



Adoption of ESG Reporting in Sustainable Accounting: Evidence from Emerging Economies with Special Reference to Bangladesh

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Abstract

This paper examines the implementation of Environmental, Social, and Governance (ESG) reporting within the broader framework of sustainable accounting, with a focus on developing economies such as Bangladesh. Stakeholders are insisting on greater openness beyond conventional financial metrics; as a result, corporations face heightened pressure to disclose their environmental impacts, social initiatives, and governance structures. This paper analyzes the complex structure of international sustainability reporting standards, comprising the Global Reporting Initiative (GRI), the European Sustainability Reporting Standards (ESRS), and the International Sustainability Standards Board (ISSB), assessing their significance and the challenges of implementation in developing nations. In Bangladesh, the use of these strategies varies by sector, influenced by market demand, legal constraints, and the enterprise's capacity. Despite advancements in environmental disclosures across sectors such as textiles and banking, significant gaps persist due to the lack of established regulations and robust enforcement mechanisms. The study identifies both challenges to conducting business, such as insufficient resources, lack of awareness of regulations, and inadequate regulatory frameworks, as well as facilitators, including shareholder engagement, potential for increased market value, and access to financing. The significance of digital technologies such as AI and blockchain in enhancing data accuracy and transparency is examined. The paper concludes with recommendations to enhance regulatory frameworks and proposals for future research to foster more responsible and sustainable business environments in Bangladesh and other developing nations.

Keywords: *ESG Reporting, Sustainable Accounting, Emerging Economies, Bangladesh, Corporate Transparency, Regulatory Frameworks.*

1. Introduction to Sustainable Accounting and ESG Reporting

1.1. The Growing Importance of Sustainable Accounting

Sustainable accounting is becoming increasingly essential as companies increasingly recognize the imperative to incorporate environmental and social factors into their financial reporting methodologies (D'Amore et al., 2025; Ayinla et al., 2024). Traditional financial statements, which primarily focus on economic performance, are now deemed insufficient to meet the demands of a wide range of stakeholders who require transparency regarding social contributions, environmental impacts, and overall sustainability practices (Saha & Jannat, 2021). This shift reflects a trend toward holistic, sustainable business practices that value both financial and non-financial performance (Garcia-Torea et al., 2023). Investors, customers, and regulatory bodies are increasingly demanding comprehensive information regarding a company's environmental effect, social initiatives, and governance structures (Saji & Rajeev Kumar, 2025; Sulemana et al., 2025). This need is increasing as individuals become more cognizant of the interconnections between corporate operations and their impacts on society and the environment at large. Sustainable accounting is a crucial instrument for offering an in-depth assessment of how a company generates value, extending beyond just profit to encompass long-term sustainability and ethical conduct (Asadi et al., 2024).



1.2. Defining ESG (Environmental, Social, and Governance) Reporting

When a firm reports on ESG, it discloses extensive information about its initiatives in environmental protection, social responsibility, and effective business management (Paridhi et al., 2025). ESG reporting goes beyond just financial numbers. It also incorporates non-financial data to give stakeholders a holistic view of firm performance. ESG reporting helps firms be more accountable, transparent, and focused on sustainable growth by incorporating both forms of information (Al Amin, 2022). ESG reporting covers a lot of ground, including various metrics and disclosures on environmental impact (such as carbon emissions and waste management), social responsibility (such as labor practices and community engagement), and corporate governance (such as board diversity and ethical behavior) (Abideen, 2025; Devi et al., 2024; Adams & Abhayawansa, 2022). The objective is to clarify for stakeholders how a company manages its social and environmental risks and opportunities while ensuring ethical, responsible governance (Agnese et al., 2024).

1.3. Context: Emerging Economics and Bangladesh

Emerging economies face unique challenges and opportunities in executing sustainability reporting due to a complex interplay of regulatory, financial, and institutional barriers (Valentinetti & Rea, 2024). These economies frequently face constrained resources, inadequate legal frameworks, and limited awareness of the benefits of sustainable business practices (Shehzad & Khan, 2024). However, they also possess the opportunity to bypass conventional development trajectories and embrace innovative, sustainable models that align with global sustainability objectives (Al Amin, 2022). Bangladesh's strict regulations and clear accounting make it ideal for environmental reporting research (Bose et al., 2021). The banking and manufacturing sectors in the country face significant social and environmental impacts. These sectors provide important insights into the challenges and opportunities in improving corporate sustainability (Jahan & Kabir, 2021). Bangladesh is a strong example for studying how regulatory laws and sustainability standards affect accounting practices. The government focuses on financial openness and operational stability (Laine et al., 2021). The primary objective of this study is to evaluate the adoption landscape of ESG reporting in Bangladesh as a representative emerging economy. Specifically, the study seeks to answer the following research questions:

RQ1: What is the current status of ESG reporting adoption across key sectors (banking and textiles/RMG) in Bangladesh? **RQ2:** What are the primary regulatory, organizational, and technological drivers and barriers affecting ESG integration? **RQ3:** How do international frameworks (GRI, ESRS, ISSB) align with the needs of emerging market accounting professionals?

