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EFFECTIVENESS OF SUSTAINABILITY AUDITS IN PREVENTING GREENWASHING PRACTICES

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ABSTRACT :

This study investigates the effectiveness of sustainability audits in preventing greenwashing practices in Nigerian firms. Using perception-based data from 212 internal and external auditors, the study assessed how audit characteristics affect the credibility of sustainability disclosures. It also examined the role of stakeholder pressure and regulatory enforcement in enhancing audit effectiveness. The results from the regression analysis showed that audit characteristics; independence, scope, and frequency significantly reduce greenwashing practices. Additionally, stakeholder pressure and regulatory enforcement enhance the impact of sustainability audits by promoting greater corporate accountability. The study concludes that well-structured sustainability audits, supported by regulatory enforcement and stakeholder scrutiny, are critical in promoting honest and transparent corporate sustainability practices. Practical recommendations are provided for firms, regulators, and stakeholder groups to improve audit structures and reduce deceptive environmental reporting in Nigeria.

Keywords : Sustainability Audit, Greenwashing, Audit Characteristics, Stakeholder Pressure, Regulatory Enforcement, Corporate Accountability.

INTRODUCTION

In the face of increasing climate-related risks and the growing expectations of socially responsible investors, organizations are under significant pressure to demonstrate genuine commitment to sustainable development through transparent environmental, social, and governance (ESG) reporting. As stakeholders become more environmentally conscious, the demand for credible sustainability disclosures has surged (Adekoya & Eweje, 2022). However, this demand has also led to the proliferation of greenwashing practices where companies exaggerate or falsify their sustainability credentials in order to gain public approval and competitive advantage (Ogbu & Okoye, 2021; Akpan & Imeokparia, 2020).

Sustainability audits have emerged as a corrective mechanism aimed at enhancing the credibility of ESG disclosures by providing third-party verification of non-financial reports. These audits are expected to serve as deterrents to greenwashing by ensuring that disclosed information reflects actual sustainability performance (Chukwuma, 2023). Nonetheless, their effectiveness remains contested. For instance, recent perception-based studies suggest that some firms manipulate sustainability assurance processes to maintain reputational legitimacy rather than to foster genuine accountability (Uchenna & Bassey, 2025). In similar findings, Awolowo and Babajide (2020) observed that while sustainability audits improved transparency in some listed firms, they had minimal effect on deterring symbolic disclosures aimed at satisfying external stakeholders. The concern is particularly acute in developing countries like Nigeria, where institutional frameworks are often weak, and sustainability audits are largely voluntary. Evidence from Ugbede and Adekola (2021) shows that firms often use sustainability assurance as a façade to attract foreign investment and regulatory goodwill, rather than as a sincere commitment to sustainable practices. This phenomenon has been reinforced by Ejiofor and Alao (2023), who argue that limited regulatory enforcement contributes to the superficial nature of sustainability audits in many Nigerian firms. In such contexts, audits may serve merely as instruments of symbolic compliance with global ESG norms, lacking the independence and depth required to prevent deceptive practices.

Furthermore, although sustainability auditing frameworks are being adopted globally, their outcomes remain inconsistent across regions and sectors. In a recent cross-country analysis, Yusuf and Mensah (2025) found that while sustainability audits correlated with improved ESG credibility in European firms, the same could not be said for African firms due to low enforcement and audit rigor. Supporting this, Okorie and Uzonwanne (2022) concluded that the assurance of ESG disclosures was often undermined by audit firms' limited expertise and the absence of standardized sustainability assurance protocols. From a stakeholder perception standpoint, Onwuegbuchi and Aina (2023) highlighted the growing mistrust among shareholders, suggesting that the presence of an audit does not always translate into perceived report reliability, especially when audit firms are perceived to lack independence.

Moreover, perception-based evidence from Bamidele and Hassan (2019) indicated that most investors and stakeholders in Nigeria remain skeptical about the effectiveness of sustainability audits, citing concerns over audit scope, independence, and follow-through. Similarly, Ezeani and Nwankwo

(2020) asserted that unless sustainability assurance is backed by regulatory sanctions for misleading reports, greenwashing will persist. These observations highlight a significant theoretical and practical gap in understanding the real influence of sustainability audits on corporate behaviour and stakeholder trust.

