Sustainability Accounting and Investment Decision: A Systematic Literature Review

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ABSTRACT

This study conducts a comprehensive systematic literature review (SLR) to examine the relationship between sustainability accounting and investment decision-making. Amid growing global attention to environmental, social, and governance (ESG) issues, the relevance of sustainability accounting in shaping investment practices has intensified. By synthesizing scholarly publications from 1990 to 2025, the review identifies prevailing themes, theoretical perspectives, and methodological patterns. The findings reveal a significant rise in research interest post-2015 and underscore the interdisciplinary nature of the field, spanning business, environmental science, and economics. Despite substantial progress, challenges persist in standardizing sustainability disclosures, addressing regional imbalances, and integrating technological innovations. The study concludes with managerial implications and proposes future research directions to better align sustainability reporting with investment decision-making imperatives.

Keywords: sustainability accounting, investment decision, ESG, systematic literature review, sustainability disclosure, sustainable finance.

INTRODUCTION

In recent years, the integration of sustainability accounting into investment decision-making processes has emerged as a significant area of interest for academics, practitioners, and policymakers alike. As global awareness of environmental, social, and governance (ESG) issues intensifies, investors are increasingly demanding transparent and credible sustainability disclosures that can inform capital allocation decisions (Eccles & Klimenko, 2019). Sustainability accounting, which encompasses the measurement, disclosure, and accountability of environmental and social performance, plays a critical role in aligning corporate activities with sustainable development goals.

Despite the growing adoption of ESG principles in investment practices, the academic literature remains fragmented regarding the extent to which sustainability accounting influences investment decisions. While some studies highlight positive correlations between sustainability disclosures and investor responses (Fatemi et al., 2018), others emphasize the inconsistency and lack of standardization in reporting frameworks (Ioannou & Serafeim, 2015). These discrepancies suggest the need for a systematic synthesis of existing knowledge to identify prevailing themes, theoretical foundations, and research gaps.

This study aims to conduct a systematic literature review (SLR) on sustainability accounting and investment decisions by analyzing existing scholarly contributions from 1990 to 2025. The review seeks to map out the evolution of the research field, highlight emerging trends, and propose directions for future research. By providing a comprehensive synthesis of the literature, this paper contributes to both theory and practice in sustainable finance and accounting.

LITERATURE REVIEW

Sustainability accounting has evolved from a peripheral concern into a core element of corporate governance and strategic investment analysis. Underpinned by theories such

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as stakeholder theory (Freeman, 1984), which emphasizes corporate responsibility toward a broad stakeholder base, and legitimacy theory (Suchman, 1995), which suggests that sustainability disclosures serve to legitimize firm actions within societal norms, the field has gained theoretical traction. Additional lenses, including institutional theory and resource-based views, have emerged to explain firm-level ESG strategies. Despite this theoretical plurality, integration remains limited, indicating the need for future work that reconciles these perspectives to develop a unified conceptual framework.

On the investment side, there has been a paradigm shift from purely financial considerations toward ESG-integrated investment strategies. Studies have shown that firms with robust sustainability practices tend to attract long-term investors, reduce capital costs, and experience enhanced market valuation (Dhaliwal et al., 2011; Friede et al., 2015). Nonetheless, there are still debates over the materiality and reliability of sustainability data, which challenge the utility of such information in decision-making processes.

Recent reviews have attempted to explore the linkage between sustainability disclosures and investor behavior. For instance, Alsaadi and Al-Debei (2020) emphasized the growing role of ESG scores in portfolio construction, while Cho et al. (2012) discussed greenwashing as a risk in interpreting sustainability disclosures. These conflicting perspectives underscore the need for a systematic literature review that consolidates findings across disciplines such as environmental science, business, economics, and engineering.

METHOD

This study adopts a Systematic Literature Review (SLR) methodology to ensure a structured and replicable synthesis of relevant literature (Tranfield et al., 2003). The review focuses on scholarly publications from 1990 to 2025 that examine the intersection between sustainability accounting and investment decision-making. To identify the relevant studies, comprehensive searches were conducted across major academic databases, including Scopus, Web of Science, and ScienceDirect, using a combination of keywords such as "sustainability accounting," "ESG," "green finance," and "investment decision."

