

Financial Reporting to Global Sustainability: The Path to Integration into Social and Environmental Accounting

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Abstract

Objectives: Sustainability accounting involves evaluating, measuring, and reporting the environmental, social, and economic impacts of organizational activities. In this context, the present study aims to investigate the integration of sustainability principles within the accounting methods of small and medium-sized enterprises (SMEs), with particular attention to the challenges faced in emerging markets and the requirements of multinational companies.

Methodology/Design/Approach: This study adopts a review-based research design and presents its analysis through a systematic examination of theoretical foundations and prior empirical studies related to sustainability accounting and reporting practices.

Findings: The study indicates that small firms in emerging markets encounter substantial challenges in implementing sustainability performance practices due to economic instability, limited resources, and insufficient legal protection. Additionally, multinational companies face difficulties arising from the lack of harmonized global sustainability reporting standards, which undermines the consistency and comparability of sustainability disclosures across borders. The findings underscore the necessity of tailored support mechanisms for SMEs and highlight the importance of advancing global standardization in sustainability reporting.

Innovation: This study contributes to the literature by addressing relatively underexplored areas of sustainability performance research, particularly in the context of SMEs and emerging economies. Moreover, it offers practical insights for policymakers and business leaders aimed at enhancing the adoption of sustainability accounting practices and emphasizes the need for coherent sustainability reporting frameworks to strengthen transparency and accountability in global business activities.

Keywords: Sustainability Performance, Social Accounting, Environmental Accounting.

1. Introduction

The introduction of the concept of sustainability in the last century as one of the most important and interesting discussions about the activities of companies, includes the commitments of the business unit to carry out fundamental reforms to build a just world, with prosperity and comfort for all, in which the surrounding environment as well as the main culture of the people are preserved and the share of these resources remains for generations to come. Bozorgar and Ghaffari (2008) believe that the issue of sustainability is an issue that society is still struggling with in its full conceptual definition. However, due to the diversity and breadth of companies' activities, attention to sustainability reporting has also increased. Although there is not yet a reporting model with reliable measurement and measurement criteria for sustainability, accountants are expected to provide more information than ever before for management reports. The accounting literature for sustainability is not yet complete, and there are different and diverse reporting methods and indicators for sustainability. Also, it is necessary to effectively integrate these indicators into the conclusion process; therefore, the role of accountants in this process increases for the transparency of business activities, especially in the field of social and environmental impacts. Of course, it is possible that despite the reporting requirements, more participation will be created by organizations for this issue (Samiei & Jamei, 2018).

The integration of sustainability into business practices has become one of the central issues in the contemporary corporate landscape. As companies strive to strike a balance between economic growth, environmental protection, and social responsibility, traditional accounting methods that focus primarily on financial results need to be revised. These traditional methods often do not pay sufficient attention to the broader social and environmental impacts of the company's activities. This has led to a growing gap between financial performance and sustainability goals (Ashrafi et al., 2019). This gap has led to the development of a concept called social and

environmental accounting, which aims to provide a more comprehensive view of the overall impact of the company. However, the transition to this developed accounting framework comes with great challenges, especially in accurately measuring and reporting non-financial indicators (Epstein, 2018). Companies face significant barriers, including the need for standardized guidelines and the complexity of integrating these indicators into existing accounting systems (Crist & Burritt, 2015). Global inconsistency in sustainability reporting standards. This exacerbates the challenges and makes a difference in how companies report and manage their sustainability efforts. Despite these obstacles, the demand for more comprehensive sustainability reporting is increasing, driven by increasing pressures from stakeholders who expect companies to be accountable not only financially, but also in their social and environmental impacts (Goodington & Enerman, 2020). Addressing these challenges is of paramount importance for the future of sustainability in accounting.

Studies have shown that firms that have adopted comprehensive sustainability reporting frameworks, such as those developed by the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), perform better in terms of reputation, operational efficiency, and stakeholder engagement (Hermans et al., 2016). In addition, environmental accounting has become a major component of financial reporting, with a dramatic shift from a marginal practice to a major component of financial reporting, reflecting its growing position in corporate governance (Ainella et al., 2024). This transformation reflects an increasing awareness among investors, consumers, and regulatory bodies of the need for more accurate and detailed reporting on non-financial indicators, which are essential for assessing the long-term sustainability and overall impact of the company (Gil-Marin et al., 2022). Many studies have focused mainly on the theoretical aspects of social and environmental accounting (SEA), but have not yet fully explored the practical challenges that firms face in implementing these practices. One of the key

