



Sustainability Disclosures of Environmentally Sensitive Firms: A Review of Literature

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Abstract

Review Article

This study examines sustainability disclosures in environmentally sensitive sectors, focusing on measurement, methodological, policy enforcement, and stakeholder gaps between developed and developing nations. The objective is to examine these gaps and their implications for global comparability and credibility. Using a desk-based research design, the study reveals significant differences in disclosure practices. The findings reveal clear contrasts between developed and developing nations. Environmental criteria and metrics for measurement of carbon emission, water usage, environmental damages, climate change, vary across regions due to difference in policies, which creates inconsistencies. Methodological approaches lack patterns, limiting the use of mixed methods and neglecting longitudinal data that could capture changes overtime. Policy enforcement of environmentally sensitive sectors tends to be un-unified and weaker in developing countries compared to the stronger regulatory frameworks seen in developed nations. Finally, stakeholder pressures and expectations are much higher in developed economies, driving accountability and sustainability practices, while in developing countries these pressures and expectations remain relatively low, reducing environmental obligations, encouraging voluntary and selective sustainability practices. Recommendations include that developing nations are encouraged to transition from voluntary to mandatory sustainability regimes, partner with developed nations on the basis of attainable sustainability outcomes.

Keywords: sustainability disclosures, environmentally sensitive firms, developed and developing nations, Stakeholders, Mandatory and Voluntary.

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1.0 Introduction

The world is changing, consumers tastes are shifting, stakeholders are getting wiser by the day, societal norms are transforming, while technological adventures are expanding across industries globally. Environmentally sensitive

sectors globally are encountering increasing pressure from stakeholders including regulators, investors, and host communities to disclose their sustainability practices. Business activities with high environmental impact, such as the oil and gas, manufacturing, construction, estate, agriculture,



energy, and transportation sectors are considered environmentally sensitive, not only for their potential to cause significant environmental damage but also for their direct effects on people's health, communities, and natural resources. According to Bani-Khaled et al. (2025) sustainability disclosures by environmentally sensitive firms involve reporting on both the negative and positive impacts of the firm's activities on the economy, the environment, and, by extension, the well-being of local populations. Many communities living close to oil fields or factories, residents increasingly request to be informed about how industrial activities affect their health and environments, to determine how transparent they look (Burgess&Barbier,2026). As a result, these sectors face growing global pressures from stakeholders, not only regulators and investors, but also everyone whose life is directly impacted by corporate sustainability choices (Du Toit, 2024). This demand for disclosure arise from the destructions caused by their operations, which commonly result to community disorder and reputational risks, especially in developing nations, because of public attention and the resources available for environmental remediation (Mohammed & Onmonya, 2025).

Sustainability disclosures in these firms differ significantly between developed and developing economies. Developed countries target supply chain emissions and sustainable production, while developing economies focus more on human rights and education. These differences reflect varying stakeholder pressures, institutional maturity, and regulatory frameworks (Stanilavska et al., 2023). Environmentally sensitive firms face global challenges in balancing profitability with environmental responsibility. Relevant studies highlight issues such as inconsistent environmental, social, and governance measurement; sectoral differences in environmental impact; methodological biases in sustainability research; assurance and credibility gaps; policy enforcement gaps; and stakeholder gaps (Alabi et al., 2024; Jamel & Zhang, 2025). These gaps have hindered sustainability disclosures in environmentally sensitive sectors globally (Marc & Yu, 2024). The

objective of this paper is to examine the sustainability disclosures of environmentally sensitive firms in terms of measurement gap, methodological, policy enforcement, and stakeholder gaps. To provide a broad view of this research area, these objectives are reviewed across developed and developing economies.