The inclusion criteria required studies to be peer-reviewed, written in English, and focused explicitly on the interaction between sustainability accounting practices and investor decision-making processes. Exclusion criteria included articles unrelated to investment analysis or lacking empirical or theoretical contribution. A PRISMA-based filtering process was used to screen and select the final set of articles.

The selected documents were then analyzed using thematic coding to identify dominant research streams, methodological approaches, and theoretical underpinnings. Where applicable, bibliometric analysis was conducted to visualize publication trends, authorship networks, and journal distributions. This combined qualitative and quantitative approach allows for a holistic understanding of the research landscape and emerging gaps within the field.

RESULT AND DISCUSSION

The attached image shows the trend in the number of scientific documents discussing topics related to Sustainability Accounting and Investment Decision by year of publication. The graph indicates a significant development in this field over the last two decades, especially after 2015.

During the early period (1991–2005), the number of publications was very minimal and stagnant, indicating that the relationship between sustainability accounting and investment decision-making had not yet become a central focus of academia. However, starting in 2006, a gradual increase occurred, which showed a significant surge after 2018. This trend aligns with the growing global attention toward Environmental, Social, and Governance (ESG) issues and increasing demands for corporate sustainability transparency from investors.

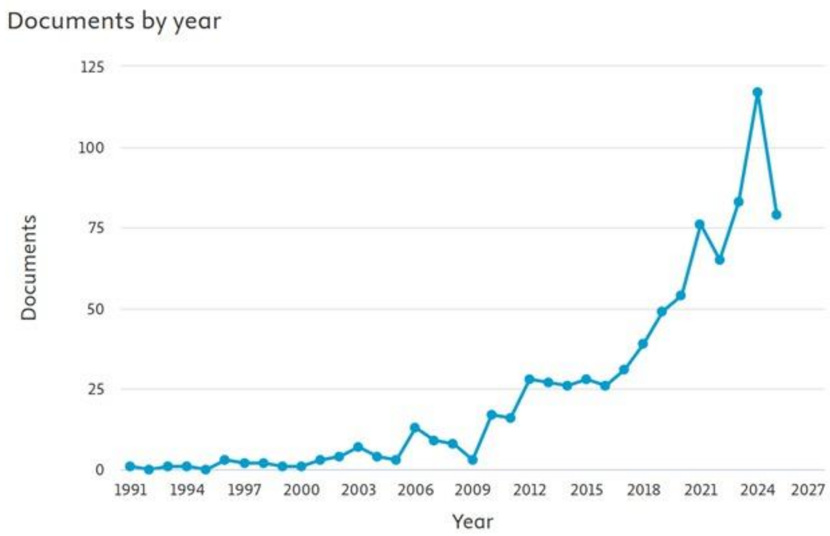

Figure 1

The peak in publication volume occurred around 2024, with over 120 documents published, marking the height of academic interest in this topic. Although there was a slight decline in 2025, the publication count remained far higher than in previous decades, showing that the topic has become a significant part of contemporary scholarly discourse.

Overall, this graph reflects the increasing relevance of sustainability accounting in the context of investment decisions, both academically and practically. It also highlights ample opportunities for further conceptual and empirical exploration, given the dynamic nature and challenges of integrating sustainability information into financial decision-making.

This image displays the annual distribution of documents by source publication related to Sustainability Accounting and Investment Decision. It represents the contributions of various journals or academic outlets to this field from 1998 to 2025.

Before 2015, the number of publications from all sources remained low and relatively stable. However, since 2017, there has been a sharp increase in contributions from several key sources, as seen from the rising trend lines. One source (represented by the orange line) peaked in 2021 with more than 10 documents published in a single year, making it the most active contributor in this area during that time.

Other sources (represented by different colors) showed fluctuating contributions, with most publishing activity occurring between 2018 and 2024. This indicates that interest in sustainability accounting and its influence on investment decisions has not only increased in general but has also been adopted by various journals and conferences as a relevant research focus.

Overall, the graph demonstrates that academic attention to this topic has increased not just in quantity but also in the diversity of publication outlets. It shows that sustainability accounting and investment decision-making is a rapidly growing multidisciplinary field that interests both scholars and practitioners.