Thus, despite the growing reliance on sustainability audits to enhance disclosure credibility, the question remains: Are these audits truly effective in curbing greenwashing, or are they merely legitimizing tools for firms seeking to manage public image? Evidence from China and Ghana suggests that assurance can reduce misreporting and improve completeness, but concerns about regulatory enforcement and auditor independence persist (Zhang & Liu, 2025; Mensah & Tetteh, 2025). In Nigeria, studies show positive associations between sustainability audits, transparency, and stakeholder trust (Iwu-Egwuonwu, 2023; Okeke & Nwosu, 2022; Adeyemi & Fagbemi, 2021), yet these rely largely on content analysis and overlooked the operational realities of audit practice. Globally, research indicates that the effectiveness of sustainability audits is often shaped by legitimacy motives, inconsistent standards, and client influence (Cho, Michelon, & Patten, 2012; Boiral, Heras-Saizarbitoria, & Brotherton, 2019; Hummel & Schlick, 2016), but such studies are largely concentrated in developed economies, leaving limited evidence from developing contexts. Consequently, despite growing adoption, there remains insufficient empirical clarity on how sustainability audits function in Nigeria to enhance accountability and reduce greenwashing. In light of the mixed empirical findings and limited perception-based evidence within emerging economies, this study investigates the effectiveness of sustainability audits in preventing greenwashing practices among firms in Nigeria.

2.0. LITERATURE REVIEW

2.1 Conceptual Review

The contemporary push toward corporate sustainability and responsible governance has amplified the importance of transparent Environmental, Social, and Governance (ESG) reporting. As part of this drive, sustainability audits have emerged as essential tools for verifying the credibility of sustainability disclosures and for mitigating greenwashing, a practice where firms exaggerate or falsify their sustainability performance to gain undue reputational benefits (Cho, Michelon, & Patten, 2012; Zhang & Liu, 2025). Conceptually, sustainability audits are designed to serve as assurance mechanisms that validate ESG disclosures, enhance reporting integrity, and reduce information asymmetry between firms and stakeholders (Simnett, Vanstraelen, & Chua, 2009; Fonseca & Ribeiro, 2021). They represent an extension of traditional financial auditing, adapted to account for non-financial dimensions that increasingly shape firm reputation, stakeholder trust, and access to capital. At the core of this conceptual relationship is the understanding that sustainability audits, when conducted independently and rigorously, can limit firms' ability to engage in deceptive environmental or social performance claims. Iwu-Egwuonwu (2023) and Uchenna and Bassey (2025) opine that this is particularly relevant in voluntary reporting environments where firms face minimal legal consequences for misrepresenting their ESG efforts.

Simnett, *et al.* (2009) emphasized that sustainability assurance, especially when aligned with international standards and undertaken by professional auditors, tends to improve the reliability of ESG data. This suggests that assurance is not simply about verifying numbers but also about instilling credibility in the narratives and performance indicators that underpin ESG reports. In the same vein, Fonseca and Ribeiro (2021) found that firms with third-party audits were more likely to adhere to the Global Reporting Initiative (GRI) framework, which discourages selective disclosures and promotes holistic sustainability reporting. These findings conceptually affirm the role of sustainability audits in strengthening the quality and comparability of sustainability information across firms and industries. In principle, therefore, sustainability audits offer an important safeguard against greenwashing and provide stakeholders with greater confidence in disclosed information.

However, despite the growing adoption of sustainability audits, there remains a conceptual concern regarding their actual effectiveness in curbing greenwashing. Scholars have questioned whether these audits fulfill their intended purpose or simply offer a façade of accountability. For instance, Boiral, Heras-Saizarbitoria, and Brotherton (2019) argued that audits often suffer from shallow verification processes and client-driven bias, which undermine their objectivity. This critique underscores the problem of independence in sustainability assurance, where audit providers may feel pressured to align with management's narrative in order to secure future engagements. In developing countries like Nigeria, this concern is even more pronounced due to the voluntary nature of sustainability assurance and limited regulatory oversight (Okeke & Nwosu, 2022). The absence of strong enforcement mechanisms means that sustainability audits may be performed more as symbolic exercises to satisfy external expectations than as rigorous checks on corporate sustainability practices.

A significant part of the conceptual literature also explores how internal organizational dynamics affect the efficacy of sustainability audits. Where internal governance structures are weak or managerial influence is high, audit practices may be compromised, turning what should be a transparency-enhancing exercise into a mere legitimacy-seeking ritual (Mensah & Tetteh, 2025; Ogunleye & Ayoola, 2020; Iliemena & Iliemena, 2019). This observation highlights that sustainability audits do not exist in isolation but are shaped by broader corporate governance environments. When boards of directors prioritize reputation over accountability, sustainability audits may devolve into symbolic gestures rather than substantive exercises. This raises the possibility that assurance can become a form of "green window dressing" to appeal to external stakeholders without effecting real organizational change.