2.0. Sustainability Disclosures of Environmentally Sensitive Firm

Sustainability disclosures in environmentally sensitive sectors originated from global environmental accountability movements of the late 1980s and early 1990s, evolving through frameworks such as the Global Reporting Initiative (GRI) and later, the Environmental, Social, and Governance (ESG) standards (Khamisu et al.,2024). These disclosures became essential as industries such as extractive sectors and manufacturing faced growing pressure to report their environmental impact transparently (Lozano & Huisinigh, 2023). These sensitive sectors are typically classified as industries with high ecological impact, such as energy, mining, chemicals, and agriculture. While developed countries give precedence to industrial sectors such as oil, gas, and manufacturing, developing countries often highlight agriculture, forestry, construction, estate, energy, and tourism sectors are considered environmentally sensitive due to their reliance on natural resources and weak regulatory policies (Bani-Khaled et al., 2025). According to Singhanian et al. (2023) developed nations primarily rely on standardized frameworks such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and the EU Corporate Sustainability Reporting Directive (CSRD), while developing nations often adopt voluntary frameworks like GRI or the United Nations Global Compact (UNGC) with minimal enforcement. This creates a disclosure gap, as developed countries prioritize quantifiable environmental, social and governance metrics, whereas developing countries focus more on narrative and social perspective (D'Aquila, 2019; Khamisu et al., 2024). According to Burgess and Barbier (2026), the classification of

environmentally sensitive and less environmentally sensitive sectors in developing nations was pioneered by the African Development Bank and other international organisations, such as the European Union, the United Nations, and the United Nations Environment Programme Finance Initiative, established in 1992. Global sector mapping began between 2024 and 2025 as a new iteration to further expand and refine the mapping (Farisyi et al., 2020). Developed nations' frameworks for environmentally sensitive sectors began in the 1990s with mandatory environmental impact assessments (Saha&Kabra, 2019), while the European Union formalized its taxonomy in 2020, and the United Nations has integrated environmental classifications into its statistical and sustainability mapping systems (Chu &Tung,2022; Martin,2025). Developing nations' classification supports sustainable business practices through stewardship services, protection, and the rejuvenation of natural resources, as well as demonstrating best business practices in transparency reporting to shareholders and related groups, unlike the developing countries (Dan et al., 2025; EU, 2020).

2.1. Measurement Gap in Sustainability Disclosures of Environmentally Sensitive Sectors

An environmentally sensitive firm in developed and developing countries begins from differences in regulatory frameworks, stakeholder expectations, pressures and institutional capacity. Evidence shows that environmentally sensitive firms in developed economies tend to provide more standardised, quantifiable disclosures, while those in developing countries consistently rely on qualitative narratives, creating comparability challenges (Ismail et al., 2018; Permatasari et al., 2020). Measurement gaps in sustainability disclosures between developed and developing nations, particularly in environmentally sensitive sectors such as energy, mining, and manufacturing, arise from differences in regulatory policies, institutional capacity, and data quality. According to Dechzlepretree et al.(2023) developed countries generally have harmonised disclosure patterns encouraged by strong oversight and

advanced technology, while developing nations commonly rely on voluntary approaches that produce inconsistent and less verifiable data. Permatasari et al.(2020) noted that developed nations tend to zero-in on measurable indicators like carbon emissions and resource efficiency, whereas developing nations focus more on qualitative aspects such as community engagement and education. Stanislavská et al. (2023) found that sustainability reports from developed countries contain more quantitative data, while those from developing countries rely depend on narrative descriptions. Du Toit (2024) identified persisting gaps in measurement metrics and comparability, noting that developing nations lack institutional mechanisms to ensure consistent environmental metrics. These measurement gaps are most visible in sectors known for high environmental impact in terms of ecological damages.(Faruque et al.2025) In energy and mining, developed nations report detailed carbon intensity, waste management data, and the detergent of the atmosphere (Hydrogen and Oxygen) in developing nations usually provide general descriptions without measurable baselines. Environmentally sensitive sectors in developed economies integrate life-cycle assessments, whereas developing ones struggle with data collection and reporting costs. (Akhter et al., 2022)

To address these disparities, studies recommend adopting global standards such as IFRS S1/S2 and GRI 2021, investing in capacity building for environmental data collection, and encouraging partnerships between developed and developing nations to share best practices.(Agha et al.,2025;Akhter et al,2022)

2.2. Methodological Gap in Sustainability Disclosures of Environmentally Sensitive Firms in Developed and Developing Nations