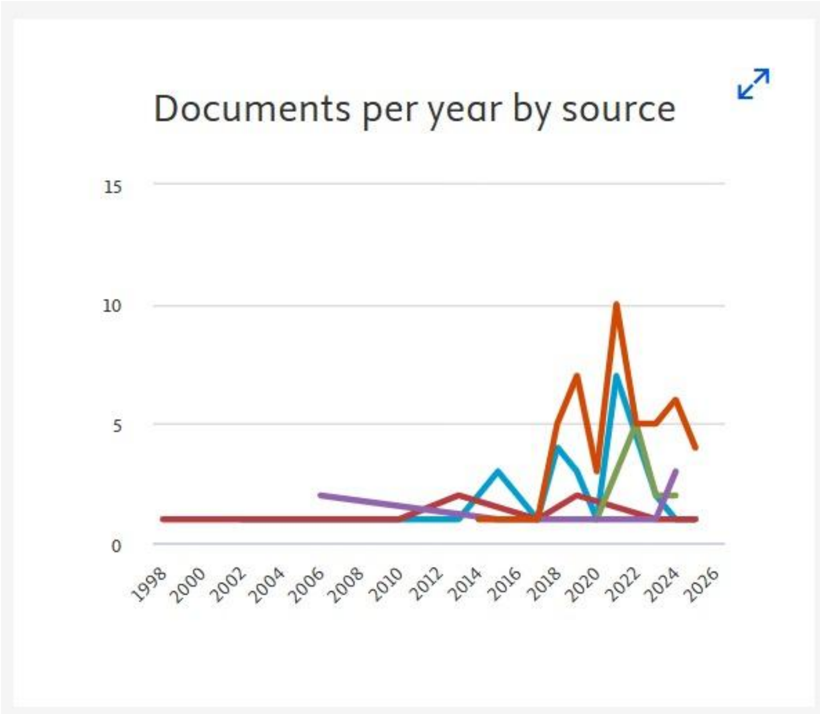

Figure 2

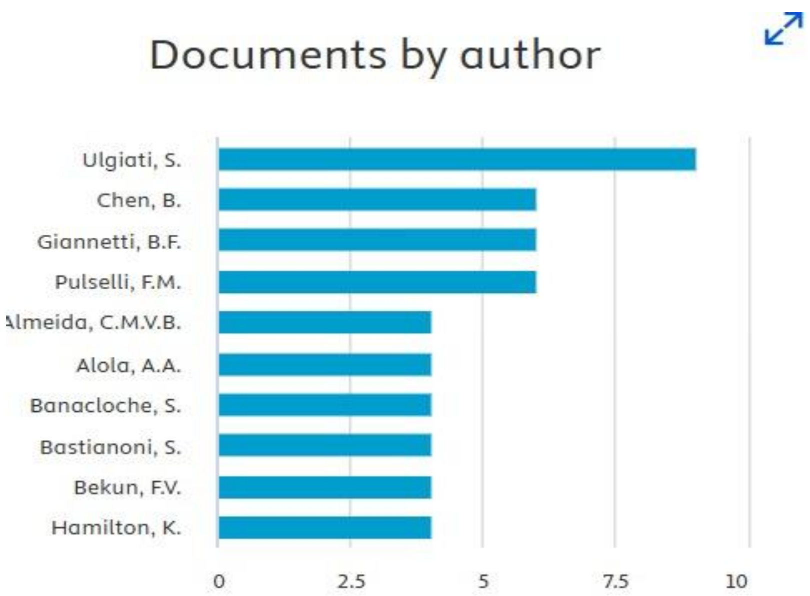

Figure 3

This image presents data on the number of documents published by authors on the topic of Sustainability Accounting and Investment Decision. It shows the ten most productive authors based on their publication contributions.

The most prolific author is Ulgiați, S., with nearly 10 documents, establishing him as a key figure in the literature. He is followed by Chen, B., Giannetti, B.F., and Pulselli, F.M., each of whom has published around 6 documents, showing their active and sustained contributions to this field.

Other authors such as Almeida, C.M.V.B., Alola, A.A., Banacloche, S., Bastianoni, S., Bekun, F.V., and Hamilton, K. each contributed about 3–4 documents. This indicates that while some names dominate, the topic also engages researchers from various backgrounds.