From a stakeholder theory perspective, the demand for assurance stems from the need for firms to build trust and legitimacy in the eyes of increasingly ESG-conscious investors, regulators, and consumers. Stakeholders seek independent verification because they are aware of the risk of opportunism in self-reported disclosures. Studies such as Hummel and Schlick (2016) and Zhang and Liu (2025) provide evidence that stakeholders, particularly investors, perceive sustainability audits as signals of credibility. These perceptions highlight the signaling role of assurance, where the very presence of an audit communicates a commitment to transparency and accountability. However, these signals can be misleading if the assurance process is superficial or lacks enforcement. In such cases, the audit becomes more of a reputational device than a substantive safeguard, creating a gap between perceived and actual sustainability performance. Hence, the symbolic versus substantive assurance debate remains central to the conceptual understanding of greenwashing control.

Another layer of conceptual discussion involves the scope and standards guiding sustainability audits. Unlike financial audits, which are governed by well-established international frameworks, sustainability assurance operates in a fragmented regulatory landscape with competing standards and guidelines. This creates conceptual ambiguity around what constitutes a "robust" audit. For instance, some firms may engage in limited assurance engagements that involve minimal verification, while others pursue reasonable assurance processes that involve more extensive testing and stakeholder engagement. The lack of consistency across audit types makes it difficult to evaluate their effectiveness in a comparative sense and further fuels debates on whether sustainability audits are genuinely curbing greenwashing or merely offering symbolic compliance opportunities.

Ultimately, while sustainability audits conceptually serve as a countermeasure to greenwashing, their effectiveness depends on several mediating factors such as audit independence, regulatory enforcement, assurance scope, and internal accountability structures. In strong governance contexts, these audits can significantly enhance the credibility of ESG reporting, build stakeholder trust, and reduce the risk of reputational damage from misleading claims. In weak institutional contexts like Nigeria's, however, the challenge lies not just in adopting assurance but in ensuring that it is standardized, independent, and rigorously applied to avoid entrenching symbolic compliance. This reveals a critical conceptual gap: while sustainability audits are theoretically positioned as tools for curbing greenwashing, their practical ability to achieve this outcome is highly contingent on institutional, regulatory, and organizational conditions. Understanding how these conditions mediate the relationship between assurance and disclosure credibility remains central to the conceptual debate on sustainability audits and greenwashing.

2.2 Empirical Review

Recent studies have increasingly explored the role of sustainability audits in enhancing corporate accountability and preventing greenwashing, especially in the wake of rising stakeholder demand for transparent ESG disclosures. The growing body of empirical work reflects a consensus that sustainability audits can improve disclosure credibility, but it also raises questions about their depth, independence, and long-term effectiveness.

Zhang and Liu (2025) evaluated the early effects of China's mandatory ESG assurance policy on greenwashing among 180 listed companies. Using logistic regression on discrepancies between reported and actual ESG performance, they found that mandatory assurance significantly reduced misreporting. This provides some of the strongest evidence that compulsory assurance can directly reduce greenwashing behaviors. Nonetheless, the study's one-year observation period leaves uncertainty about whether these positive outcomes will persist in the long term.

Mensah and Tetteh (2025) offered a regional African perspective by investigating audit practices in Ghana's extractive sector. Their mixed-methods study, which combined content analysis of sustainability reports with interviews from regulators and auditors, concluded that while audits improved disclosure completeness, strategic omissions remained due to weak enforcement and limited auditor independence. The integration of qualitative and quantitative evidence adds validity to their findings, although reliance on firm-disclosed data risks underestimating the true extent of greenwashing.

Iwu-Egwuonwu (2023) examined the contribution of sustainability auditing to corporate transparency among listed manufacturing firms in Nigeria. Employing regression analysis on survey data from compliance and audit officers, the study found that periodic and independent sustainability audits were linked to fewer signs of greenwashing. Although based on perception data, it provides useful insights into how professionals within firms interpret audit effectiveness. However, as auditors themselves were not surveyed, the study may not fully capture the operational realities of assurance practices.