challenges is the complexity of integrating environmental costs into accounting systems and the ongoing need for standardized reporting frameworks that can be applied globally (Ainla et al., 2024). Moreover, although extensive research has been conducted in the field of social accounting in developing countries, environmental issues have not been addressed as intensely, despite the fact that these regions are particularly vulnerable to the impacts of climate change (Kian et al., 2020). Another significant limitation is the lack of uniform terminology in sustainability accounting, which makes it difficult to disclose companies' activities in achieving the SDGs (Gil-Marín et al., 2022). Additionally, empirical data on the long-term impact of sustainability accounting on corporate performance are very limited, especially in emerging markets and industries that have traditionally been less involved in sustainability-related efforts. Filling these gaps in the scientific literature is essential to advancing this field and ensuring that sustainability accounting practices are practical and widely accepted in various fields.

While recent studies have made significant advances in the development of social and environmental accounting, there are still gaps between the proposed theoretical frameworks and their practical application in various fields. One important gap lies in the difference between the emphasis on sustainability reporting in developed and developing countries. Research has focused mainly on large multinational corporations in developed economies. They often have more resources and stronger legal protections to implement comprehensive sustainability accounting practices (Kian et al., 2020). This leaves a significant gap in understanding how sustainability can be integrated into the accounting practices of smaller firms, especially in emerging markets. These firms often face unique challenges, such as limited access to capital and weaker legal environments that can hinder the adoption of practices. While theoretical models of social and environmental accounting emphasize the importance of transparency and accountability, there is a need for more empirical evidence that demonstrates

the long-term impact of these practices on firms' performance, especially in sectors that have traditionally been less involved in sustainability-related efforts (Ainella et al., 2024). Inconsistencies in reporting standards in different jurisdictions also complicate the ability to compare and analyze the effectiveness of social and environmental accounting practices globally. This gap highlights the need for further research to address these empirical challenges and improve theoretical frameworks so that they can better account for the diversity of the fields in which firms operate. Addressing these gaps is essential to ensure the effective implementation of social and environmental accounting across various industries and regions.

Despite advances in social and environmental accounting, there are still significant research gaps. One of these important gaps is the lack of empirical research on the implementation of social and environmental accounting in different sectors and regions, as most studies focus on large firms in developed countries. This situation has led to the practice of social and environmental accounting in developing countries and among small and medium-sized enterprises (SMEs) being less studied. (Kian et al., 2020). Small and medium-sized enterprises in these regions face specific challenges such as limited resources and inadequate regulatory support, which make it difficult for them to adopt sustainability (Epstein, 2018). High implementation costs and resistance to change also hinder the integration of sustainability into business practices (Crist & Burritt, 2015). Social and environmental accounting has a positive impact on corporate performance, including increasing credibility, strengthening stakeholder relationships, and increasing operational efficiency (Epstein, 2018). However, more research is needed to understand these effects across sectors, especially in industries that are less active in sustainability. Such studies are needed to provide strong empirical evidence of the effectiveness of social and environmental accounting in diversified business platforms, which are essential and ultimately

demonstrate that social and environmental accounting not only responds to legal and ethical obligations, but also creates strategic value for companies.

2. Theoretical Foundations and Research Background

Accounting has traditionally emphasized financial reporting and a focus on monetary transactions. However, increasing global awareness of the negative social and environmental consequences of business activities has revealed the need for a broader approach. Social and environmental accounting has been developed to meet this demand and provides more comprehensive information on the overall impact of firms beyond financial performance (Fatemavati, 2017). Initially, social and environmental accounting was a specialized concept that was adopted by only a small number of socially responsible companies and aimed at increasing credibility and meeting stakeholder expectations through a combination of social and environmental elements. It was in the reports. The evolution of social and environmental accounting is based on critical theories, such as stakeholder theory, which argues that firms are responsible not only to shareholders, but also to a wider range of stakeholders, including employees, consumers, and the environment (Freeman et al., 2018). Social and environmental accounting has undergone a dramatic transformation since its inception, moving from a narrow focus on financial reporting to a broader approach that also encompasses social and environmental dimensions (Sumarto et al., 2024). Initially, traditional accounting mainly focused on recording and reporting monetary transactions, providing a financial picture for stakeholders (Tandino et al., 2023). However, as awareness of the social and environmental impacts of business activities increased, the demand for accounting practices that reflected these broader concerns increased. The emergence of social and environmental accounting dates back to the social and environmental movements of the 1970s and 1980s. Understood the importance of reporting non-financial effects. This change led to the beginning of

the inclusion of social and environmental issues in accounting procedures, and early sustainability and corporate social responsibility reports were formed in the form of voluntary disclosures. These companies found that in addition to financial reporting, they also had a responsibility to inform the social and environmental impacts of their activities to a wider audience (Epstein, 2018).