The methodological gap in sustainability disclosures is increasingly recognised in recent academic work, especially when comparing environmentally sensitive sectors across developed and developing nations. Some studies affirm that reporting frameworks have expanded, and the

methods used to measure and evaluate disclosures remain un-unified (Chen, 2026; Jamel & Zhang, 20250). Du Toit (2024) noted that much of the research continues to rely on content analysis of corporate disclosures, which captures what companies disclose but not their actual environmental performance, encouraging green washing. This creates a gap between window dressing and reality. Similarly, Stanislavská et al.'s (2023) study shows that developed nations focus on quantitative indicators, while developing nations hinge more on qualitative narratives, making cross-country comparisons almost impossible. More recent evidence from Rivo-López et al. (2025) establishes that despite methodological advances, sustainability reporting studies still struggle to integrate governance, organisational culture, and firm-level attributes into disclosure analysis. Its review for the period of twenty years found that methodological approaches remain un-unified, limiting use of mixed methods and insufficient attention to longitudinal data. Nurudeen et al. (2025) identify that verification is another area where methodological gaps persists. Many disclosures particularly in developing nations also lack third-party assurance, tends to undermines confidence in the accuracy of reported data. Without robust verification, researchers may consistently face challenges in validating the information used in comparative studies. In a nutshell, the methodological gap is defined by reliance on self-reported data, encouraging lack of standardised metrics, weak assurance practices, limited longitudinal evidence, and insufficient integration of diverse research methods(Naeemetal.,2022) Addressing these issues requires harmonising global standards, stronger verification mechanisms, and more robust designs that marry qualitative and quantitative approaches.

2.3 .Policy Enforcement Gap in Sustainability Disclosures of Environmentally Sensitive Firms in Developed and Developing Nations

The policy enforcement gap in sustainability disclosures of environmentally sensitive firms is a major challenge, and it expresses differently in

developed and developing countries. García-Sánchez and Khan (2022) noted that enforcement mechanisms are far stronger in developed economies, where mandatory frameworks and investor scrutiny drive compliance. In contrast, developing nations generally lack institutional capacity, which results in selective disclosures. Their study noted that enforcement gap is not only statutory but also cultural, as firms in weaker governance contexts are confronted with less pressure to comply. In developed countries, disclosure frameworks are usually mandatory and backed by strong regulatory oversights (Maurya, 2024). For instance, the European Union's Corporate Sustainability Reporting Directive (CSRD) and the adoption of IFRS S1 and S2 standards ensure that companies in sectors such as energy, mining, and manufacturing provide standardised, verifiable data. Agropah et al.(2025) observed that enforcement is strengthened by independent audits, investor pressure, and continuous monitoring by regulatory agencies, which makes disclosures more reliable and comparable (Dechezlepretre et al. 2023; Du Toit, 2024).

In developing nations, however, sustainability reporting is generally voluntary because they are guided by un-unified policies. Weak institutional capacity also exists, limiting monitoring frameworks, and low stakeholder pressure, meaning that companies can disclose selectively without fear of sanctions. Reports are on frequently narrative-based, unaudited, and inconsistent, which overlooks their credibility (Dupont et al., 2025) Stanislavská et al. (2023) found that reports from developing countries tend to focus on qualitative aspects such as community engagement, while those from developed countries focus on measurable indicators like emissions and resource efficiency. This difference reflects the enforcement gap, as developed nations mandate quantitative disclosures while developing nations lack the mechanisms to enforce them (Chen,2026). Du Toit (2024) further affirms that despite progress in sustainability reporting, enforcement remains uneven. Developed nations have advanced towards standardised frameworks with clear compliance requirements,

while developing nations continue to struggle with weak oversight and hindering assurance practices (Anyogu&Nyekwere, 2021). This gap is particularly visible in sectors with high environmental impact. In energy and mining, developed nations enforce strict carbon reporting and waste management disclosures, whereas developing nations often lack the monitoring systems to ensure compliance. In manufacturing, developed economies integrate life-cycle assessments into policy enforcement, while developing nations struggles with compliance costs and formal supports. Faruque et al., (2025) observe that policy enforcement gap has significant implications which hamper the comparability disclosures across countries, compromising accountability, and weakens global efforts to address environmental challenges. Closing this gap requires unified global standards, stronger institutional capacity in developing nations, and mechanisms for independent verification to ensure that disclosures reflect actual environmental performance rather than symbolic reporting (Khamisu et al., 2024)