In summary, this chart reflects that Sustainability Accounting and Investment Decision is a growing topic that has drawn the attention of several leading researchers consistently publishing relevant scholarly works. These authors may serve as important references for further study or collaborative research in the field.

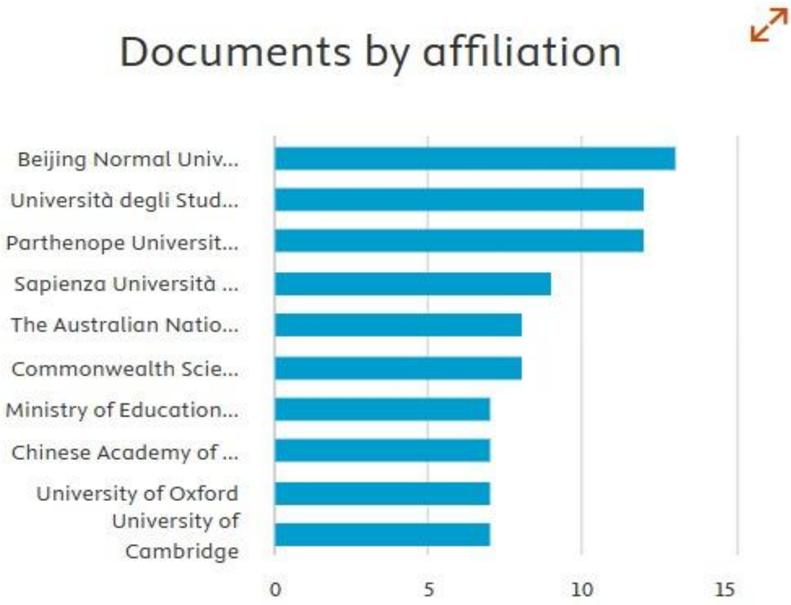

Figure 4

This image shows the number of scientific documents on Sustainability Accounting and Investment Decision based on the institutional affiliation of the authors. The graph highlights the institutions most active in publishing in this field.

Beijing Normal University ranks first with the highest number of publications (around 13 documents), indicating its central role in research on sustainability and sustainable finance. It is followed by two Italian institutions—Università degli Studi di Siena and Parthenope University of Naples—each with around 11 documents, showing a strong research foundation in sustainability within European academia.

Other significant contributors include Sapienza Università di Roma, The Australian National University, and the Commonwealth Scientific and Industrial Research Organisation (CSIRO), each with around 7–9 documents. The involvement of institutions such as China's Ministry of Education, the Chinese Academy of Sciences, and prestigious universities like the University of Oxford and the University of Cambridge further illustrates that this topic receives serious attention across government, academic, and independent research institutions.

Overall, this data shows that research on sustainability accounting and investment decisions is global and multidisciplinary, involving cross-country and cross-institutional collaborations. The dominance of institutions from China and Europe indicates these regions as academic hubs advancing the integration of sustainability values into financial practices.

This image displays the distribution of scientific documents on Sustainability Accounting and Investment Decision based on the country or region of origin of the authors. It illustrates the level of engagement by countries in producing academic literature in the field.

The United States dominates with the most publications (nearly 150 documents), reflecting its status as a major research and development hub in sustainability accounting and investment decision-making. China follows closely with nearly 120 documents, showing a rapid rise in interest and academic contributions, aligning with its government's push toward sustainable development and green finance.