2. Regulatory Frameworks and Standards for Sustainability Reporting

2.1. Global Reporting Initiative (GRI) Standards

The GRI principles are recognized as a comprehensive framework for sustainability reporting, providing organizations with a systematic method for disclosing their environmental, social, and economic performance (Biswas et al., 2020). These recommendations establish a standardized framework of measures and disclosures that enable enterprises to reliably and equitably assess and disclose their sustainability impacts (Job & Khanna, 2024). By adhering to GRI criteria, companies can enhance transparency, foster stakeholder engagement, and demonstrate their dedication to sustainable development (Machado et al., 2021). However, different businesses and industries may follow GRI standards in very different ways. For example, certain banks in Bangladesh do not always follow the rules (Biswas et al., 2020). Inconsistencies, such as a lack of awareness, limited resources, and weak rule enforcement, can make it difficult to adopt GRI norms (Paridhi et al., 2024). Despite these challenges, organizations seeking to align their operations with the Sustainable Development Goals and improve overall sustainability performance still need to follow GRI standards (Biswas et al., 2020).



2.2. European Sustainability Reporting Standards (ESRS)

The ESRS represents a significant advancement in sustainability reporting, as it seeks to integrate environmental and social concerns into corporate reporting by establishing a standardized framework for non-financial disclosures. These guidelines aim to influence strategic business decisions and reform corporate governance by establishing a clear, standardized framework of reporting requirements for companies in the European Union (Leal Filho et al., 2025; Głuszek & Martusewicz, 2025). The ESRS aims to enhance corporate transparency and accountability by mandating the disclosure of sustainability initiatives. This approach will motivate enterprises across many sectors to embrace more sustainable practices across a wide range of industries (Leal Filho et al., 2025). The ESRS framework highlights both the benefits and limitations of its implementation, emphasizing the need for simplification, technological support, and global standardization in sustainable accounting (Elidrissy, 2024; Szelągowski et al., 2024). The standards offer a comprehensive and systematic approach to sustainability reporting; however, their complexity and specialized expertise requirements can pose challenges for organizations, particularly small and medium-sized enterprises (SMEs) (Koskelainen, 2024). To ensure sustainable operations, it is essential to provide businesses with the necessary tools and support, as well as to promote greater collaboration and alignment with international sustainability reporting standards (Tkachenko, 2025).

2.3. International Sustainability Standards Board (ISSB) Standards

The ISSB standards, particularly IFRS S1 and S2, represent a global initiative to establish a uniform foundation for sustainability-related financial disclosures. The primary objective is to improve the accessibility and comparability of international markets (Benhayoun et al., 2025). These guidelines are designed to provide investors and other stakeholders with consistent, credible, and relevant information regarding a company's sustainability risks and opportunities. This approach enables more informed investment decisions and increases accountability for firms' social and environmental impacts (Becker et al., 2021). The ISSB seeks to facilitate capital flows toward sustainable investments and promote global economic sustainability by establishing a unified framework for sustainability reporting (Benhayoun et al., 2025). Organizational readiness, encompassing absorptive capacity and organizational structure, is crucial for the effective application of ISSB standards (de Villiers et al., 2024). Organizations that can adapt swiftly and possess a well-defined organizational structure conducive to sustainability initiatives are more proficient in implementing the ISSB framework (Benhayoun et al., 2025). Emerging markets can leverage ISSB standards to instill confidence among stakeholders, enable business leaders to implement best practices, and attract foreign investment by demonstrating a commitment to transparency and sustainability (Tkachenko, 2025).

3. Current State of ESG Reporting in Bangladesh

3.1. Sector-Wise Analysis of EMA (Environmental Management Accounting) Adoption

The application of Environmental Management Accounting (EMA) in Bangladesh varies significantly across manufacturing industries. This is due to the distinct traits, varying environmental impacts, and differing levels of governmental oversight inherent to each industry (Deb et al., 2023). In the textile sector, total sales and board size influence the Corporate Environmental Management Reporting Index (CEMRI). This indicates that larger, more established firms are more likely to employ EMA strategies (Amin, 2025). In contrast, the fuel and power sectors exhibit the most reliable EMA reporting, with total assets, revenue, and stock prices significantly influencing CEMRI. This signifies a strong correlation between financial performance and environmental disclosure (Nkundabanyanga et al., 2021).

