

Is social auditing a key tool for achieving sustainable development goals? A study of Malaysian-listed companies

ABSTRACT

The objective of this study is to investigate the relationship between social audit and Sustainable Development Goals implementation. Stakeholder theory prioritizes stakeholder perspectives, helping companies accept societal concerns and align with the SDGs through social audits. The study's data sample consisted of 74 Malaysian companies from 2021 to 2022. We sourced the SDG data from each company's official website and collected other variables from their annual reports, such as social audits, company size, debt level, liquidity, and profitability. The fixed effect regression analysis shows that social audit has a negative relationship with the Sustainable Development Goals. Social audits can reveal deficiencies in company practices, potentially lowering the perception of Sustainable Development Goals performance. The study emphasises the need to assess the effectiveness of company accountability mechanisms, like social audits, in promoting positive social and environmental outcomes. Social audits in promoting corporate responsibility if they impede progress towards the Sustainable Development Goals. It may be necessary for companies to reconsider the practice of social audits and incorporate Sustainable Development Goals into their business strategy. Additionally, regulators may need to modify rules to match sustainable development goals more effectively. This will facilitate stakeholder participation and promote ongoing enhancements.