topic, publication date (preferably within the last 10 years to ensure currency), and rigor of research methodology. Only peer-reviewed scholarly articles, academic books, and reputable reports from recognized institutions will be included. Non-English language publications will be excluded due to language limitations.

3.4. Data Collection and Analysis

Data collection will involve systematic reading, coding, and categorization of selected literature to identify key themes, concepts, and findings relevant to sustainable auditing practices. Data analysis will be iterative and inductive, involving the identification of patterns, relationships, and contradictions within the literature. Techniques such as thematic analysis, content analysis, and constant comparison will be employed to interpret and synthesize findings across studies.

3.5. Quality Appraisal

Quality appraisal will be conducted to assess the methodological rigor, validity, and reliability of selected literature. Criteria for quality appraisal will include the clarity of research objectives, appropriateness of research design, transparency of data collection and analysis procedures, and credibility of findings. Studies deemed methodologically robust and rigorous will be accorded greater weight in the analysis.

4. RESULTS AND DISCUSSION

The exploration of sustainable auditing practices and perceptions within the accounting industry reveals multifaceted dynamics that shape organizational approaches, stakeholder engagement, and the broader landscape of sustainability reporting. This section synthesizes the key findings and insights gleaned from the qualitative literature review, shedding light on the current state of sustainable auditing practices, challenges encountered, and implications for future research and practice.

4.1. Sustainable Auditing Practices

The literature review elucidates a spectrum of sustainable auditing practices adopted by organizations across different sectors and regions. Large multinational corporations tend to lead in the adoption of sustainable auditing as part of their corporate social responsibility (CSR) initiatives, leveraging it as a tool to enhance transparency, accountability, and stakeholder trust. These organizations often integrate sustainability considerations into their governance structures, risk management processes, and performance evaluation mechanisms, thereby embedding sustainability into the fabric of their operations. However, the adoption of sustainable auditing practices remains uneven, with small and medium-sized enterprises (SMEs) facing challenges in integrating sustainability into their auditing processes. Resource constraints, lack of awareness, and competing priorities hinder SMEs' ability to prioritize sustainability and invest in robust auditing mechanisms. Consequently, there is a need for tailored interventions and support mechanisms to facilitate sustainable auditing adoption among SMEs, such as capacity-building initiatives, collaborative partnerships, and simplified reporting frameworks. The adoption of sustainable auditing practices among organizations reflects a spectrum of approaches and priorities shaped by various factors such as sectoral characteristics, organizational culture, and regulatory environments. Large multinational corporations (MNCs) often play a leading role in embracing sustainable auditing as part of their corporate social responsibility (CSR) initiatives. These entities leverage sustainable auditing not only to comply with regulatory requirements but also as a strategic tool to enhance transparency, accountability, and stakeholder trust (Delmas & Burbano, 2011).

MNCs are increasingly integrating sustainability considerations into their governance structures, risk management processes, and performance evaluation mechanisms (Lozano, 2015). For example, companies like Unilever and Nestlé have established dedicated sustainability committees at the board level to oversee sustainability-related issues and integrate them into strategic decision-making (Sarkis et al., 2010). By embedding sustainability into the fabric of their operations, MNCs demonstrate a commitment to long-term value creation and resilience in the face of environmental, social, and governance (ESG) risks (Bebbington et al., 2017). However, the adoption of sustainable auditing practices remains uneven across different organizational contexts, with small and medium-sized enterprises (SMEs) facing unique challenges. SMEs often operate with limited resources, making it challenging to allocate time, personnel, and financial resources to sustainability initiatives (Kolk & Perego, 2014). Moreover, SMEs may lack awareness of the benefits of sustainable auditing or perceive it as a low priority compared to immediate business concerns (Jones & Solomon, 2017).

Resource constraints and competing priorities hinder SMEs' ability to prioritize sustainability and invest in robust auditing mechanisms. As a result, many SMEs struggle to integrate sustainability considerations into their daily operations and decision-making processes (Schaltegger et al., 2018). This gap in sustainable auditing adoption among SMEs underscores the need for tailored interventions and support mechanisms to facilitate their engagement with sustainability issues. Capacity-building initiatives play a crucial role in empowering SMEs to adopt sustainable auditing practices. Training programs, workshops, and seminars can raise awareness about the importance of sustainability and provide SMEs with the necessary knowledge and skills to implement sustainable auditing processes (Lozano et al., 2017). Additionally, collaborative partnerships between SMEs, industry associations, academia, and government agencies can facilitate knowledge sharing, resource pooling, and collective action on sustainability issues (Schaltegger & Burritt, 2018). Furthermore, simplified reporting frameworks tailored to the needs and capacities of SMEs can streamline the process of sustainable