Even though these trends are positive, the fact that EMA is not implemented equally across industries demonstrates that Bangladesh still needs stronger norms and regulatory frameworks to promote sustainable business practices (Jahan & Kabir, 2021). In the absence of a coherent and comprehensive strategy for implementing EMA, reports may lack consistency, complicating stakeholders' ability to accurately assess and evaluate the environmental performance of different firms (Singh & Björling, 2019). Policymakers and regulators must collaborate to establish explicit regulations, incentivize firms to use EMA, and ensure compliance across all sectors to achieve the nation's sustainability objectives (Lee, 2011).



3.2. Disclosure of Sustainable Development Goals (SDGs)

Entities listed on the Dhaka Stock Exchange (DSE) exhibit low levels of direct disclosure regarding the Sustainable Development Goals (SDGs), indicating a disparity between awareness and comprehensive reporting (Rakiv, 2025). There is commendable knowledge of and incorporation of the SDGs into corporate activities, reflecting a growing awareness of the need to align corporate operations with global sustainability goals (Saha et al., 2023). Companies may not explicitly disclose certain SDG targets and indicators; instead, they often integrate sustainability concerns into their comprehensive business strategies, demonstrating a commitment to advancing broader development goals (Sumner et al., 2020).

Businesses report on several aspects of the SDGs, including strategy, governance, management style, and performance targets, with a focus on social and environmental responsibility (Biermann et al., 2017). This indicates that an increasing number of individuals are beginning to understand the impact of corporate operations on society and the environment (Saha et al., 2023). To enhance accountability and transparency, businesses must move beyond ambiguous purpose statements and provide explicit, quantifiable data demonstrating their progress towards specific Sustainable Development Goals (Gennari & D'Orazio, 2020).

3.3. Challenges and Opportunities for Accountants

Accountants in developing economies, particularly in Bangladesh, hinder the establishment of transparency and consistency in sustainability reporting due to insufficient legislative frameworks and inadequate infrastructure (Tauringana, 2020). Accountants may encounter difficulties in measuring, reporting, and ensuring the reliability of ESG disclosures in the absence of clear regulations, defined metrics, and robust enforcement mechanisms (Darnall et al., 2022). There is a significant need for capacity building and skill enhancement in sustainable accounting to equip accountants with the requisite knowledge and competencies to address the challenges of ESG reporting (Wang, 2023).

Despite these challenges, accountants have a unique opportunity to contribute to advancing corporate responsibility and establishing a more sustainable business landscape (Wahyuni et al., 2024). Accountants may assist firms in integrating sustainability considerations into core operations, enhancing the accuracy and reliability of ESG disclosures, and fostering stakeholder trust by leveraging their expertise in financial reporting, risk management, and internal controls (Al Amin, 2022). To capitalize on this opportunity, professional accounting organizations, government entities, and educational institutions must collaborate to provide comprehensive training programs, promote the adoption of international best practices, and establish explicit ethical standards for sustainable accounting (Lamberton, 2005).

4. Drivers and Barriers to ESG Reporting Adoption

4.1. Regulatory and Institutional Pressures

Regulatory compliance is a crucial driver of ESG reporting adoption, resulting in significant improvements in internal auditing and accounting practices and strengthening financial controls within firms (Gyimah & Owusu-Afriyie, 2025). Government regulations, including mandatory environmental impact assessments and disclosure mandates, require enterprises to incorporate environmental factors into their decision-making and to report on their environmental performance (Aragòn-Correa et al., 2020). Global regulations, including the GRI guidelines and ISSB standards, compel corporations to implement sustainable accounting processes and improve their transparency (Molnár et al., 2025).

The lack of a robust legislative framework may impede the efficient execution of ESG reporting standards, constraining regulatory bodies' capacity to enforce compliance and encourage wider adoption. To overcome this obstacle, authorities must prioritize the creation of explicit, comprehensive, and enforceable regulations requiring ESG reporting and offering incentives for corporations to adopt sustainable business practices (Paridhi et al., 2024).



4.2. Stakeholder Influence and Market Demands

Stakeholder engagement is an essential catalyst for social and environmental reporting, as corporations react to mounting pressures from diverse stakeholder groups, including investors, customers, employees, and local communities (Rashid, 2020). Stakeholders are increasingly requiring firms to disclose their environmental and social implications, leveraging their influence to compel companies to adopt more sustainable business practices and disclose pertinent information (Rashid, 2020).

Market expectations for enhanced transparency and sustainability significantly shape corporate reporting practices, particularly in sectors with substantial environmental and social impacts, such as manufacturing and banking (Saji & Rajeev Kumar, 2025). Companies that prioritize sustainability are attracting more customers, while investors are integrating ESG factors into their investment strategies (Cantele et al., 2020). Consequently, organizations recognize the importance of disclosing their sustainability performance to attract consumers, retain staff, and secure funding (Jahan & Kabir, 2021).

