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Accounting Sustainability Reporting and ESG Disclosure under IFRS

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Abstract

International Financial Reporting Standards (IFRS) play an important role in promoting accountability, transparency, and credibility in business reporting. However, despite the adoption of IFRS, sustainability considerations are not always effectively integrated into accounting practices. This creates challenges in ensuring accountability and transparency in environmental, social, and governance (ESG) reporting. Using a conceptual research framework, this study critically examines sustainability-related accounting issues under IFRS and explores their implications for developing effective ESG strategies. It aims to assess how accounting integrity can support sustainable business development and improve transparency. Weak integration of sustainability considerations into accounting processes can reduce the reliability of reported information. The study indicates that integrating accounting practices with international reporting standards can strengthen transparency by incorporating social and ethical considerations into corporate reporting.

Keywords: Sustainability; IFRS; Accounting integration; Business environment; Social governance

1. Introduction

In recent years, sustainability and accountability have become increasingly important in corporate development, particularly through environmental, social, and governance (ESG) disclosures and the application of International Financial Reporting Standards (IFRS). Inconsistent reporting practices can create uncertainty and make it difficult to assess the reliability of corporate information. Companies therefore need to maintain confidentiality where appropriate while ensuring transparency, comparability, and timely reporting. Sustainable development has become a global concern, and management must consider the interests of different stakeholder groups while reducing inaccuracies and gaps in disclosed information.

IFRS has long played a significant role in strengthening accountability and transparency in corporate reporting. When linked with environmental, social, and governance disclosures, consistent reporting can support sound decision-making by providing reliable information about sustainability performance. Regulatory developments and growing stakeholder expectations have further increased the demand for credible and comprehensive disclosures.

Companies are increasingly adopting ESG reporting practices to improve stakeholder-oriented disclosure and transparency in their core operations. This shift has encouraged organizations to use recognized sustainability reporting frameworks, including the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD). These frameworks provide structured guidance for reporting sustainability- and climate-related information in a consistent and reliable manner. The extent and quality of ESG adoption nevertheless vary across industries because of differences in regulatory pressures, stakeholder expectations, and operational characteristics.

Despite the growing emphasis on sustainable development and ESG reporting, significant concerns remain about measurement consistency, comparability, and transparency. The integration of ESG disclosures with IFRS-based financial reporting is still limited, creating weaknesses in accountability and the reliability of sustainability information. Although data accuracy is essential to effective reporting, existing literature has not fully explained how ESG information can be systematically integrated with IFRS-based financial reporting. Consequently, sustainability disclosures may not fully meet stakeholders' information needs. This highlights a research gap in achieving transparent, reliable, and globally comparable sustainability reporting.

This article examines the integration of accountability and transparency within IFRS. In particular, it considers how IFRS adoption, supported by accurate strategic planning and robust information systems, can improve reporting efficiency, reliability, and comparability. It also highlights the benefits of ESG disclosures for stakeholders and investors, with the broader aim of strengthening investor relations in the corporate sector.

2. Literature Review

Several studies have examined the growing importance of sustainability accounting in supporting structured and sustainable development. Earlier research indicates that accountability and transparency are important for improving the reliability of corporate reporting. Although reporting efficiency has improved, many studies observe that ESG disclosures do not always adequately address operational relevance or stakeholders' information needs. As a result, sustainability reporting practices remain inconsistent across organizations.

Companies have widely adopted IFRS to improve accountability, transparency, and reporting quality in support of sustainable development. Prior studies suggest that IFRS-based reporting improves the comparability and reliability of financial information, helping stakeholders make informed decisions. However, the literature also identifies limitations in ESG-related disclosures, particularly in accountability and integration with financial reporting. Recent studies therefore emphasize the role of frameworks and standards associated with the International Sustainability Standards Board (ISSB) and the Task Force on Climate-related Financial Disclosures (TCFD) in strengthening the transparency, comparability, and consistency of sustainability reporting and improving organizational effectiveness.

Several studies further acknowledge that the integration of environmental, social, and governance factors into IFRS-related accounting frameworks has yet to achieve its full potential. This raises concerns among investors and other stakeholders because inaccuracies can undermine the comparability and reliability of reports. Inconsistent reporting reduces the usefulness of data and creates difficulties for stakeholders who depend on it for decision-making. Although aligning accounting practices with sustainable development is essential for accurate reporting, current outcomes often fall short of providing the high-quality and transparent information required by the market (Maksudova, 2025).