Social and environmental accounting is based on several foundational theories that provide a conceptual framework for its implementation. Stakeholder theory, proposed by Friedman, extends the traditional perspective of corporate responsibilities beyond shareholders to include a broader group of stakeholders such as employees, customers, suppliers, local communities, and the environment. This theory states that companies should consider the interests and impacts of their activities on these groups in their decision-making process. By doing so, in addition to focusing on maximizing profits, companies also consider the needs and concerns of the groups affected by their activities. For this reason, social and environmental reporting becomes a key tool for demonstrating the company's commitment to stakeholders. This type of reporting enables companies to transparently articulate their approach to managing social and environmental impacts, build trust, and establish stronger relationships with their stakeholders (Freeman et al., 2018). Karimi et al. (2023) acknowledged that the changes and development created in accounting represent two independent intellectual attitudes. In the first approach, it proposes a philosophical attitude about the process and role of accountability of organizations and how they relate to sustainable development, and it is stated that these factors are among the factors that are effective in the movement of organizations towards sustainability. The second approach is to pay attention to the management perspective in relation to various and effective conditions and tools for the sustainability of the organization. At present, the causal, intervening, and contextual conditions, strategies, and consequences of sustainability accounting have not been investigated.

The results of the research showed that the most important causal conditions that strengthen sustainability accounting are, respectively, environmental factors and requirements, accounting ethics, compliance with policies, methods, and laws, transparency of accounting activities, disclosure of organizational information, disclosure of social responsibility, environmental incentives, environmental pressures, and political characteristics. Also, according to the experts' opinion, the characteristics of corporate governance, Firm structural characteristics, managers' behavioral characteristics, and motivational commitments are also considered as intervening factors for the sustainability accounting model.

Among them, stakeholder theory and legitimacy theory are among the most influential theories. Legitimacy theory states that companies must maintain their social legitimacy by aligning their operations with the values and expectations of society. Therefore, social and environmental reporting serves as a tool for companies to demonstrate their compliance with social norms and ethical standards, and to strengthen their commitment to broader responsibilities beyond mere financial results (Vahyuni et al., 2024).

Complementing this view, the theory of legitimacy argues that for a company to survive and succeed, the company's operations must be aligned with the norms, values, and expectations of the society in which it operates. This theory proposes that firms gain and maintain social legitimacy by ensuring that their activities are publicly considered valid. This social legitimacy is an essential part of their "license to operate" in society. In this context, social and environmental reporting serves as a tool through which companies can demonstrate that they are acting in accordance with societal expectations, thereby increasing their legitimacy and ensuring their continued activity (Sachman, 1995). Together, these two theories highlight the importance of transparency and accountability in modern corporate governance and show that social and environmental accounting has

become an integral part of companies' strategic approach to sustainability.

Signaling theory is very important for understanding social and environmental accounting, especially in terms of how companies use social and environmental reporting to signal their commitment to social responsibility to the market and stakeholders. This theory states that companies can use these reports to demonstrate their commitment to sustainability and thus influence the perspective of the theory of accountability, which emphasizes the responsibility of companies to disclose and report their social and environmental impacts to stakeholders. This theory highlights the importance of transparency and accountability in social and environmental accounting procedures. Companies should provide honest and accurate information about the impacts of their operations on society and the environment. Participation in procedures, Transparent and responsible social and environmental accounting allows companies to demonstrate their commitment to sustainability and take steps toward positive progress in society (Epstein, 2018).