4.3. Organizational Factors and Internal Capacity

Organizational characteristics, including absorptive capacity, organizational structure, and corporate culture, significantly impact the adoption of sustainability standards and the effective execution of ESG reporting (Paridhi et al., 2025). Organizations with robust absorptive capacity, defined by their readiness to acquire and integrate new information, are better able to comprehend and implement the intricate requirements of sustainability reporting frameworks (Wang, 2023). An explicitly delineated organizational structure that facilitates sustainability activities, along with distinct roles and responsibilities, is crucial for guaranteeing effective implementation (Benhayoun et al., 2025).

More substantial and lucrative companies, notably state-owned organizations, typically demonstrate more comprehensive sustainability accounting processes, indicative of their superior resources, heightened regulatory oversight, and greater susceptibility to stakeholder demands (Wang, 2023). Capacity-building programs and the implementation of integrated reporting standards can improve transparency, especially for small private enterprises that may lack the resources and experience to adopt full sustainability reporting systems (Tauringana, 2020). Policymakers can enhance equity and foster acceptance of ESG reporting across groups by investing in training, providing technical assistance, and boosting collaboration (Arinaitwe, 2021).

5. The Role of Technology in Enhancing ESG Reporting

5.1. Digital Technologies and Data Integrity

Digital technologies are becoming vital in enhancing corporate accountability and transparency through process automation and enhanced data accuracy in sustainability reporting. Artificial intelligence (AI), blockchain, and the Internet of Things (IoT) are used to optimize data collection, processing, and reporting, minimizing errors and enhancing the reliability of ESG disclosures (De Silva et al., 2025). These technologies allow firms to collect and analyze extensive data from various sources, offering a more thorough and precise assessment of their sustainability performance (Kapoor et al., 2023).

Blockchain solutions can enhance the integrity of ESG information through immutability, traceability, and decentralization, thereby addressing persistent challenges of data opacity and greenwashing (Almadadha, 2024). Blockchain technology, by documenting sustainability data on a distributed ledger, ensures that information is immutable, transparent, and readily verifiable, thereby enhancing confidence among stakeholders (De Silva et al., 2025). However, regulatory ambiguity and technological constraints may impede the widespread integration of blockchain into ESG systems, underscoring the need for greater clarity and uniformity in the application of these technologies (Almadadha, 2024).

5.2. XBRL (eXtensible Business Reporting Language) and Data Structuring

XBRL (eXtensible Business Reporting Language) organizes ESG data, enabling the efficient and precise transmission of sustainability information between corporations and stakeholders. XBRL provides a standardized format for reporting ESG data, enabling investors, regulators, and other stakeholders to readily access, compare, and analyze sustainability disclosures, thereby improving openness and accountability



(Faccia et al., 2021). Moreover, AI enhances life-cycle assessments and the accuracy of reporting, offering organizations critical insights into the environmental and social ramifications of their products and services (Ligozat et al., 2022). Digital expertise and integration are essential for revolutionizing sustainability accounting, reporting, and assurance, facilitating environmental, social, and governance (ESG) reporting, and advancing sustainable corporate practices. Organizations that invest in digital technology and cultivate the talent to use these tools are more adept at accurately measuring, managing, and reporting their sustainability performance, thereby fostering innovation and generating long-term value (De Silva et al., 2025). The incorporation of these technologies facilitates environmental, social, and governance (ESG) reporting.

5.3. Big Data Analytics and Performance Optimization

Big data analytics is essential for optimizing resource utilization and enhancing eco-efficiency, thereby increasing environmental performance and fostering sustainable business practices. By analyzing extensive datasets, organizations can identify opportunities to minimize waste, conserve energy, and reduce their ecological footprint (Tang & Meng, 2021). Edge computing, by localizing data processing, facilitates real-time analysis and decision-making, thereby enhancing the efficiency and responsiveness of sustainability programs (Cao et al., 2020). Technology-driven solutions optimize financial processes, reduce fraud, and improve the accuracy of financial reporting, thereby reinforcing stakeholder trust and fostering responsible corporate practices (Elumilade et al., 2021). The integration of AI and blockchain into financial processes enhances efficiency and promotes sustainable business practices by improving transparency, accountability, and data integrity (Tsolakis et al., 2023). By leveraging these technologies, firms can demonstrate their commitment to sustainability and create enduring value for their stakeholders.

6. Impact of ESG Reporting on Financial Performance and Market Valuation

6.1. Value Relevance of Sustainability Disclosures

According to Cortesi & Vena, (2019), the voluntary implementation of integrated reporting (IR) improves financial reporting quality and boosts investor trust by substantially increasing the value relevance of summary accounting information. Integrated reporting amalgamates financial and non-financial data into a single document, offering stakeholders a fuller, holistic perspective of a company's performance and facilitating more informed investment decisions. Integrated reporting increases transparency and accountability by illustrating the interrelation between financial and sustainability performance, thereby encouraging increased trust among investors and other stakeholders (Saji & Rajeev Kumar, 2025).