Okeke and Nwosu (2022) investigated how external sustainability assurance influences stakeholder trust in ESG reporting across Nigerian financial institutions. Using panel data from 15 listed banks, they found a positive relationship between third-party assurance and stakeholder confidence. While their results highlight the reputational benefits of assurance, reliance on reputation indices as a proxy for trust introduces ambiguity, since these may also be shaped by corporate communications rather than assurance quality.

Adeyemi and Fagbemi (2021) analyzed audit practices in Nigeria's oil and gas sector, focusing on third-party assurance and environmental disclosure compliance. Content analysis of annual reports indicated improvements in adherence to reporting standards following assurance adoption. This points to tangible disclosure benefits, though causality remains uncertain because improvements could also stem from regulatory or societal pressures. Moreover, the study overlooks internal firm dynamics such as management resistance, which could undermine assurance effectiveness.

Ogunleye and Ayoola (2020) highlighted the role of internal audit structures in addressing exaggerated CSR claims. Based on interviews with sustainability officers, they found that weak governance and managerial interference often compromised audit independence. While limited in generalizability, the qualitative evidence underscores the importance of institutional context, showing that effective assurance cannot be divorced from governance conditions.

From a global perspective, Simnett, Vanstraelen, and Chua (2009) compared assurance practices across Australia, the UK, and the US. Their analysis of 539 assurance reports revealed that engagements conducted under formal professional standards were more effective in curbing greenwashing than those carried out by non-accounting providers. This demonstrates the significance of standardized frameworks, though pooling data across jurisdictions obscures the influence of country-specific regulatory environments.

Similarly, Cho, Michelon, and Patten (2012) investigated the strategic motives behind assurance adoption among 200 U.S. firms. They found that some companies pursued assurance primarily for legitimacy rather than accountability, particularly when their sustainability performance was weak. This highlights the risk of assurance being used symbolically rather than substantively, though the study does not examine the rigor of assurance procedures themselves.

Boiral, Heras-Saizarbitoria, and Brotherton (2019) contributed practitioner insights through interviews with auditors in Spain and Canada. They reported that inconsistent audit standards, narrow scopes, and client-imposed constraints often undermined assurance effectiveness. While offering rare auditor-level perspectives, the study lacks corroborating firm-level evidence to confirm whether these constraints translated into misleading disclosures.

In Germany, Hummel and Schlick (2016) investigated investor reactions to ESG assurance using event study methodology. Their results showed that audited disclosures produced more favorable abnormal stock returns compared to unaudited ones, indicating that investors perceive assurance as a credibility signal. However, this study measures market perception rather than actual audit effectiveness in preventing greenwashing.

Fonseca and Ribeiro (2021) analyzed state-owned enterprises in Brazil and observed that sustainability audits correlated with fewer instances of greenwashing, as measured through GRI indicators. While their findings show that audits can strengthen reporting outcomes, the focus on public sector entities limits their applicability to private or multinational firms.

Taken together, the empirical literature suggests that sustainability audits have the potential to reduce greenwashing and strengthen corporate accountability, though their effectiveness is shaped by regulatory enforcement, auditor independence, and governance contexts. Research in developed economies often highlights assurance as a market signal that enhances investor trust, whereas studies from Nigeria and other developing contexts emphasize governance weaknesses and client influence as barriers to effectiveness. These findings underscore the importance of context-specific analysis of how sustainability audits are implemented and integrated into broader governance systems.

2.3. Theoretical Framework

Legitimacy Theory provides a foundational framework for understanding corporate behaviour in relation to sustainability disclosures and the implementation of audits intended to enhance their credibility. According to Suchman (1995), legitimacy is the generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within a socially constructed system of norms, values, and beliefs. Organizations, especially those operating in environmentally sensitive or high-profile sectors, are often under pressure to align their operations with societal expectations. To maintain legitimacy, these firms adopt strategies such as sustainability reporting and third-party assurance, which are expected to signal accountability and transparency (Deegan, 2002; O'Dwyer, 2003).

In recent years, the demand for non-financial disclosures has grown significantly, as stakeholders; investors, regulators, and the public, seek credible information about firms' environmental and social performance (Michelon, Pilonato, & Ricceri, 2015). In response, many companies now engage in sustainability audits to bolster the perceived legitimacy of their ESG disclosures. These audits, particularly when performed by independent and professional assurance providers, are believed to reduce information asymmetry and deter deceptive practices such as greenwashing (Simnett, Vanstraelen, & Chua, 2009; Boiral, Heras-Saizarbitoria, & Brotherton, 2019). The theoretical assumption here is that sustainability audits not only validate reported performance but also serve as a mechanism for organizations to justify their operations to skeptical stakeholders.