The high costs associated with implementing ESG practices pose a significant barrier, especially for small and medium-sized enterprises. The costs associated with developing proper reporting systems, training employees, and using the necessary technologies are often seen as an additional burden that not all companies are able to afford. These costs can be very high for small and medium-sized companies, which typically operate with limited resources, and can cause them to implement social and environmental accounting practices. They should reject it or reject it completely. Despite the long-term importance of social and environmental accounting, this reluctance to invest in this area reflects the financial challenges that many companies face in pursuing sustainability initiatives. Internal resistance to change within organizations is also another obstacle to the adoption of social and environmental accounting. This resistance can manifest at different levels, from senior management to operational staff. Lack of understanding of the

benefits of social and environmental accounting, fear of disrupting established procedures, and conflicts of interest between different parts of the organization can all lead to strong resistance to the implementation of social and environmental accounting (Cohen & Hahn, 2018). In some cases, senior management may view social and environmental accounting as an additional burden that does not directly generate financial benefits. Meanwhile, operational departments may perceive additional reporting requirements as unnecessarily complicating their work. Overcoming this resistance requires educating all levels of the organization about the importance of social and environmental accounting and its role in the long-term success of the company (Vahyuni et al., 2024). Najm al-Din et al. (2022) stated in a study that an important part of the development of accounting knowledge, beyond financial functions, today is focused on sustainability, which, under the existence of human resource functions, can provide the ground for increasing information transparency for stakeholders. Therefore, the purpose of this study is to evaluate the effectiveness of sustainability accounting based on green human resource functions. The results of the research showed, Firstly, the most important parameter of the research themes (functions of green human resource management) is the green professional identity, which has the highest rate of importance compared to other research themes according to the fuzzy weights obtained, and secondly, disclosure of human capital based on the index value equal to 0.051 is the most important criterion of sustainability accounting under the themes of green human resource functions, especially the theme of green professional identity. The results of the present study show that disclosure of human capital information as an important dimension of sustainability accounting derived from green professional identity is an important component in the company's potential future decision-making and is in the interest of companies that seek to satisfy all investors seeking information to increase the market value.

In many developing countries, laws often need to be revised or harmonized, making it difficult for SMEs to align with higher standards, such as those adopted by large firms in developed economies. This legal gap presents SMEs with challenges in adapting to social and environmental accounting practices. They are usually seen as an additional burden, rather than an integral part of business operations (Crist & Barrett, 2015). In addition, limited access to financial and technical resources exacerbates these challenges, forcing companies to choose between prioritizing sustainability and ensuring the short-term survival of their business. This dilemma often leads to a lower priority for social and environmental accounting, making it difficult for companies to fully adopt these practices. Economic challenges also differentiate the experiences of SMEs in developing countries from those of large firms in developed countries. SMEs often operate in unstable economic environments that make them more vulnerable to market fluctuations and unpredictable government policies (Bingington & Unnerman, 2020). As a result, many of these firms prefer not to invest in social and environmental accounting because they see these practices as having limited short-term financial benefits. This reluctance is in sharp contrast to large corporations in developed countries, which typically have the financial capacity and legal protections necessary to integrate social and environmental accounting into their business strategies (Epstein, 2018). Javadipour (2018) stated that companies in the societies where they operate should be accountable for the activities and actions they take and have external effects due to the use of scarce resources. One of the issues raised in the field of corporate social responsibility is accountability towards the social environment around the company and the protection of the environment. Using the analysis of the topics of the articles published in the field of social and environmental accounting, we concluded that the topics that are most focused on are in the field of topics such as creating a new image of social and environmental accounting, By providing useful insights for the use of opposing approaches, it is

to conceal and present arguments that reflect different perspectives. In this research, it is emphasized that researchers in their research in the field of social accounting need fundamental and fundamental studies in their work. Another important issue is the interactive role of researchers in this field with each other (both in terms of how the research is conducted and where it is published). To challenge the existing practice, it has also been discussed to expand transparency and create a balance in education.

The results highlight significant differences in social and environmental reporting practices across different industrial sectors. Sectors that have traditionally been less engaged in sustainability efforts, such as heavy industry and extractive industries, tend to have lower acceptance rates of social and environmental reporting than consumption-oriented sectors such as services and retail. Several factors influence the adoption of social and environmental reporting in these sectors, including stakeholder pressure, legal requirements, and the company's internal awareness of the importance of sustainability. In sectors that are less involved in sustainability, there is often a perception that such efforts are only important for industries that are more visible to consumers or industries that are directly related to environmental issues. For this reason, companies operating in these sectors may only be motivated to embrace social and environmental accounting when they are under significant external pressures. However, despite these challenges, research shows that implementing social and environmental accounting can have a positive impact on the long-term performance of companies. Companies that actively report their social and environmental performance typically enjoy better credibility among stakeholders and build stronger relationships with investors, consumers, and local communities. Greater transparency through social and environmental accounting also leads to increased operational efficiency, as companies become more aware of the impacts of their activities and work to reduce inefficiencies and wastes (Ashrafi et al., 2019). Even