Sustainability accounting disclosures, encompassing ESG ratings, engage with financial information, highlighting the need to incorporate sustainability elements into financial reporting practices and acknowledging the synergistic relationship between financial and non-financial performance (Saji & Rajeev Kumar, 2025). Organizations that effectively communicate their sustainability performance are more likely to attract socially responsible investors, reduce capital costs, and enhance their total market valuation (Permatasari & Narsa, 2021). The compulsory implementation of integrated reporting by companies in emerging economies such as South Africa can elevate reporting quality and enhance market valuation, thereby fostering greater transparency and accountability (Wachira et al., 2019).

6.2. Investor Confidence and Access to Capital

Clear and dependable ESG reporting bolsters investor confidence, attracts socially responsible investors, and facilitates capital access for enterprises committed to sustainability (Abideen, 2025). ESG factors are increasingly being used by investors seeking companies that deliver financial returns while also fostering positive social and environmental impacts (Lazzarini et al., 2021). By presenting transparent and reliable data on their sustainability performance, companies can broaden their investor base, reduce dependence on conventional funding sources, and secure financing under more favorable terms (Lazzarini et al., 2021). Organizations with robust sustainability policies and open reporting generally possess greater market credibility and attract increased investment, indicating the growing recognition that sustainability is both ethically sound and financially advantageous (Liang et al., 2018). Enhanced satisfaction among



information users and stakeholders can lead to superior corporate governance and heightened competitiveness, thus enhancing a company's capacity to attract investment and attain sustained success. By emphasizing openness, accountability, and stakeholder involvement, firms can cultivate trust, improve their reputation, and generate enduring value for their investors (Knauer & Serafeim, 2014).

6.3. Long-Term Profitability and Sustainability

Companies that emphasize ethical, transparent financial practices can align with global sustainability objectives, enhancing investor confidence and promoting economic prosperity, thereby illustrating the relationship between financial performance and responsible business conduct (Perrini et al., 2011). Incorporating sustainability into business models can generate lasting profits and enhance shareholder value, transcending conventional CSR initiatives and integrating sustainability into the organization's core (Tarnovskaya, 2023). By embracing a long-term outlook and evaluating the environmental and social ramifications of their choices, organizations can reduce risks, uncover new opportunities, and build a more resilient, sustainable enterprise (Swarnapali, 2020).

Organizations that adopt transparency, digital transformation, and sustainability reporting can bolster their market credibility and stimulate economic growth, fostering a fairer, more sustainable global economy. By emphasizing ethical and transparent financial processes, organizations can align with global sustainability objectives, enhance investor confidence, and promote economic development (Moreno et al., 2025). This comprehensive business management strategy enhances both corporate performance and societal and environmental well-being (Tarnovskaya, 2023).

7. Social and Ethical Considerations in ESG Reporting

7.1. Addressing Social Sustainability Tensions

Multi-tier supply chains often face complex social sustainability challenges, such as unethical practices and violations of social norms, that complicate maintaining responsible corporate conduct across the value chain. These tensions may arise from power imbalances between customers and suppliers, limited transparency and traceability, and weak enforcement of labor and environmental regulations (Govindan et al., 2021). Addressing these challenges requires a coordinated strategy involving collaboration among corporations, government agencies, civil society organizations, and international bodies (Govindan et al., 2021).

Achieving sustainability across the supply chain requires analyzing the drivers, concerns, barriers, practices, and performance specific to multi-tier chains, which calls for a comprehensive, integrated supply chain management approach (Brandao & Godinho-Filho, 2022). This approach includes conducting thorough risk assessments, implementing robust monitoring and auditing systems, and offering training and support to suppliers to improve their social and environmental outcomes. Increased transparency and accountability throughout the supply chain enable firms to mitigate risks, protect their reputation, and foster more sustainable and equitable business practices (Brandao & Godinho-Filho, 2022).

7.2. Slavery Accounting and Sustainable Development Goals

Companies are increasingly implementing and disclosing information related to the Sustainable Development Goals, including targets related to slavery, reflecting a growing awareness of the importance of addressing modern slavery and human trafficking in business operations (Saha et al., 2023). Slavery accounting involves the identification, measurement, and reporting of the risks and impacts associated with slavery and human trafficking in a company's supply chain, operations, and investments. By providing stakeholders with transparent information about these issues, companies can enhance their accountability and demonstrate their commitment to eradicating modern slavery (Stevenson-Clarke & Bowden, 2023).

Content analysis of annual reports shows a growing consciousness about slavery accounting, with companies reporting on selected targets from SDG 8 (Decent Work and Economic Growth), indicating a positive trend towards greater transparency and accountability. Factors such as ownership nature and board size can positively impact slavery disclosure, suggesting that companies with strong governance structures



and a commitment to ethical conduct are more likely to report on these issues (Baier et al., 2020). Encouraging business organizations to extend their reporting on slavery and SDGs is essential for driving progress towards achieving the global goal of eradicating modern slavery and promoting decent work for all (Peake & Kenner, 2020).