2.4. Stakeholders' Gap in Sustainability Disclosures of Environmentally Sensitive Firms

The stakeholder gap in sustainability disclosures refers to the uneven involvement, influence, and responsiveness of different stakeholder groups in shaping and enforcing disclosure practices. Onuoha& Okoye (2024) noted that the stakeholder gap is particularly visible in environmentally sensitive sectors such as energy, mining, and manufacturing differs significantly between developed and developing nations .In developed countries, stakeholders such as investors, regulators, non-governmental organisations (NGOs), and consumers exert strong pressure on firms to provide transparent and standardised sustainability disclosures (Acar&Temiz, 2020) .This is reinforced by mandatory frameworks like the EU's Corporate Sustainability Reporting Directive (CSRD) and IFRS S1/S2 standards, which require companies to respond to stakeholder demands with measurable and verifiable data. As a result, disclosures in these

contexts tend to be more comprehensive and quantitative (D'Aquila, 2019). Onuoha&Okoye (2024) establishes that developing nations' stakeholders influence is weaker. Adding that many consumers and community members may not have access to the information or resources needed to advocate for greater environmental accountability, limiting awareness among consumers, weaker civil society organisations, and inactive policy agencies means that firms face less external pressure to disclose environmental performance.

Stanislavská et al. (2023) found that reports from developing countries consistently focus on qualitative aspects such as community engagement, reflecting the priorities of local stakeholders rather than global standards. This creates a gap because disclosures are less likely to include measurable indicators of environmental impact. Du Toit (2024) noted that stakeholder engagement is inequitable across regions, with developed nations benefiting from established frameworks that integrate stakeholder concerns into reporting structure. Developing nations, by contrast, generally lack such mechanisms, which results in disclosures that are symbolic rather than substantive. Similarly, García-Sánchez et al.,(2022) study asserts that stakeholder pressure is a critical driver of disclosure quality, and those firms in weaker governance contexts disclose selectively due to weak enforcement and stakeholder activism by way of community protests or mutual aid.

This stakeholder gap has significant implications. In environmentally sensitive sectors, where the environmental risks are high, weak stakeholder involvement in developing nations trivializes accountability and transparency. In energy and mining, for example, strong stakeholder activism in developed nations has led to detailed carbon reporting, while in developing nations, disclosures remain narrative-based. In manufacturing sector, consumer and investor demand in developed economies drives life-cycle assessments, whereas in developing nations, such practices are rare due to limited stakeholder pressure (Ali et al., 2017; Dupont et al., 2025)

3.0 Theoretical Perspective

Several theories explain and analyse sustainability disclosures of environmentally sensitive firms in developed and developing nations. These include: Legitimacy, stakeholder, institutional, signaling, political, and agency theories. However, this paper reviews six theories, but provides detailed explanations of three (3) theories, while anchoring this paper on the legitimacy theory, in order to have broader view to describe the level of relationship between environmentally sensitive sectors' sustainability disclosures in these countries. Developing nations considered the following firms to be environmentally sensitive sectors, such as extractive, manufacturing, agriculture, construction, and energy sectors. But developed nations considered them as extractive, heavy industries, transportation, agriculture, chemicals and energy. Developing nations operate under intense scrutiny due to their visible ecological harms, social externalities, and regulatory exposure to stricter scrutiny. This has shapes the practice of environmentally sensitive sectors' disclosures sustainability contents, and also how extensively they strategically achieve that. Below are core theories that explain and support the observed nature and impact of environmentally sustainable disclosure practices in both developed and developing nations (Akinde& Adebayo, 2025).