in sectors where sustainability has traditionally not been a priority, the adoption of social and environmental accounting can lead to significant behavioral changes and ultimately increase the company's competitiveness over time (Bingington & Unnerman, 2020). Pourmojtaba et al. (2015) stated in a study entitled "Environmental Accounting and the Challenges Facing It in Iran" as follows: The purpose of this article is to investigate the historical trend and causes of the emergence of environmental accounting to identify the strategies facing business owners and the public to achieve the concept of sustainable development. The objectives, advantages, and applications of environmental accounting explain the necessity of conducting the present study, especially in Iran. Conclusion: The results of the research indicate that paying attention to the philosophy of tax exemptions and the steps of implementing environmental accounting can lead any organization to advance the goals of sustainable development. Also, the study of the results of the application of tax exemptions and the steps of implementing environmental accounting shows that companies can have a longer lifespan by using environmental accounting from an economic, social, and environmental point of view, and take a positive step to protect the environment and the health of the community.

The global implementation of social and environmental reporting continues to face significant challenges, mainly due to the lack of uniform standards in sustainability reporting in different countries. This lack of coordination creates significant problems for multinational corporations that must adapt their reporting to the diverse requirements of each local jurisdiction in which they operate (Chryst & Burritt, 2015). The lack of standardized guidelines not only complicates the reporting process but also undermines the ability of stakeholders to compare and evaluate the social and environmental performance of companies on a global scale. This fragmentation in reporting standards can lead to a lack of transparency, making it difficult for investors, regulators, and the

general public to hold companies accountable for their environmental and social impacts. It's more difficult. These inequalities can create competitive advantages for companies that commit to stricter sustainability practices, and even lead to negative perceptions in markets with lower reporting standards. Research emphasizes the urgent need to harmonize global reporting standards to address these challenges. Developing and adopting integrated sustainability reporting frameworks can improve the comparability, reliability, and effectiveness of social and environmental practices (Ashrafi et al., 2019). This harmonization is critical to promoting transparency and accountability, allowing companies around the world to contribute more effectively to global sustainability goals. In the case of SMEs, these best practices can be seen in companies that have successfully overcome these challenges and integrated sustainability into their accounting practices. Case studies of successful SMEs show that effective implementation of social and environmental reporting is often dependent on strong leadership, a

commitment to education and development, and collaboration with external organizations that can provide technical and financial support. SMEs that have successfully adopted social and environmental reporting are often innovative in reducing implementation costs, such as the use of digital technologies and efficient data management systems. Through these approaches, SMEs can overcome existing barriers and succeed in social and environmental reporting, while strengthening their position in an increasingly transparent and accountable market. Ultimately, despite the numerous challenges and limitations of social and environmental reporting implementation practices, its adoption remains essential to support the long-term sustainability of the business. By understanding and resolving these barriers, companies of all sizes and sectors can use social and environmental reporting implementation practices as a strategic tool to improve performance, strengthen stakeholder relationships, and build a reputation as socially and environmentally responsible businesses (Vahyuni et al., 2024).

Comparative Table: Literature, Theories, and Challenges of Sustainability Accounting

Comparison Axis	Small and Medium Enterprises (SMEs) in Emerging Markets	Multinational Corporations (MNCs)	Existing Literature and Theories
The main focus of the research	Investigating the Challenges of Integrating Sustainability Principles Due to Resource Constraints.	The need for uniformized global standards for reporting across geographic boundaries.	Transition from traditional (financial) accounting to social and environmental accounting (SEA).
Main challenges	1. Economic instability and risk aversion. 2. Limited financial and technical resources. 3. Inadequate legal protection and legal gap. 4. Internal resistance to change.	1. Lack of harmonized global standards (lack of integration). 2. The complexity of adapting to diverse local requirements in different countries. 3. Difficulty in comparability of reports.	1. High Cost of Implementation. 2. The complexity of measuring non-financial indicators. 3. Lack of sufficient empirical literature in less active industries.
Fundamental Theories	Legitimacy Theory: The need to maintain social legitimacy despite its limitations. Stakeholder Theory: Responding to a wide range of stakeholders with limited resources.	Theory of Legitimacy: Aligning operations with global and local norms. Signaling Theory: The use of reporting to demonstrate a commitment to sustainability in the global market.	Stakeholder Theory: Extending Responsibility Beyond Shareholders. Accountability Theory: Emphasis on transparency and accurate disclosure of social and environmental impacts.
Practical and managerial implications	The need for tailored support mechanisms (such as financial or educational incentives) to overcome cost barriers and resistance.	Support and develop integrated global reporting frameworks (such as GRI and SASB) to increase transparency.	The necessity of training accountants to integrate non-financial indicators in decision-making and reporting processes.