7.3. Ethical Financial Management and Transparency

Ethical financial management is essential for attaining sustainable development, ensuring that firms positively impact social and environmental welfare while fostering responsible corporate behavior. This entails upholding stringent ethical standards, establishing comprehensive internal controls, and fostering transparency in all financial dealings. By emphasizing ethical issues, organizations can cultivate trust with stakeholders, improve their reputation, and generate enduring value for society and the environment (Petruzzella et al., 2025).

Enhanced regulations and policies are required to enforce increased openness in company financial statements, mitigate corruption, promote equitable competition, and establish a level playing field for all enterprises. Governments and regulatory agencies must collaborate to formulate explicit regulations, enforce adherence, and penalize unethical conduct to foster a corporate environment favorable to sustainable growth (Gassen & Muhn, 2025). By emphasizing ethical, transparent financial practices, firms can align with global sustainability objectives and promote economic growth, thereby contributing to a more just and equitable world (Guerra et al., 2022).

8. Case Studies of Successful ESG Implementation

8.1. Examples from the Banking Sector in Bangladesh

The increasing adoption of sustainable reporting methods and the banking sector's capacity to promote sustainable development are evidenced by the publication of sustainability reports by several banks in Bangladesh in accordance with the Global Reporting Initiative (GRI) principles (Biswas et al., 2020). These banks encourage openness in green banking activities, including renewable energy and energy efficiency. However, they often do not provide comprehensive disclosures on public policy and other dimensions of sustainability. This trend suggests that, while progress has been made, further improvements are needed to expand the scope and depth of sustainability reporting within the banking sector (Khatun et al., 2021).

Banks should adopt more rigorous, and effective strategies to diversify green financing and promote sustainable development in Bangladesh, which requires a strategic, comprehensive approach to sustainability (Rahman et al., 2023). This approach involves expanding green banking initiatives beyond renewable energy and energy efficiency to include sectors such as sustainable agriculture, waste management, and water conservation. Integrating sustainability considerations throughout all operational areas would enable banks to play a central role in advancing the transition to a sustainable economy (Ullah, 2020).

Figure 1: Core ESG practice areas in Bangladeshi banks

ESG Area	Typical Bank Actions in Bangladesh	Citations
Environmental (E)	Green loans, renewable energy, online banking, green accounting	(Zhixia et al., 2018; Zheng & Siddik, 2022; Zheng et al., 2021; Bose et al., 2020; Islam et al., 2023; Khatun et al., 2021; Rahman et al., 2023)
Social (S)	SDG-aligned CSR in education, health, disaster relief, livelihood	(Zhixia et al., 2018; Zheng & Siddik, 2022; Miah et al., 2025)
Governance (G)	ESG/CSR policies, ERM/ESRM, sustainability units, board oversight	(Bose et al., 2020; Lin & Qamruzzaman, 2023)



8.2. Manufacturing Sector Success Stories

Financially stable corporations in the manufacturing sector are increasingly engaging in environmental reporting, demonstrating a growing recognition of environmental sustainability among leading businesses in Bangladesh (Ahamad et al., 2024). Motivations for these disclosures often include regulatory requirements, stakeholder expectations, and the pursuit of enhanced brand reputation and investment opportunities (Alharbi et al., 2025). However, the lack of established frameworks for environmental disclosure results in predominantly voluntary, qualitative reporting, limiting the comparability and reliability of the information provided (Jahan & Kabir, 2021).

Recommendations include strengthening ethical practices, introducing environmental taxes and subsidies, and developing effective management accounting systems to promote broader adoption of environmental reporting and support sustainable business practices in the manufacturing sector (Uddin et al., 2023). Implementing such regulations can create a more equitable business environment and incentivize corporations to integrate environmental sustainability into their operational strategies (Aigner et al., 2023).

Figure 1: Differentiated ESG uptake across textile and RMG segments

Segment / Aspect	Current Status in Bangladesh Textiles & RMG	Citations
Large, top-tier exporters	Strong pressure from global buyers → adoption of green buildings, safety audits, sustainability/ESG-style reports; used as branding and market access tools	(Biswas et al., 2024; Hossain & Mahmud, 2025; Saha et al., 2021; Chaity et al., 2025)
SMEs & subcontractors	Weak environmental & social compliance; limited capacity/incentive for ESG data, reporting or circular practices	(Hossain et al., 2022; Hossain & Mahmud, 2025; Salman et al., 2025; Akter et al., 2022)
Environmental metrics (GHG, waste, CE)	Detailed GHG inventories and CE/waste studies emerging in selected zones/firms, not yet sector-wide reporting norm	(Biswas et al., 2024; Salman et al., 2025; Chaity et al., 2025; Akter et al., 2022)
Social & governance practices	Reforms on safety and some worker issues, but persistent wage, union and rights problems; governance and transparency gaps in smaller firms	(Zhou et al., 2023; Hossain & Mahmud, 2025; Saha et al., 2021)