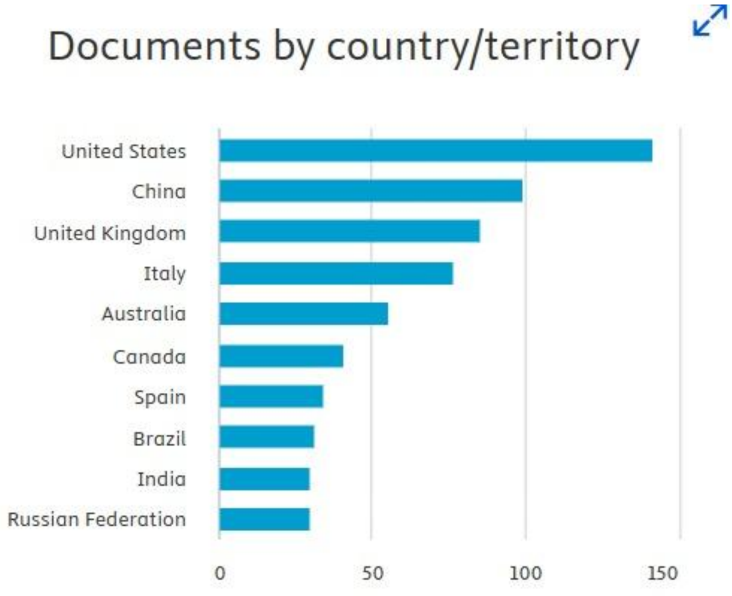

Figure 5

The United Kingdom and Italy follow with more than 80 and 70 documents, respectively, indicating that Europe plays a key role in advancing academic discourse on sustainability accounting. Other countries, such as Australia, Canada, Spain, Brazil, India, and Russia, also show significant participation, although to a lesser extent.

Overall, this graph demonstrates that sustainability issues in accounting and investment decision-making are of global concern, involving both developed and developing nations. The active participation from various world regions signals a collective awareness of the importance of integrating sustainability values into international financial and economic systems.

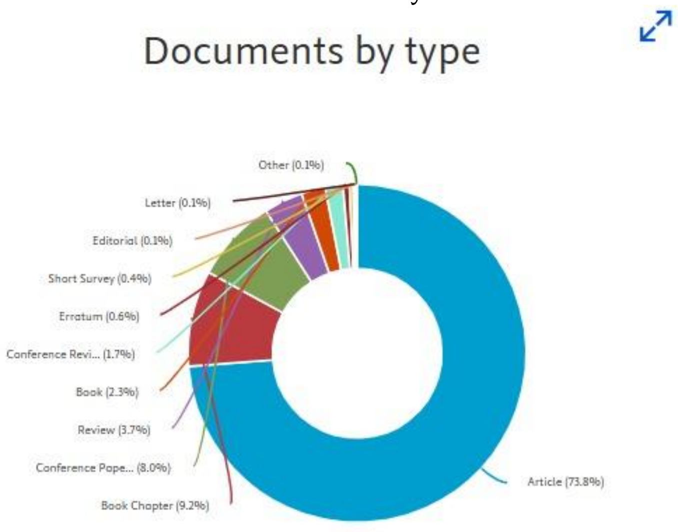

Figure 6

This image shows the distribution of document types related to the topic of Sustainability Accounting and Investment Decision. According to the donut chart, the most dominant document type is scientific articles, which comprise 73.8% of all documents. This indicates that most studies in this field are published in peer-reviewed journal articles, typically serving as the primary reference in academic research.

Other significant document types include book chapters (9.2%) and conference papers (8.0%), reflecting the importance of book-based academic work and conference presentations in knowledge dissemination. Reviews (3.7%) also appear, representing efforts to synthesize existing literature.

Other document types such as books, conference reviews, errata, short surveys, editorials, and letters each account for less than 3% individually. Although limited, these documents play a complementary role in advancing academic discourse.

Overall, the chart illustrates that Sustainability Accounting and Investment Decision is a relatively mature academic field, with journal articles being the primary medium for communicating ideas, empirical findings, and new theories to the scholarly community.