3.1. Legitimacy theory

The theory of legitimacy was established by Dowling and Pfeffer in 1975. This theory advocates that firms seek alignment between societal norms and organisational actions to secure continued acceptance in the continuity of operation in an environment. This implies receiving permission to operate in that community. It describes how firms are given approval and support for complying with environmental and social concerns in line with regulations, stakeholders' expectations, and sometimes their pressures. (Ehatia&Makkar, 2020). The pressure to disclose is commonly explained through legitimacy theory; firms use sustainability disclosures to justify their continued existence and

operations to society, especially when their activities are perceived to conflict with societal expectations in developing nations (Issa et al., 2021). This is particularly relevant for the high-impact oil and gas sector and other related sectors, whose operations often affect their environments (Gbemigun&A.jasin, 2024)

Empirical studies on environmentally sensitive sectors reveal that disclosure practices increase in response to perceived legitimacy threats in developing nations, as well as sector-level pressures and expectations, unlike developed economies. These findings reinforce legitimacy-based expectations and demonstrate how disclosure functions as a strategic response to societal demands (Chukwu et al., 2020; Isaboke et al., 2023).

3.2. Stakeholder theory

Stakeholder theory developed by R. Edward Freeman in 1984, talks about firms' responsibility to consider all stakeholders, not just shareholders. This framework is relevant for evaluating sustainability disclosures in environmentally sensitive industries like oil, mining, and chemicals. Freeman's work highlights the importance of accountability to employees, communities, regulators, NGOs, and customers (Ali et al., 2017). Stakeholder theory provides a lens to examine how firms disclose environmental impacts across national contexts. It suggests that firms should balance diverse stakeholder interests. This theory is useful for understanding sustainability reporting practices. Freeman's stakeholder approach broadens corporate accountability. It encourages firms to consider social and environmental implications (Acar&Temiz, 2020). Stakeholder theory informs the analysis of environmental disclosures. It stresses that firms must engage with various stakeholders interests that shape sustainability reporting. This framework applies to firms with significant environmental impacts. Freeman's theory focuses on transparency and accountability (Onuoha&Okoye, 2024). It helps explain corporate social responsibility practices. Stakeholder theory is

a key concept in sustainability studies. In developed nations, stakeholder theory aligns closely with strong regulatory policies that structured stakeholder activism. Firms are frequently required to provide standardised sustainability disclosures, influenced by initiatives such as the Global Reporting Initiative (GRI) and European Union directives (Sulemana et al., 2025). Stakeholder theory justifies disclosures as a means of maintaining legitimacy, accountability, and transparency. For example, oil and gas companies in Europe disclose detailed environmental data to satisfy regulators, investors, and civil society groups. The theory explains why these firms go beyond financial reporting to include environmental and social concerns, as stakeholders demand comprehensive accountability.

3.3. Political cost theory

Political cost theory, introduced by Watts and Zimmerman in 1978, explains why environmentally sensitive sectors disclose sustainability information. Firms face "political costs" like taxes, regulations, and penalties for environmental damages. To mitigate these costs, large, visible firms disclose to reduce scrutiny and intervention (Maurya 2024). In developing nations, disclosures aim to avoid sanctions and appease international donors. In developed nations, proactive disclosures mitigate costs like stricter laws and carbon taxes. Political cost theory shows how power and governance shape disclosure decisions. National and international agencies compel firms to disclose (Faruque et al., 2025). Firms disclose to demonstrate responsiveness and prevent punitive measures. Environmental hazards trigger regulatory attention and community crises. Proactive disclosures can prevent stricter regulations. Political cost theory explains disclosure practices in impactful sectors. Firms use disclosures to manage political risks and costs. (Ogunmodede et al., 2024)

4.0. Empirical Perspectives on Sustainability Disclosures in Environmentally Sensitive Firms across Developed and Developing Economies

This empirical review summarises some gaps in sustainability disclosures of environmentally sensitive firms in both developed and developing nations, such as the measurement gap, methodological gap, policy enforcement gap and stakeholder gap in sustainability disclosures of environmentally sensitive firms in both developed and developing countries. Frontier (2023) observed that there are gaps in sustainability disclosures of environmentally sensitive sectors in both developed and developing countries. This paper, therefore, highlights these gaps, including measurement, methodology, policy enforcement and stakeholder gaps. In the area of measurement gap, some issues of concern are measurement tools, indicators for carbon emission, water usage, and biodiversity impacts are calculated differently across the globe and regions (Aray et al., 2021). Investors face difficulty comparing firms across regions due to inconsistent metrics and narrative disclosures in the developing economies, which may obscure environmental performance (Hamel et al., 2022). Stanislavská et al. (2023) studied 2100 sustainability reports using structural topic modeling. Findings revealed that the developed countries focus the sustainability disclosures of environmentally sensitive firms on supply chain, products quality and emissions, while developing nations lay emphasis on human rights and employee training. Du Toit (2024) researched thirty years of sustainability reporting insights, gaps, and an agenda for future research through a systematic literature review. It conducted a comprehensive review, examining peer-reviewed articles on the evolution, implementation and outcomes of sustainability reporting across various sectors and regions over the 30 years. It highlighted some notable gaps that have persisted. Thereafter, recommended measurement standards that are tailored to different industries, including other measures that were provided.