The literature also identifies an ongoing challenge in establishing clear links between accountability and the integration of ESG factors into IFRS reporting frameworks. Companies may provide fragmented or inaccurate data when their accounting systems are not adequately aligned with ESG metrics. There is therefore a need for a reporting model that ensures the accuracy and reliability of information about non-financial operational activities. The literature suggests that integrating accounting with social-impact and sustainability metrics is essential for producing high-quality analytical information that meets IFRS requirements while supporting social equity and long-term sustainable development (Maksudova, 2025).

3. Methodology

3.1 (RESEARCH DESIGN)

This study adopts a conceptual research design to evaluate sustainable development within the environmental, social, and governance (ESG) framework. Its primary objective is to analyse how accounting practices can be integrated with International Financial Reporting Standards (IFRS) to support transparent and accurate disclosure. To improve the relevance and reliability of the analysis, the methodology synthesizes relevant reporting and regulatory frameworks to identify gaps in reporting consistency and information quality.

3.2 (NATURE OF STUDY)

The study is qualitative and analytical in nature and is based on a comprehensive review of existing literature on sustainability accounting, ESG disclosures, and IFRS. It examines conceptual and theoretical insights from previous research to explore accountability, transparency, and reporting efficiency. This approach supports an in-depth understanding of how integrated accounting frameworks can improve the quality of sustainability reporting for stakeholders and investors.

3.3 (DATA COLLECTION AND SOURCE)

The study uses a qualitative approach based on the collection and synthesis of secondary data. Its principal sources include peer-reviewed academic journals and official regulatory frameworks issued by the IFRS Foundation. It also examines standards and guidance developed by the International Sustainability Standards Board (ISSB), the Task Force on Climate-related Financial Disclosures (TCFD), the Global Reporting Initiative (GRI), and the Sustainability Accounting Standards Board (SASB). Considering these multiple frameworks allows the study to assess how different reporting standards relate to traditional accounting practices and support sustainable development.

3.4 (DATA ANALYSIS)

The literature and regulatory frameworks are analysed using thematic and comparative approaches. The analysis focuses on how accountability can be incorporated into sustainability reporting and compares how existing reporting structures may be aligned with IFRS.

The thematic analysis also considers how ESG factors can be linked with traditional financial measures. It evaluates the accuracy and transparency of corporate performance disclosures and provides a theoretical assessment of reporting reliability in relation to the information needs of stakeholders and investors in the evolving field of sustainability.

3.5 (SCOPE OF THE STUDY)

The study focuses on ESG reporting in the context of accounting practices. It evaluates the reliability and accuracy of performance disclosures as they are integrated with IFRS. By drawing on sustainable-development frameworks and relevant peer-reviewed research, the study seeks to improve the synthesis of information and the understanding of operational efficiency. Its scope is to provide a consistent analytical framework for stakeholders and to examine how companies can bridge the gap between financial reporting and sustainability considerations.

4. Result and 5. Discussion

4.1 (ESG REPORTING)

The literature indicates that environmental, social, and governance (ESG) reporting has become increasingly prominent in corporate sustainability disclosures. Previous studies associate ESG reporting with improvements in the transparency, reliability, and accuracy of sustainability-related information. However, reporting practices differ among companies. Some studies identify weaknesses in consistency and measurement, which can result in incomplete or less reliable ESG data.

4.2 (IFRS AND ACCOUNTING)

The reviewed literature indicates that IFRS and established accounting practices play an important role in improving the accuracy, transparency, and reliability of corporate reporting. IFRS-based frameworks support accountability by encouraging consistent and comparable financial information. Their structured disclosure requirements can also help companies communicate financial performance more clearly.

4.3 (INTEGRATION OF ESG AND IFRS)

The literature further indicates that ESG disclosures remain only partially integrated with IFRS across corporate reporting practices. ESG information is often presented separately from financial statements, which can lead to inconsistencies and reduce comparability. Other challenges include ensuring reliable measurement and aligning non-financial information with established accounting standards. Although frameworks such as ISSB, TCFD, and SASB are increasingly referenced, their integration into IFRS-based reporting continues to develop. Consequently, limitations in the consistency and completeness of ESG disclosures remain.

APA Reference List Citation
Maksudova, S. (2025). Sustainable growth and global financial reporting standards. Asia Pacific Journal of Marketing & Management Review, 14(06), 22–31.