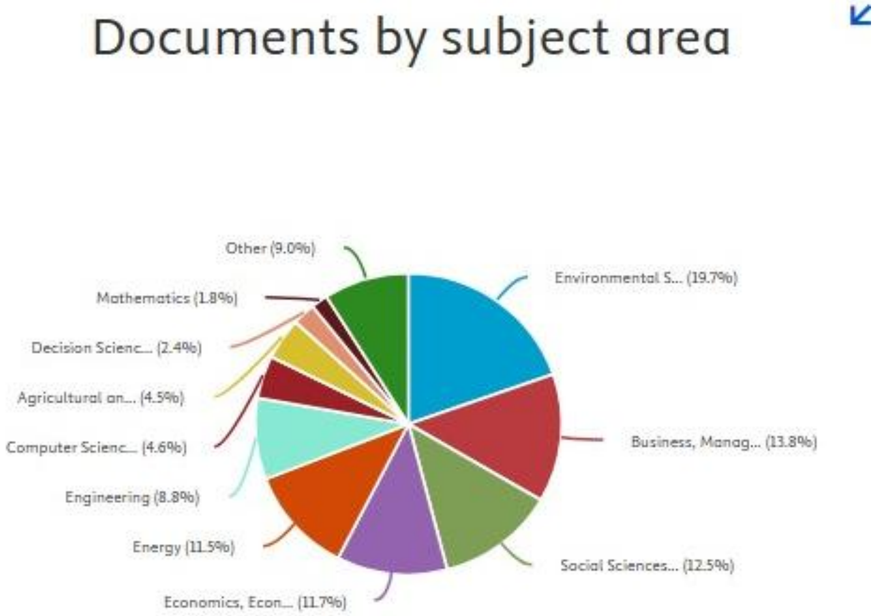

Figure 7

This chart displays the distribution of reviewed documents in the systematic study of "Sustainability Accounting and Investment Decision" by subject area. The data shows that Environmental Science dominates the literature with 19.7%, indicating a strong connection between sustainability issues in accounting and investment with environmental aspects.

Next, Business, Management, and Accounting contribute 13.8%, showing that the practice and theory of sustainability accounting are often explored in business and managerial decision-making contexts. Social Sciences contribute a significant 12.5%, highlighting the importance of social dimensions—such as impacts on communities and stakeholders—in this discourse.

The fields of Energy (11.9%) and Economics, Econometrics, and Finance (11.7%) follow, emphasizing the role of policy and energy transitions in sustainable investment decision-making. Engineering (8.8%) and Computer Science (4.6%) show the use of technological and systems approaches in supporting sustainability reporting and transparency.

Other areas, such as Agricultural and Biological Sciences (4.5%), Decision Sciences (2.4%), and Mathematics (1.2%), contribute in more technical and specific ways but remain relevant, particularly in developing decision models and sustainability reporting systems. The "Other" category (9%) indicates contributions from various other multidisciplinary fields that enrich the understanding of the link between sustainability accounting and investment decision-making.

Overall, the data confirms that the literature on sustainability accounting and investment decisions is interdisciplinary, involving environmental, social, economic, and technological aspects holistically.

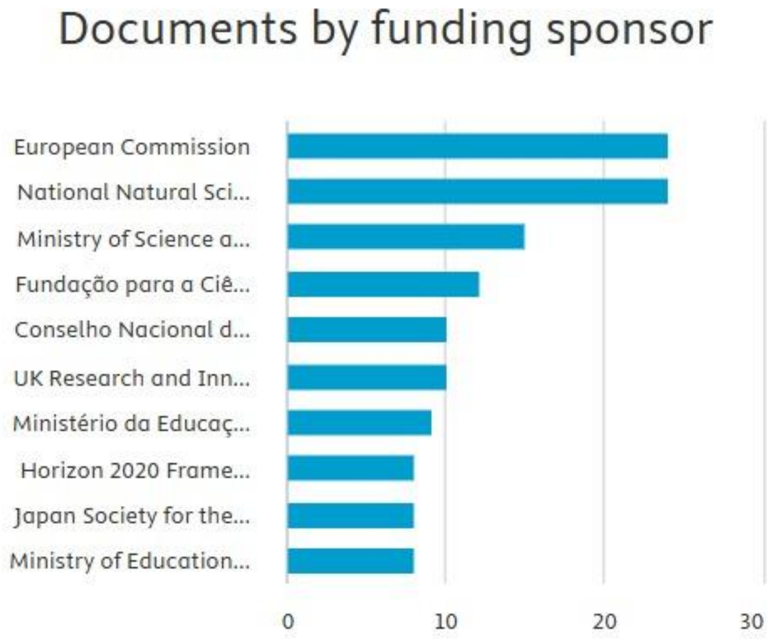

Figure 8

This chart displays the distribution of documents in the "Sustainability Accounting and Investment Decision" study based on funding sponsors. According to the bar graph, the European Commission and the National Natural Science Foundation of China are the most active sponsors, each supporting around 25 documents. This shows that the topic receives strategic attention in both Europe and Asia, particularly China.

Next, the Ministry of Science and Technology of China and Fundação para a Ciência e a Tecnologia (Portugal) provide significant support, indicating national government involvement in promoting sustainability and investment accountability research. Other funders such as the Brazilian CNPq and UK Research and Innovation also reflect participation from both developing and developed countries in promoting a transition toward a sustainable economy through research support.