8.3. International Best Practices and Lessons Learned

Analysis of international best practices, such as the European Sustainability Reporting Standards (ESRS), enhances the implementation of Environmental, Social, and Governance (ESG) reporting and guides the development of comprehensive sustainability frameworks. The ESRS prioritizes standardized disclosures, materiality assessments, and stakeholder engagement. As a result, it provides a systematic model for countries aiming to strengthen sustainability reporting systems (Velte, 2024). Integrating core ESRS components may improve Bangladesh's regulatory environment and foster increased transparency and accountability.

Collaborative sustainability regulation, encompassing investment, corporate initiatives, and sustainability organizations, supports the development of a sustainable global economy and underscores the importance of partnerships and collective action in addressing complex sustainability challenges (Job & Khanna, 2024). Facilitating cooperation among diverse stakeholders enables governments to create a more favorable environment for sustainable business practices (Edlmann & Grobbelaar, 2021). The implementation of mandatory sustainability disclosures contributes to achieving the United Nations Sustainable Development Goals by setting standards, disseminating information, and improving transparency (Raman et al., 2023).



9. Challenges and Limitations of Current Research

9.1. Data Limitations and Methodological Issues

Research is sometimes confined to specific time periods and sectors, which may limit the generalizability of the results and hinder the ability to draw comprehensive conclusions about the status of ESG reporting in Bangladesh. Concentrating on particular industries or timeframes may fail to encompass the full range of experiences and practices across other sectors and longer timeframes (Al Amin, 2022). Dependence on secondary data and descriptive statistics may constrain analytical depth and hinder the establishment of causal relationships, thereby limiting the capacity to draw conclusive insights into the influence of ESG reporting on financial performance and other outcomes (Biswas et al., 2020).

Future studies should adopt more stringent procedures, use larger and more representative samples, and integrate both quantitative and qualitative data to achieve a more nuanced and comprehensive understanding of ESG reporting in Bangladesh.

9.2. Lack of Standardized Frameworks and Metrics

The absence of a robust regulatory framework and standardized reporting protocols impedes the effective implementation of CCA and ESG processes, leading to inconsistent reporting and limited data comparability (Islam et al., 2025). Without explicit criteria and standardized measures, organizations face challenges in accurately assessing, monitoring, and disclosing their sustainability performance, which undermines their ability to demonstrate progress and attract investment (Jahan & Kabir, 2021). Additionally, the complexity of accounting for environmental costs and the requirement for specialized expertise create further barriers to the adoption of environmental accounting, exacerbating the prevalence of inconsistent and inaccurate reporting (Arnold-Keifer et al., 2025).

Inconsistent definitions and assessment methods for sustainability performance hinder the comparison and benchmarking of organizations, thereby limiting stakeholders' ability to evaluate relative sustainability and make informed decisions (Bhatia & Tuli, 2018). Collaboration between policymakers and standard-setters is essential to develop clear, comprehensive, and globally harmonized sustainability reporting frameworks. Such frameworks would provide organizations with the guidance and tools required to accurately measure and disclose their environmental, social, and governance performance (Islam et al., 2025).

9.3. Context-Specificity and Generalizability

Research findings from specific countries or regions may be less applicable in other contexts due to differences in regulatory frameworks, cultural norms, and economic conditions. These variations limit the generalizability of the results and highlight the need for context-specific investigations (Pucheta-Martínez & Gallego-Álvarez, 2020). The unique characteristics of each country or region influence the adoption and implementation of ESG reporting methods, which complicates the transferability of insights across contexts (van der Poll, 2022). Additional research is needed to address the unique challenges and opportunities that emerging economies face in adopting sustainable accounting methods, while accounting for the diverse factors that influence the effectiveness of ESG reporting (Sahu et al., 2024).

Most existing methodologies are developed through exploratory case studies involving single or multiple cases, yet there is a significant lack of perspectives centered on emerging economies (Govindan et al., 2021). Context-specific solutions are necessary to ensure the relevance and effectiveness of sustainable accounting methods in diverse locations. This requires recognizing the unique cultural, economic, and regulatory factors that shape business practices in each context and tailoring ESG reporting systems to meet the specific needs and challenges of each region (Govindan et al., 2021).