Methodological gap in sustainability disclosures of environmentally sensitive firms in developed and developing nations originates from differences in policies, reporting standards and voluntary initiative of reporting in emerging markets (Ogunmodede et al., 2024). Haidar et al. (2021) examined emerging

trends in sustainability reporting as a comparative literature review in developed and developing countries. It investigated emerging and existing practices of sustainability reporting to gain insights into the regulatory guidelines that govern sustainability reporting practices. The paper identified and validate a research gap, it found that reporting motives and practices in developed and developing countries are due to cultural issues, legitimacy concerns, and the country-level perspective. Therefore, there is a methodological gap in sustainability disclosures of environmentally sensitive firms in both developed and developing countries; as a result it noted lack unification of policies across industries and regions. The paper also points out inconsistencies in frameworks, measurement tools, and reporting practices.

Policy enforcement in sustainability disclosures of environmentally sensitive firms in developed countries generally have stronger frameworks but struggles with overlapping policies. Policy enforcement in sustainability disclosures of developing nations tends to face weak enforcement capacity and reliance on voluntary reporting (Naeem et al., 2022; Sohag et al., 2024). Bambe et al.(2026) examined environmental policy stringency and firm efficiency in developing countries, using a large cross-country dataset of 68 developing countries from 2006 to 2020. It combined the newly published environmental performance index (EPI) as an indicator of the strictness of environmental regulations with firm data from the World Bank Enterprise Surveys (WBES). The result revealed that stricter environmental policies significantly increase firm efficiency, and the effect is robust. It also discovers that intensities of environmental stringency matter and that firm size, firm pollution intensity and institutional quality also influence the relationship between environmental stringency and efficiency. However, the study discovered that there is lack of capacity to implement policies efficiently (Chu & Tung, 2022). Singhania et al. (2023) investigated cross-country comparative trend analysis in ESG regulatory frameworks across developed and developing nations. The study identified similarities, differences and trends. It employed a descriptive research design to compare

ESG frameworks in developed and developing nations. The study findings provide significant implications for practice, society and research by grouping 28 countries into four ESG framework development stages. The research facilitates strategic implementation and enhances decision-making aligned with sustainability reporting. Bassey et al. (2025) explored government policy measures and environmental sustainability to examine the effectiveness of Nigeria's climate policy in handling environmental challenges, using qualitative research document analysis. Findings indicated that although the policy facilitated the establishment of climate governance structures, it enhanced awareness of climate risks and encouraged the incorporation of constraints due to persistent implementation challenges.

Stakeholder gap exists in the sustainability disclosures of environmentally sensitive firms. This gap is referred to as the mismatch between what stakeholders expect in the aspect of transparency and accountability and what the firms actually disclose. This particular gap is more pronounced in extractive industries and in manufacturing industries, where environmental impacts are high but disclosures consistently remain inconsistent or selective (Megawati & Pratama, 2024). Relevant literature was reviewed to ascertain the trends and differences in sustainability disclosures of environmentally sensitive firms in developed and developing nations. Stanislavská et al. (2023) studied sustainability reporting to identify differences in both developed and developing countries. Data were obtained from 2100 sustainability reports published in the United Nations Global Compact database for 2020. These sustainability disclosures addressed four main areas of stakeholders, known as human rights, diversity, equity and inclusion, and sustainability products. The findings revealed that sustainability reports from developed and developing countries incorporated different communication strategies. Sustainability reports from the developed countries ,mostly communicate matters related to sustainability production and supply chain emission, while those from developing nations frequently communicate issues related to education, training

and human rights.