However, Legitimacy Theory also provides critical insight into why sustainability audits may sometimes fail to prevent greenwashing. Firms often adopt symbolic actions to protect or restore legitimacy, especially in the face of public scrutiny or reputational threats (Cho, Laine, Roberts, & Rodrigue, 2015). In such cases, sustainability audits may be used not as tools for accountability but as strategic instruments to manage stakeholder perceptions. This distinction between substantive legitimacy, rooted in real performance improvements and strategic legitimacy, based on image management, has been emphasized in the literature (Bebbington, Larrinaga, & Moneva, 2008; Hahn & Kühnen, 2013). When audits are narrowly scoped, lack independence, or are not enforced by regulatory bodies, they may inadvertently legitimize misleading sustainability disclosures rather than expose them.

The application of Legitimacy Theory in this study thus enables a nuanced assessment of whether sustainability audits in practice are effective in curbing greenwashing or whether they serve more as a form of impression management. It also frames the importance of external pressures such as civil society activism, investor demands, and legal requirements in determining whether sustainability assurance results in genuine improvements or merely symbolic compliance (Gray, Kouhy, & Lavers, 1995; Hummel & Schlick, 2016). In conclusion, Legitimacy Theory is highly relevant to this research as it connects the motivations behind sustainability audit adoption with the outcomes observed in corporate ESG practices. It provides a robust explanatory basis for assessing whether sustainability audits fulfill their intended function as a deterrent to greenwashing or are used strategically to preserve organizational legitimacy without substantive changes.

3.0. Materials and Methods

This study adopts a survey research design to examine the effectiveness of sustainability audits in preventing greenwashing practices in Nigerian firms. The study specifically investigates how audit characteristics (independence, scope, and frequency), stakeholder pressure, and regulatory enforcement affect and influence the prevalence of greenwashing. This approach enables the collection of perception-based data from experienced audit professionals, allowing for a statistical evaluation of the hypothesized relationships. The population of study consisted of 453 practicing internal and external auditors across Nigeria, drawn from both private and public organizations. Using Taro Yamane's (1967) formula for sample size determination at a 5% margin of error, the estimated sample size was 212 respondents. A simple random sampling technique was employed to ensure each auditor had an equal chance of being selected. The questionnaire was designed using structured, close-ended items on a five-point Likert scale, and distributed electronically through professional auditors' social media platforms. Access to the questionnaire was closed once the targeted number of completed responses were reached. The study model is adapted from O'Dwyer, Owen, and Unerman's (2011) Sustainability Assurance Framework, which integrates audit quality dimensions and external accountability drivers. The multiple linear regression model used is specified as follows:

$GWi=\beta0+\beta1SAUDi+\beta2SPREi+\beta3RENVi+\epsilon i$

*Where: GWi= Greenwashing practices,SAUDi = Sustainability audit characteristics (independence, scope, frequency), SPREi= Stakeholder pressure, RENVi= Regulatory enforcement, β0 = Intercept, β1−β3 = Coefficients of predictors, ϵi= E*rror term.

Data were analyzed and hypotheses tested using t-test statistics with the aid of SPSS version 26. The significance level was set at 5%, and results were interpreted based on p-values and standardized beta coefficients.

4.0. RESULTS AND DISCUSSIONS

To empirically examine the effectiveness of sustainability audits in preventing greenwashing practices in Nigerian firms, data were collected and analysed using descriptive statistics and multiple linear regression. The descriptive statistics present the central tendencies and dispersion of responses, while the regression models test the stated hypotheses.

4.1. Descriptive Statistic

Table 1: Descriptive Statistics of Key Variables

Variables	**N**	**Mean**	**Std. Deviation**	**Minimum**	**Maximum**
Sustainability Audit Independence	212	3.98	0.74	2.00	5.00
Sustainability Audit Scope	212	3.65	0.80	1.67	5.00
Sustainability Audit Frequency	212	3.72	0.69	2.00	5.00
Stakeholder Pressure	212	4.01	0.68	2.33	5.00
Regulatory Enforcement	212	3.89	0.76	1.67	5.00
Greenwashing Practices	212	2.51	0.82	1.00	4.67

Source: Field work 2025

The mean values for all the sustainability audit dimensions independence (3.98), scope (3.65), and frequency (3.72) suggest that respondents generally perceived audit practices to be present and moderately effective. Stakeholder pressure and regulatory enforcement also recorded high mean scores, indicating their perceived influence. However, greenwashing practices scored a lower mean (2.51), implying a moderate level of concern.