5. Discussions

5.1 (INTERPRETATION OF KEY FINDINGS)

The key findings emphasize the importance of accuracy and comparability in strengthening the integration of accounting and sustainability reporting under ESG practices. The growing adoption of ESG reporting influences the effectiveness of reporting systems and can improve overall reporting efficiency. Better integration of accounting practices helps provide stakeholders with reliable and consistent sustainability information. Investors can consequently assess corporate performance and long-term sustainability commitments more effectively, supporting informed decision-making.

Despite the growing importance of ESG reporting, challenges persist because sustainability information may be inadequate or inaccurate. The absence of standardized measurement and reporting practices limits the effectiveness of ESG disclosures under IFRS, even where accounting integration is attempted. Companies may therefore struggle to provide stakeholders with consistent, reliable, and decision-useful sustainability information. These limitations weaken the intended contribution of ESG reporting to accountability and transparency in corporate reporting.

5.2 (IMPLICATIONS FOR IFRS, ESG, AND STAKEHOLDERS)

The findings highlight the importance of accurate and relevant information in ESG reporting. The alignment of stakeholder interests has a significant influence on accounting practices, indicating the need for stronger integration to improve the reliability and comparability of sustainability disclosures. Accounting systems must be able to capture and report non-financial data within IFRS-based disclosures. Addressing existing inefficiencies and shortcomings in transparency is essential to improving ESG information quality. Stronger integration can help stakeholders make more efficient and informed decisions about corporate sustainability performance.

The findings also have implications for ESG reporting frameworks used to reflect organizational sustainability performance. Frameworks such as GRI, TCFD, and SASB have been widely adopted, but their coexistence can contribute to inconsistencies and limitations in sustainability disclosures. The absence of uniform measurement and reporting standards can result in inadequate or inaccurate ESG information, affecting the quality of stakeholder decisions. The continued development of sustainability reporting standards underscores the need for stronger integration of ESG disclosures with accounting practices. Greater alignment between IFRS and sustainability-oriented frameworks can improve reliability, comparability, and transparency. Harmonized reporting can therefore provide stakeholders with more accurate and decision-useful sustainability information.

5.3 (CONTRIBUTION OF STUDY)

This study contributes to the existing literature by highlighting limitations in current sustainability and ESG reporting, particularly in relation to accuracy and transparency. It emphasizes the need to strengthen accountability by integrating ESG disclosures with accounting frameworks. The study builds on previous research by focusing on comparability and transparency in IFRS-based reporting systems. By bringing together discussions of ESG, accountability, and financial reporting, it offers a clearer understanding of how integrated reporting can improve the quality of sustainability information. Overall, it supports the development of more reliable and accurate reporting aligned with sustainable-development objectives.

From a practical perspective, the study highlights the value of integrated ESG reporting for company stakeholders and investors. It offers direction for improving reporting practices by emphasizing accountability, efficiency, and transparency in sustainability disclosures. It also encourages companies to strengthen the alignment of financial and non-financial information, which can increase stakeholder confidence and support long-term decision-making. These insights may help organizations and regulators develop more effective and consistent sustainability reporting practices.

Overall, the study points to the potential for improving accounting integration in ESG disclosures through the application of IFRS and the standards developed by the International Sustainability Standards Board (ISSB), thereby supporting greater operational efficiency and reliability in sustainability reporting.

6. Conclusion

6.1 (RESTATE PURPOSE + CONTEXT)

This study examined the problem of inaccurate and inadequate information in ESG reporting and its implications for operational performance and accountability. It focused on the importance of incorporating accountability into ESG disclosures to improve reporting efficiency and reliability. Particular attention was given to the role of IFRS in enhancing accuracy and supporting the sustainability practices adopted by companies.

6.2 (SUMMARY OF KEY FINDINGS)

The findings indicate that adopting IFRS-based reporting practices and integrating them with accounting processes can play an important role in improving operational efficiency and transparency in corporate reporting. However, persistent challenges remain in sustainability disclosures, especially regarding comparability, reliability, and accountability. These limitations reduce the effectiveness of ESG reporting and restrict the availability of decision-useful information for stakeholders and investors. The study therefore highlights the need for stronger accounting integration and the adoption of sustainability-oriented standards, including those developed by ISSB and SASB, to strengthen sustainability reporting systems.

6.3 (FINAL CLOSING)

In conclusion, efficient and accurate ESG disclosure improves the quality of information available to stakeholders and investors and supports informed decisions about sustainable development. Integrating accountability into ESG reporting, while improving comparability, reliability, and transparency under IFRS, can strengthen the credibility and usefulness of corporate sustainability reporting.

7. Reference

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