10. Future Directions and Recommendations

10.1. Policy Implications and Regulatory Reforms

Policymakers should strengthen legislative frameworks and promote corporate commitment to advance sustainable business practices, thereby providing a better environment for ESG reporting (Sanchez-Planelles et al., 2022). This process requires the development of clear, comprehensive, and enforceable



legislation mandating ESG reporting, providing incentives for corporations to adopt sustainable practices, and establishing penalties for non-compliance (Abeysekera, 2022). Initiatives should address barriers to the adoption of the International Sustainability Standards Board (ISSB), such as limited resources, regulatory alignment, and stakeholder engagement, to facilitate the effective integration of sustainability standards in emerging economies and improve transparency and accountability (Benhayoun et al., 2025).

The implementation and enforcement of a robust mandatory legal framework influence corporate carbon accounting (CCA) practices by providing corporations with clear guidance and incentives to monitor, manage, and report carbon emissions (Krueger et al., 2024). Such a framework should include specific emissions reduction targets and penalties for non-compliance to ensure corporate accountability for environmental outcomes (Krueger et al., 2024). By creating fair regulatory conditions and increasing transparency, policymakers can encourage investment in cleaner technologies, reduce carbon emissions, and support global climate change mitigation efforts (Syam et al., 2024). This research advances the application of Institutional Theory to the environmental, social, and governance (ESG) landscape in developing countries. It demonstrates that coercive isomorphism, exerted by international trade partners and global frameworks, compels local firms to adopt standardized reporting. Analyzing the interaction between global standards (GRI, ESRS, ISSB) and local market demands reveals that mimetic isomorphism motivates firms to replicate disclosures of industry leaders to preserve organizational legitimacy and it provides a roadmap for the Financial Reporting Council (FRC) of Bangladesh to mandate ESG disclosures.

10.2. Recommendations for Businesses and Accountants

Organizations should adopt environmental accounting as a strategic framework and develop comprehensive environmental accounting standards that integrate sustainability factors into all aspects of operations. This approach requires robust systems for evaluating, monitoring, and recording environmental impacts, as well as embedding sustainability considerations into decision-making. By implementing environmental accounting, organizations can enhance operational efficiency, reduce ecological footprints, and deliver long-term value to stakeholders (Ikpore et al., 2022; Appannan et al., 2023).

Accountants play a critical role in promoting sustainable corporate accountability and fostering a more sustainable business environment by ensuring transparency and standardization. Their expertise in financial reporting, risk management, and internal controls supports responsible business practices (Ikpore et al., 2022). This responsibility includes developing the skills necessary to accurately evaluate, document, and verify the reliability of ESG disclosures, as well as advocating for the adoption of internationally recognized sustainability reporting frameworks (Tauringana, 2020). By fulfilling these roles, accountants can build trust, promote openness, and a sustainable global economy (Tauringana, 2020).

Organizations should prioritize improving data quality, transparency, and processes, and pursue continuous improvement as key elements for achieving sustainability goals. Effective sustainability management requires a commitment to ongoing learning and adaptation (Szelałowski et al., 2024). This involves implementing comprehensive data management systems, establishing clear reporting procedures, and engaging stakeholders to gather feedback and drive performance improvements. Focusing on these core elements enables organizations to build a strong foundation for sustainability and create lasting value for stakeholders (Szelałowski et al., 2024).

10.3. Areas for Future Research

Future research should investigate how environmental accounting affects various industries, the influence of emerging technologies, and the long-term impacts on business performance and sustainability. Expanding these areas will increase research scope and deepens understanding of sustainable accounting's advantages and disadvantages (Juusola & Srouji, 2022). This requires analyzing how environmental accounting affects financial performance and identifying the factors that shape its relationship with sustainable outcomes (Ayinla et al., 2024). Rigorous, detailed studies will provide policymakers, businesses, and accounting professionals with insights to promote sustainable business practices.



Further research is necessary to understand the impact of digital technologies on sustainability practices and to identify gaps in digital knowledge and integration. Recognizing the transformative potential of technology to enhance transparency, accountability, and efficiency in sustainability reporting is essential (De Silva et al., 2025). This includes investigating the specific applications of artificial intelligence, blockchain, and other digital tools in sustainable accounting, as well as the challenges and opportunities associated with their implementation. Exploring the intersection of technology and sustainability allows researchers to leverage digital innovations to improve sustainable business practices and contribute to a more sustainable global economy (De Silva et al., 2025). Additionally, a thorough assessment of the long-term effects of Environmental Management Accounting (EMA) adoption and the changing influence of market dynamics on sustainability initiatives is crucial. The benefits of sustainable accounting may not be immediately apparent, and market forces can significantly shape corporate behavior (John A & Adedayo M, 2024). This analysis should include the impact of Environmental, Social, and Governance (ESG) reporting on investor decisions, consumer preferences, and regulatory compliance, as well as the lasting financial and social benefits of sustainable business practices. Considering the long-term perspective and evaluating the business context will yield a more accurate and nuanced assessment of the value of sustainable accounting (John A & Adedayo M, 2024).

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