Comparison Axis	Small and Medium Enterprises (SMEs) in Emerging Markets	Multinational Corporations (MNCs)	Existing Literature and Theories
Situation in previous literature	Less studied; previous research has focused more on large firms in developed countries.	have been considered, but face the challenge of not harmonizing standards at the global level.	The theoretical literature is rich, but there is a gap in practical aspects, especially in the field of implementation in various industries and developing countries.
Innovation of the present research	Focusing on the role of "economic instability" as a key deterrent that was less emphasized in previous research.	Emphasizing the need for greater coordination of standards to solve the problem of the comparability of the reports of these companies.	Bridging the gap between theoretical frameworks and practical realities in emerging markets and traditional industries.

2. Conclusion

The present study examines the challenges and opportunities associated with the implementation of social and environmental accounting in small and medium-sized enterprises. Research shows that economic instability, resource constraints, and legal gaps significantly impede the adoption of social and environmental accounting practices. At the same time, multinational corporations need to manage the diverse local needs that arise from the lack of harmonized standards. It is global, they should try. These findings highlight the complexity of integrating sustainability into accounting practices across different economic contexts. This research has significant practical and managerial implications. Policymakers and business leaders need to understand the need to create appropriate support mechanisms to help small firms overcome these barriers. Multinational corporations should strive to support the development and participation of global integrated sustainability reporting frameworks. Such measures will increase the effectiveness of social and environmental accounting and ensure that sustainability is placed as a central component in business strategies around the world. The novelty of this research lies in its focus on the unique challenges faced by small and medium-sized enterprises in emerging markets, challenges that have not been explored in the previous literature. A comprehensive understanding of how economic conditions and regulatory environments affect the adoption of social and environmental accounting contributes to this scientific field. This research has significant practical and managerial implications.

Policymakers and business leaders need to understand the need to establish appropriate support mechanisms to help companies overcome these barriers. Multinational corporations should strive to develop and advocate for the development and participation of global integrated sustainability reporting frameworks. Such actions will increase the effectiveness of social and environmental accounting and ensure that sustainability is a central component of business strategies to be placed all over the world. This study shows that economic instability in emerging markets adds another complexity to the implementation of social and environmental reporting for SMEs. Unstable economic conditions in these regions have made the implementation of social and environmental accounting risky for SMEs, as the potential short-term costs are perceived as more than the long-term benefits. The finding is consistent with the economic theory of risk aversion, which states that in uncertain environments, businesses are more likely to avoid actions that may increase their financial vulnerability. When comparing the results of this study with previous research, the findings of this study, like previous research, point to significant challenges faced by SMEs in implementing social and environmental reporting. These challenges are mainly due to resource constraints and regulatory barriers. For example, Adams and Whelan's (2009) research also showed that most SMEs struggle to adopt sustainable practices, citing a lack of internal capabilities and a lack of adequate external support as major barriers. Previous research has repeatedly shown that SMEs lack financial constraints and a lack of comprehensive

regulatory frameworks to help them keep up with social and environmental accounting standards. The study builds on the existing literature by providing a more detailed analysis of how SMEs face these challenges in emerging markets, where economic instability makes it particularly difficult to accept social and environmental accounting. Unlike previous research that focused mainly on resource constraints and regulatory barriers in developed economies, this study plays a key role in economic instability as a significant factor in discouraging SMEs from implementing social and environmental accounting. Emphasizing economic instability as a barrier to the adoption of social and environmental accounting is a new contribution in this area, as it highlights the complexity of sustainability efforts in areas where market volatility and uncertain government policies are common. By highlighting these specific challenges, this study provides a deeper understanding of the environmental factors that influence social and environmental accounting practices in different economic environments, thereby expanding the scope of the existing literature in the field of sustainability accounting. The study's findings on the impact of inconsistent global reporting standards add to a growing body of scientific literature calling for greater harmonization of sustainability reporting frameworks.

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