Major programs such as the EU's Horizon 2020 Framework Programme, as well as national agencies like Brazil's Ministry of Education, the Japan Society for the Promotion of Science, and Japan's MEXT, also contribute funding. This indicates that research on sustainability accounting and investment decision-making is regarded as globally important and benefits from cross-national and cross-institutional collaboration.

In summary, this chart reflects that sustainability accounting is not only an academic focus but has become a strategic international agenda supported by major global funding institutions, particularly in the context of sustainability, investment governance, and green economic policy.

Managerial Implication

The findings of this systematic literature review offer several practical implications for corporate managers, particularly in accounting, finance, and sustainability functions. First, the increasing demand for transparent and reliable sustainability information underscores the strategic importance of integrating sustainability accounting into core financial reporting and decision-making systems. Managers must recognize that ESG-related disclosures are no longer peripheral but are being actively scrutinized by institutional investors and stakeholders when evaluating firm value and risk.

Second, the lack of standardized sustainability accounting frameworks across industries and regions presents both a challenge and an opportunity. Organizations that proactively adopt and align with recognized frameworks—such as the Global Reporting

Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD)—can differentiate themselves in the eyes of investors. Doing so not only enhances the credibility of their sustainability reports but also facilitates comparability and benchmarking, thereby improving investor confidence.

Third, sustainability performance metrics should be linked to managerial performance and incentive structures. Incorporating ESG indicators into executive compensation plans and internal control systems can foster a culture of accountability and long-term value creation. This alignment ensures that sustainability is embedded in operational and strategic decisions, rather than being treated as a separate or compliance-driven activity.

Furthermore, the review reveals that investors are increasingly sensitive to both the quantity and quality of ESG disclosures. Therefore, corporate managers must move beyond symbolic or boilerplate disclosures and instead provide meaningful, data-driven narratives supported by verifiable performance indicators. Investing in sustainability data systems and third-party assurance can further strengthen stakeholder trust and mitigate reputational risks.

Finally, managers should remain agile in anticipating regulatory developments related to sustainable finance and ESG disclosure mandates. Given the dynamic policy landscape and international pressure for climate-related accountability, companies that remain passive or reactive risk falling behind in capital markets. Proactive engagement with sustainability practices is not only an ethical imperative but also a strategic lever for attracting investment, mitigating risks, and sustaining long-term competitiveness.

CONCLUSION

This systematic literature review traces the evolution and current landscape of research linking sustainability accounting to investment decision-making. Drawing from a robust analysis of literature published between 1990 and 2025, the study documents a marked increase in scholarly engagement post-2015, signifying the mainstreaming of ESG concerns in financial analysis. Key contributions emerge from environmental science, management, social sciences, and economics, with thematic foci on ESG disclosure quality, standardization efforts, and the impact on investor behavior. Despite this progress, gaps remain—particularly the lack of empirical consensus, underrepresentation of developing economies, and limited exploration of digital tools such as blockchain in ESG reporting. Future studies should explore causal inference, expand geographic coverage, and assess how technological innovation can enhance the credibility and comparability of sustainability disclosures.

The literature reflects a multidisciplinary landscape, with significant contributions from environmental science, business and management, social sciences, and economics. Key themes identified include the role of ESG disclosures in investor decision-making, the standardization challenges of sustainability reporting frameworks, and the increasing importance of transparent and verifiable sustainability metrics. Moreover, bibliometric evidence highlights the central role of specific institutions, countries, and authors in advancing this field, with the United States, China, and European countries leading in publication output and research funding.

Despite the expanding volume of literature, several gaps remain. There is limited consensus on the materiality and comparability of sustainability information, and empirical evidence on its impact on investment behavior remains inconclusive in some contexts. Additionally, the underrepresentation of research from developing economies suggests the need for broader geographic and sectoral coverage in future studies.

This review contributes to the academic and professional understanding of sustainability accounting by mapping the evolution of research and highlighting areas for further exploration. Future research should aim to develop standardized sustainability reporting frameworks, investigate causal relationships between disclosures and investment outcomes, and consider the role of digital technologies in enhancing transparency and investor trust. As the global economy continues to prioritize sustainability, robust academic inquiry will be essential in supporting effective and responsible financial decision-making.

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