5.0 Findings

Sustainability disclosures in environmentally sensitive sectors show significant gaps between developed and developing nations in terms of measurement. Measurement tools and criteria vary, with indicators. For instance, carbon emissions are calculated differently across regions. It further observed that larger firms tend to provide more comprehensive reports, particularly in developing countries. However, disclosure in developed nations is largely on mandatory reporting basis, while developing nation's remains voluntary, resulting in inconsistent and unreliable data. Methodological approaches lack patterns, limiting the use of mixed methods and neglecting longitudinal data that could capture changes overtime. On the issues of policy enforcement gap, this paper reveals that weak enforcement consistently results to voluntary and mandatory practices in developing countries. In developed economies, disclosure requirements are typically mandatory and aligned with global frameworks. Sustainability disclosures in environmentally sensitive industries reveal significant methodological disparities between developed and developing nations. Developing nations commonly encounter particular challenges due to limited resources and technical capacity, which further widens disclosure gaps. Policy enforcement, especially in environmentally sensitive sectors tends to be weaker in developing countries compared to the stronger regulatory frameworks observed in developed. Developed economies, disclosure requirements are generally mandatory and aligned with global frameworks such as IFRS S1/S2, the Global Reporting Initiative (GRI), and the Sustainability Accounting Standards Board. Policy enforcement gaps hinder sustainability disclosures globally. Developed countries are confronted with overlapping standards (GRI, SASB, and IFRS S2),(SASB), ensuring comparability and reliability. Conversely, in developing nations, reporting remains largely voluntary, resulting in inconsistent data due to un-unified policy frameworks. This paper reveals that

weaker enforcement exist, encouraging voluntary and mandatory practices in developing countries. Harmonised policies are needed to address this policy gap. Firms in advanced economies are able to provide comprehensive environmental information that meets the expectations of a broad range of stakeholders. Stakeholder orientation differs in both developed and developing economies. Developed countries concentrate on investors, developing nations focus on the communities. These gaps create risks of green and social washing, limiting policy efficiency and global harmonisation of standards that can improve comparability. Also Firms in developed economies focus on environmental sustainability, emissions, and carbon reduction due to regulations and investor pressure. Developing-nation firms give precedence on social aspects of sustainability to address local development gaps which require sensitive reporting frameworks, that may balance environmental and social priorities can improve sustainability disclosure outcomes.

6.0. Conclusion

Sustainability disclosures in environmentally sensitive firms noted some significant gaps between developed and developing countries, driven by differences in measurement tools and criteria, regulatory policies, stakeholder expectations, and institutional capacities. Developed nations focus on environmental metrics, leveraging on standardised frameworks like GRI and SASB, while developing nations give precedence to social aspects, focusing human rights and community engagement. These divergences create risks of green and social washing, policy inefficiency, and reduced global comparability. Addressing these gaps requires more than technical solutions; it calls for unification of reporting frameworks that can reflect live realities of workers, communities, and future generations. By making human needs and social priorities alongside with environmental goals, sustainability disclosures can become a powerful tool for positive change globally.

7.0. Recommendations

Based on the findings presented above, this paper prescribes the following remedial actions, including strengthening the adoption of unified standards (IFRS S2, GRI) that may enhance comparability across regions. Provide methodological training and resources for environmentally sensitive sectors across developing nations, by way of enhancing capacity building, encourage third-party verification to reduce methodological bias and improve credibility, in order to achieve independent assurance. The environmentally sensitive sector especially in the developing countries is encouraged to develop disclosure guidelines that may balance environmental and social requirements, and at same time identifying regional priorities. They are also encouraged to institute stronger oversight, establish stringent compliance measures in developing economies to prevent disclosure bias in form of selective reporting. Furthermore, environmentally sensitive sectors are also encouraged to engage with the stakeholders with the aim of fostering dialogue among firms, investors, and communities, by way of ensuring that sustainability disclosures align with stakeholders needs. Finally, developing nations are encouraged to transition from voluntary and selective disclosures to mandatory regime and partner with developed nations on the basis of mutual attainable sustainability outcomes.

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