Policy, Sustainability, and Behaviour in Contemporary Financial Markets

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Abstract

With the dedicated support of our editorial board members, authors, peer reviewers, section editors, and production team, we are pleased to present the December 2024 issue of the International Journal of Accounting, Business and Finance (IJABF). This volume features five research papers providing insights into the interconnected dynamics of financial markets, sustainability policy, and investor behavior. The papers highlight how new regulatory frameworks for corporate sustainability are driving significant scholarly and practical focus, while event studies demonstrate the tangible market impacts of both domestic policy announcements and international trade tensions. Concurrent analysis of investor decision-making reveals how demographic shifts and behavioral factors shape capital allocation. The discussion further underscores the parallel and critical need for advancing forensic accounting to ensure market integrity. Together, these threads illustrate a financial landscape where policy, sustainability, investor psychology, and enforcement mechanisms are deeply intertwined, calling for integrated analysis and strategies to navigate an evolving global system.

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Editorial: IJABF Volume 4 Issue 1

The December 2024 issue of the International Journal of Accounting, Business and Finance features five research papers that address pressing issues in policy, sustainability, and behaviour. In an increasingly complex global economic environment, financial markets are shaped not only by firm-level fundamentals but also by policy signals, regulatory architectures, sustainability imperatives, and investor behaviour. Governments across jurisdictions are actively deploying regulatory, fiscal, and trade-related instruments to steer economies toward sustainable growth, energy transition, and strategic resilience. At the same time, investors and markets continuously interpret, absorb, and react to these signals.

The foundational context for modern corporate disclosure is being rewritten in Europe, as highlighted by Agarwal et al. (2025). Their bibliometric analysis confirms the scholarly surge surrounding the EU's Green Taxonomy and Corporate Sustainability Reporting Directive (CSRD). This is not just an academic trend; it signals a seismic regulatory shift demanding that sustainability be quantifiable, comparable, and integrated into core financial reporting. The identified research gap, specifically on the practical alignment between taxonomy criteria and CSRD disclosures, is a pressing challenge for firms and auditors. Effective implementation is paramount, as these frameworks aim to direct capital toward genuinely sustainable activities. Without robust research guiding their evolution, there is a risk of creating a complex reporting exercise that fails to achieve its transformative investment goals.

Simultaneously, the direct market consequences of policy announcements are being rigorously quantified. Rai et al. (2025) and Kumar and Moussa (2025) employ event study methodology to capture this cause and effect with striking clarity. Rai et al. (2025) analyse the impact of the "Pradhanmantri Suryodaya Yojana" and reveal a nuanced market reaction: a muted immediate response followed by significant post-event price movements. This suggests that investors may require time to digest the long-term implications of large-scale renewable energy projects, evaluating supply chain winners and losers beyond initial headlines.

In stark contrast, Kumar and Moussa (2025) examine the impact of the 2025 US reciprocal tariff announcement and show an immediate, severe, and globally differentiated negative shock. The critical insight here is the potency of reciprocal trade policy, explicitly designed to trigger retaliation, compared to unilateral measures. The finding that developed markets suffered more severe declines than emerging ones underscores the vulnerability of deeply interconnected financial systems and serves as a stark warning of the costs of escalating protectionism.

While these studies measure how markets react, Gupta et al. (2025) delves into the individual decision-making that constitutes the market. Their survey of investors reveals a timeless truth underpinned by modern diversity: choices are still driven by the triad of return, risk, and familiarity. However, the demographic fissures are telling. The greater risk appetite and openness to novel assets like cryptocurrencies among younger investors foreshadows a gradual but inevitable shift in market composition and product demand. This behavioural lens is essential; the most sophisticated regulatory or macroeconomic policy will falter if it misunderstands the human agents it seeks to guide or protect.

Finally, Singh and Kumari (2025) bring us to the crucial domain of enforcement and integrity. The booming field of forensic accounting and fraud detection, mapped in their bibliometric review, is the necessary counterweight to the expanding realms of sustainability reporting and complex financial products. As opportunities for obfuscation and fraud grow with complexity, the call for research into proactive, technologically adept, and ethically governed forensic methodologies is not just academic, but a prerequisite for market confidence.

Collectively, these papers chart a research agenda for a new era. Policymakers must understand that regulations like the CSRD will be stress-tested by their impact on investment flows and market behaviour. Geopolitical decisions, particularly on trade, have immediate financial consequences that can undermine long-term sustainability goals. Meanwhile, the entire system's credibility relies on the parallel advancement of detection and assurance mechanisms.

The imperative for scholars and practitioners is to embrace this interconnection. Future research must be interdisciplinary, linking policy design with market micro-structure analysis and behavioural finance. The goal is clear: to build financial markets that are not only efficient and resilient but also transparent, sustainable, and trustworthy.

Enjoy reading!

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