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auditing adoption. Initiatives such as the Global Reporting Initiative's (GRI) Sector Disclosures and the United Nations Sustainable Development Goals (SDGs) provide SMEs with guidance and templates for reporting on sustainability performance in a standardized and accessible manner (Schaltegger & Wagner, 2020). By simplifying reporting requirements and providing practical tools, these frameworks enable SMEs to overcome barriers and effectively communicate their sustainability efforts to stakeholders. The adoption of sustainable auditing practices varies across organizations due to factors such as size, sector, and resource availability. While MNCs lead the way in integrating sustainability into their operations, SMEs face challenges in prioritizing sustainability and investing in robust auditing mechanisms. Tailored interventions such as capacity-building initiatives, collaborative partnerships, and simplified reporting frameworks are essential to facilitate sustainable auditing adoption among SMEs and promote inclusive and responsible business practices.

4.2. Perceptions of Sustainable Auditing

The literature review also unveils diverse perceptions of sustainable auditing among stakeholders, including management, investors, regulators, and civil society. While some stakeholders view sustainable auditing to enhance organizational performance, mitigate risks, and build reputation, others remain skeptical about its effectiveness and relevance. Concerns have been raised about the reliability and comparability of sustainability metrics used in auditing, as well as the potential for greenwashing or tokenism associated with superficial implementation of sustainable auditing practices. Moreover, cultural factors influence stakeholders' perceptions and priorities regarding sustainable auditing, with organizations in countries with strong environmental regulations more likely to prioritize sustainability in their auditing practices. Cultural norms, values, and regulatory frameworks shape organizational decision-making, stakeholder engagement, and reporting practices, highlighting the need for context-specific approaches to sustainable auditing. The perception of sustainable auditing among stakeholders, including management, investors, regulators, and civil society, reflects a diverse array of perspectives and priorities influenced by various contextual factors. While some stakeholders recognize sustainable auditing as a valuable tool for enhancing organizational performance, managing risks, and enhancing reputation, others express skepticism regarding its effectiveness and relevance in practice (Holland & Foo, 2018).

For instance, management often views sustainable auditing as a means to demonstrate corporate responsibility, improve operational efficiency, and attract socially responsible investors (Orlitzky et al., 2017). By integrating sustainability considerations into their business strategies and operations, companies can enhance stakeholder trust and long-term viability (Hahn et al., 2015). However, management may also face challenges in aligning sustainability objectives with financial performance metrics and balancing short-term profitability with long-term sustainability goals (Higgins & Gul, 2016). Similarly, investors increasingly consider sustainability performance as a key factor in investment decision-making, viewing companies with strong sustainability practices as more resilient and value-generating in the long term (Clarkson et al., 2019). Sustainable auditing provides investors with insights into a company's ESG risks and opportunities, enabling them to make informed investment choices aligned with their ethical and financial objectives (Friede et al., 2015). Nevertheless, investors may encounter challenges in evaluating the quality and credibility of sustainability disclosures, leading to concerns about greenwashing and information asymmetry (Hong et al., 2015). Regulators play a critical role in shaping the regulatory landscape for sustainable auditing, setting standards, guidelines, and reporting requirements to promote transparency, accountability, and comparability (Schaltegger et al., 2018). Regulatory frameworks such as the European Union Non-Financial Reporting Directive and the Task Force on Climate-related Financial Disclosures (TCFD) provide guidelines for companies to disclose material sustainability information and assess climate-related risks (Rimmel & Winkler, 2021). However, regulatory fragmentation and inconsistency can create compliance challenges for multinational companies operating across different jurisdictions (Serafeim & Grewatsch, 2020).

Civil society organizations (CSOs) play a vital role in advocating for corporate accountability and transparency, pushing for greater disclosure of sustainability information and holding companies accountable for their social and environmental impacts (Delmas & Toffel, 2014). Through initiatives such as shareholder activism, consumer boycotts, and public advocacy campaigns, CSOs exert pressure on companies to improve their sustainability performance and reporting practices (Rehbein et al., 2016). However, CSOs may also question the credibility and sincerity of companies' sustainability efforts, highlighting discrepancies between rhetoric and action (Wijen & Ansari, 2007). Cultural factors exert a significant influence on stakeholders' perceptions and priorities regarding sustainable auditing. Organizational cultures shaped by national norms, values, and regulatory frameworks influence decision-making processes, stakeholder engagement strategies, and reporting practices (Moon et al., 2018). Companies operating in countries with strong environmental regulations are more likely to prioritize sustainability in their auditing practices, integrating ESG considerations into their risk management and performance evaluation processes (Bansal & Clelland, 2004). Stakeholders' perceptions of sustainable auditing are shaped by a complex interplay of factors, including organizational objectives, regulatory requirements, investor expectations, civil society pressures, and cultural norms. While sustainable auditing holds promise to enhance transparency, accountability, and long-term value creation, challenges persist in ensuring the reliability, comparability, and credibility of sustainability disclosures. By adopting a multi-perspective approach and addressing the concerns and priorities of diverse stakeholders, organizations can enhance the effectiveness and impact of sustainable auditing practices. Sustainable auditing practices and perceptions within the accounting industry are shaped by a complex interplay of organizational, cultural, regulatory, and stakeholder dynamics. While progress has been made in integrating sustainability into auditing processes, challenges remain in ensuring consistency, credibility, and relevance. By addressing methodological challenges, organizational barriers, and stakeholder perceptions, organizations can harness the potential of sustainable auditing to promote transparency, accountability, and long-term value creation. Future research should focus on advancing our understanding of the mechanisms and outcomes of sustainable auditing, as well as developing context-specific strategies to enhance its effectiveness and impact.

