

Guest editorial: Challenges and opportunities in science and business: the impact of the trends in economics, technology and society on accounting, audit and analysis

Journal of
Financial
Reporting and
Accounting

1825

The current financial reporting and accounting landscape is changing rapidly due to urgent environmental issues, diverse economic activities, and rapid technological advancements. This special issue of the *Journal of Financial Reporting and Accounting* examines the “Challenges and opportunities in science and business: the impact of trends in economics, technology and society on accounting, audit, and analysis”. It focuses on how changes in economics, technology and society are redefining traditional aspects of accounting, auditing and analysis. The five papers featured in this issue offer detailed insights into these changes, covering topics such as the predictive value of environmental, social and governance (ESG) disclosures in European credit markets and the potential of the metaverse for detecting financial fraud.

Sustainability as a pillar of financial stability and resilience

A key theme from the research is the shift from shareholder to stakeholder theory, highlighting that long-term value is increasingly linked to ESG performance. The study “From ESG disclosure to credit risk: evidence from European firms” (Kažytė, 2026) illustrates this shift by showing how clear and standardised sustainability reporting can enhance financial stability. By examining companies in the Euro Stoxx 50 index, it finds that ESG disclosures positively influence creditworthiness – reflected in improved Altman Z-scores – particularly after a two-year delay. This indicates that ESG reporting is not just a regulatory requirement but a strategy that contributes to financial resilience over time.

This trend is further examined in the study “ESG and bank stability in the MENA region: examining the mediating role of income diversification” (Sassi, 2026), which analyses 109 banks across 11 countries. The research highlights that income diversification is an important factor that helps improve banking stability when banks adopt ESG practices. By incorporating ESG criteria, banks can enter innovative markets, which helps them reduce dependence on unstable traditional income sources and lessen the impact of specific economic shocks.

Standardisation, regulation and strategic disclosure

The success of sustainability trends relies heavily on the quality and consistency of the information shared. A study called “Determinants of mandatory and voluntary non-financial reporting in Lithuanian companies” (Rudžionienė, 2026) investigates the gap between legal requirements and the reasons companies choose to disclose information strategically. The study finds that while the EU’s Non-Financial Reporting Directive (NFRD) has increased the amount of reported information, the real improvement in the quality of these disclosures comes from



This paper forms part of a special section “Challenges and opportunities in science and business: the impact of the trends in economics, technology and society on accounting, audit and analysis”, guest edited by Rasa Subačienė, Daiva Tamulevičienė, Jelena Stankevičienė, Ranadeva Jayasekera and Tam Huy Nguyen.

Journal of Financial Reporting and
Accounting
Vol. 24 No. 4, 2026
pp. 1825-1827
© Emerald Publishing Limited
1985-2517
DOI 10.1108/JFRA-08-2026-995

adopting international standards such as the Global Reporting Initiative. Notably, the study shows that non-financial reporting has strengthened, with no significant differences between mandatory and voluntary reports. This indicates a unifying trend influenced by increasing global regulations, where the quality of disclosures is determined more by factors like company size, complexity and industry rather than traditional financial metrics.

The importance of reliable data is the main focus of the paper “Carbon offsets in agriculture: linking soil organic carbon and measurement, reporting and verification (MRV) framework with financial reporting” (Kamilė, 2026). This research connects environmental science with accounting by suggesting a framework for measuring and reporting soil organic carbon (SOC) credits. This framework helps classify SOC credits as either inventory or intangible assets according to IFRS and GAAP standards. Such integration is essential for the agricultural sector, which contributes 22% of global greenhouse gas emissions, as it turns agricultural practices into credible measures of financial success.

The technological frontier: metaverse and fraud detection

Technology plays a crucial role in driving change beyond just economic and social factors. The study “Metaverse and financial statement fraud detection” (Mahdi *et al.*, 2026) explores how virtual environments are transforming the audit process. Based on the theory of social presence (TSP), the research indicates that the metaverse improves communication and collaboration among financial professionals, which is vital for identifying unethical actions. By using 3D data visualisation and AI tools in virtual settings, accountants and auditors can evaluate financial trends more efficiently than traditional methods. This technological advancement not only improves the clarity of financial reporting but also has the potential to significantly reduce agency costs.

Conclusion and future outlook

The articles in this special issue show a clear direction for the future of accounting and auditing. These fields are evolving toward a more integrated model that leverages technology effectively and prioritises social responsibility. While there are significant challenges, such as the high costs of implementing agricultural monitoring systems and cybersecurity risks in the metaverse, there are also many opportunities. For example, standardised ESG (Environmental, Social, and Governance) disclosures are helping companies secure lower financing costs, and new technologies are enabling companies to enhance market integrity.

As we examine current trends, research indicates that regulatory authorities should promote mandatory and verifiable sustainability standards to address greenwashing. Meanwhile, company managers should consider these disclosures as valuable strategic assets rather than just regulatory obligations. We aim for this special issue to serve as a useful resource for academics, practitioners, and policymakers as they seek to understand the economic, technological, and societal changes affecting accounting and auditing.

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