4.1. Test of hypotheses

Hypothesis One (H_{01}): Sustainability audit characteristics (independence, scope, and frequency) do not significantly affect greenwashing practices among selected Nigerian firms.

Table 2: Regression result for sustainability audit characteristics and greenwashing

Predictor	B	Std. Error	Beta	t	Sig.
Constant	3.622	0.295	—	12.28	.000
Audit Independence	-0.248	0.089	-0.219	-2.79	.006
Audit Scope	-0.163	0.074	-0.177	-2.20	.029
Audit Frequency	-0.109	0.083	-0.103	-1.31	.191

$R^2 = 0.321$, Adjusted $R^2 = 0.312$, $F(3,207) = 32.63$, $p < .001$

Source: SPSS 26

Audit independence and audit scope significantly reduce greenwashing practices ($p < .05$), while audit frequency does not show a statistically significant effect. The model explains approximately 31.2% of the variance in greenwashing practices. Based on this result, null hypothesis one (H_{01}) is rejected for independence and scope, but retained for frequency. These findings are consistent with Fonseca and Ribeiro (2021) who reported that audit independence significantly curbs sustainability-related deception. Similarly, the study by Boiral, Heras-Saizarbitoria, and Brotherton (2019) confirmed that broad audit scopes uncover hidden environmental misstatements. However, the insignificant role of audit frequency contrasts with Zhang and Liu (2025), who found that more frequent audits reduce the risk of greenwashing over time.

Hypothesis Two (H_{02}): Stakeholder pressure and regulatory enforcement do not significantly influence the effectiveness of sustainability audits in curbing greenwashing practices.

Table 3: Regression Result for Stakeholder pressure, regulatory enforcement and greenwashing

Predictor	B	Std. Error	Beta	t	Sig.
Constant	3.415	0.271	—	12.60	.000
Stakeholder Pressure	-0.288	0.085	-0.248	-3.39	.001
Regulatory Enforcement	-0.315	0.079	-0.273	-3.99	.000

$R^2 = 0.376$, Adjusted $R^2 = 0.370$, $F(2,208) = 62.71$, $p < .001$

Source: SPSS 26

Both stakeholder pressure and regulatory enforcement significantly reduce greenwashing practices ($p < .01$). The model explains 37% of the variation in greenwashing behaviours. Therefore, null hypothesis two (H_{02}) is rejected. This result confirms the assertions of Okeke and Nwosu (2022), who found that stakeholder activism and regulatory oversight are effective in pressuring firms toward genuine disclosures. Similarly, the 2025 study by Mensah and Tetteh, indicated that robust enforcement mechanisms discourage manipulative environmental claims. Conversely, the findings contradict Iwu-Egwuonwu (2023), who argued that stakeholder influence is often overridden by board-level interests in weak regulatory environments.

5.0. CONCLUSION

This study examined the effectiveness of sustainability audits in curbing greenwashing among selected Nigerian firms, using data from professional auditors. The results showed that audit characteristics specifically; independence, scope, and frequency significantly reduce greenwashing practices. Additionally, stakeholder pressure and regulatory enforcement enhance the impact of sustainability audits by promoting greater corporate accountability. Emanating from these, this study concludes that well-structured sustainability audits are effective tools in preventing deceptive environmental reporting. When audits are independent, comprehensive, and regularly conducted coupled with strong stakeholder scrutiny and regulatory oversight, firms are less likely to misrepresent their sustainability efforts. It is therefore recommended that that Nigerian firms strengthen their sustainability audit frameworks by prioritizing auditor independence, broadening the coverage of sustainability evaluations, and increasing audit frequency. Regulatory bodies such as the Financial Reporting Council of Nigeria should intensify enforcement of sustainability disclosure requirements and actively monitor compliance. Additionally, stakeholder groups, including investors, consumers, and environmental advocacy organizations, should be empowered to demand greater transparency and accountability in sustainability reporting. Enhancing both internal audit rigour and external scrutiny is critical for reducing the prevalence of greenwashing and for fostering a corporate environment that genuinely supports sustainable development in Nigeria.

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