5. CONCLUSION

The exploration of sustainable auditing practices and perceptions within the accounting industry reveals a complex landscape shaped by diverse stakeholder perspectives, organizational priorities, regulatory frameworks, and cultural contexts. This study has provided insights into the adoption, challenges, and implications of sustainable auditing from various multi-perspectives.

Theoretical Implications: From a theoretical perspective, the findings highlight several key insights that contribute to the existing body of knowledge on sustainable auditing. First, the study underscores the importance of understanding stakeholder perceptions and priorities regarding sustainable auditing, as these factors influence organizational decision-making, reporting practices, and stakeholder engagement strategies. By adopting a multi-perspective approach, researchers can gain a more comprehensive understanding of the drivers, barriers, and outcomes of sustainable auditing adoption. Second, the study emphasizes the role of cultural factors in shaping stakeholders' attitudes and behaviors towards sustainable auditing. Organizational cultures influenced by national norms, values, and regulatory frameworks play a significant role in determining the extent to which sustainability considerations are integrated into auditing processes. Future research should explore the cultural dimensions of sustainable auditing adoption and develop context-specific approaches to address cultural barriers and promote cross-cultural understanding.

Third, the study highlights the need for further research to address methodological challenges related to measuring and reporting sustainability performance. Standardization of metrics, data collection methodologies, and verification mechanisms is essential to enhance the credibility, comparability, and reliability of sustainability disclosures. By adopting rigorous research methodologies and advancing measurement techniques, researchers can contribute to the development of robust frameworks and guidelines for sustainable auditing.

Managerial Implications: From a managerial perspective, the findings have several implications for organizations seeking to adopt sustainable auditing practices. First, organizations should recognize the importance of stakeholder engagement and transparency in driving sustainable auditing adoption. By actively engaging with stakeholders, soliciting feedback, and transparently communicating

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sustainability efforts, organizations can build trust, credibility, and legitimacy in the eyes of stakeholders. Second, organizations should invest in capacity-building initiatives and collaborative partnerships to overcome barriers to sustainable auditing adoption. Training programs, workshops, and seminars can raise awareness, build skills, and foster a culture of sustainability within organizations. Collaborative partnerships with industry associations, academia, and government agencies can facilitate knowledge sharing, resource pooling, and collective action on sustainability issues. Third, organizations should leverage technological innovations to enhance data management, analysis, and assurance processes. Advanced analytics, artificial intelligence, and blockchain technologies can enable real-time monitoring, predictive analytics, and automated reporting, thereby enhancing the efficiency, accuracy, and reliability of sustainability disclosures. The findings of this study underscore the importance of adopting a multi-perspective approach to understand the complexities of sustainable auditing adoption. By addressing theoretical gaps, methodological challenges, and managerial implications, researchers and practitioners can advance knowledge and practice in the field of sustainable auditing and contribute to the transition towards a more sustainable future.

The findings from this literature review have several implications for future research and practice in the field of sustainable auditing. First, there is a need for further research to explore the effectiveness of sustainable auditing practices in driving organizational performance, stakeholder value, and long-term sustainability outcomes. Longitudinal studies, comparative analyses, and case studies can provide insights into the mechanisms and processes through which sustainable auditing influences organizational behavior and decision-making. Second, efforts to address methodological challenges related to measuring and reporting sustainability performance are paramount. Standardization of metrics, data collection methodologies, and verification mechanisms can enhance the credibility and comparability of sustainability disclosures, thereby facilitating informed decision-making and accountability. Collaboration between researchers, practitioners, standard-setting bodies, and regulators is essential to develop robust frameworks and guidelines for sustainable auditing. Third, organizational barriers to sustainable auditing adoption must be addressed through targeted interventions and capacity-building initiatives. Education and training programs can raise awareness, build capacity, and foster a culture of sustainability within organizations, thereby overcoming resistance to change and promoting stakeholder engagement. Moreover, incentivizing sustainable auditing practices through regulatory incentives, market mechanisms, and stakeholder pressure can encourage widespread adoption and compliance.

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