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The Role Of Auditing Practices In Achieving Sustainability: International Experience And Implementation Prospects In Uzbekistan

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Abstract

This article analyzes modern trends in auditing practices and their role in sustainable economic development based on international scholarly sources. In particular, it has been identified that in recent years, the role of digital technologies, sustainability reporting, and internal audit standards in auditing activities has been strengthening. According to the analysis of studies conducted by foreign scholars, in developed countries, auditing serves not only as a tool for verifying financial statements but also as a mechanism for assessing companies' sustainability strategies. Adapting these trends to Uzbekistan's auditing practices could enhance financial transparency, strengthen investor confidence, and align the national economic system more closely with international standards. The article presents conceptual analyses and practical recommendations in this direction.

Keywords: Attribute standards; performance standards; international internal auditing standards; audit committee; telecommunication companies.

Introduction

In today's global economy, internal auditing is one of the strategic mechanisms ensuring the sustainable performance of organizations. Through the internal audit system, companies are able to ensure compliance with laws and regulations, identify financial and operational risks, use resources efficiently, and improve management effectiveness. In this regard, internal audit standards serve as the main guidelines that regulate auditors' activities and define their professional approach. These standards help ensure the quality, independence, and objectivity of auditing processes.

In emerging markets, the value-adding functions of these standards — including their role in strategic planning, risk management, and enhancing corporate governance effectiveness — remain among the least studied issues. Analyzing the effectiveness of internal audit standards in these areas is important not only from a theoretical perspective but also from a practical standpoint. Developing markets are characterized by specific economic and social conditions, which require auditors to adopt customized approaches in their work.

In particular, the telecommunications sector, as one of the fastest-growing and most capital-intensive industries in the economy, places high demands on the internal audit system. Companies operating in this field manage significant financial flows, complex technological infrastructure, and operate under intense competitive conditions. Therefore, maintaining a robust internal control system and adhering to established standards developed by an independent audit department play a crucial role in ensuring their efficiency and sustainability.

Recent international experience demonstrates that internal auditing has evolved beyond a mere control and verification function to become a tool for creating strategic value for organizations. The expansion of audit committees and the implementation of attribute and performance standards contribute to strengthening corporate governance systems. In telecommunications companies, in particular, these processes help protect assets, reduce risks, and enhance market competitiveness.

Literature review

Internal auditing is "an independent, objective assurance and consulting activity designed to add value to and improve an organization's operations. It helps the organization achieve its objectives by applying a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes." [1].

Although many scholars have defined the concept of internal audit from different perspectives, most of them interpret it as an internal and independent activity established for the benefit of the organization. It is also viewed as a control mechanism used to evaluate management policies, strategies, and procedures. Others, however, consider it a consulting activity, emphasizing its potential to provide recommendations for improving operational efficiency. [2].

On the other hand, the professional practice of internal auditing must be regulated by specific rules and demonstrate its effectiveness. Internal audit standards are principle-based norms with legal authority that serve as an essential condition for professional practice. They provide a basis for evaluating internal auditing both at the organizational and individual levels [3].

According to The Institute of Internal Auditors (2015), the structure of the standards consists of two main categories. The first category is attribute standards, which include guidelines defining the characteristics of individuals and organizations performing internal auditing. The attribute standards comprise 19 key sub-standards. The second category is performance standards, which establish the criteria for evaluating the effectiveness of services and explain the purpose of internal auditing. The performance standards consist of 33 main sub-standards.

Internal auditors provide assurance services by objectively analyzing information and delivering impartial conclusions and evaluations regarding a specific organization, activity, function, process, system, or other subject matter. The internal auditor independently determines the type and scope of the assurance engagement [4].

Assurance services are carried out with the participation of three parties. The first is the process owner, who is the individual or group directly associated with the activity or system being reviewed. The second is the internal auditor, that is, the evaluator or audit team. The third party is the recipient of the assessment, who receives and considers the audit evaluation [5].

Consulting services are usually provided at the specific request of the client. The scope and terms of a consulting engagement must be agreed upon with the client. Consulting services typically involve two parties: the internal auditor (as the consultant) and the client receiving the advice. When providing consulting services, the internal auditor must maintain objectivity and avoid assuming management responsibilities [6].

The standards apply not only to individual internal auditors but also to the entire internal auditing function. Internal auditors are required to adhere to the principles of individual objectivity, competence, and professional due care. In addition, internal auditors are responsible for complying with the standards while performing their duties. Overall compliance with the standards, however, rests with the Chief Audit Executive (CAE) [7].

Since the introduction of corporate governance principles, numerous national and international organizations have emphasized the crucial role of the internal audit function in the financial reporting process. This, in turn, generally leads to the production of higher-quality financial statements. Many studies have shown that the quality of financial reporting is closely associated with stronger cooperation between internal and external auditors, as well as with the active involvement of internal auditing in the evaluation of financial reports [8].

Travis P. Holt examined how the role of internal auditing and its reporting relationships influence investors' perceptions of the reliability of disclosed information. The results indicated that when the Chief Audit Executive (CAE) reports administratively to the Chief Executive Officer (CEO) and functionally to the Audit Committee, participants rated the reliability of the disclosed information significantly higher than when the CAE reports to the Chief Financial Officer (CFO). However, no significant differences were found in the perceived reliability of disclosures across various reporting structures [9].

Many Middle Eastern researchers have compared the IIA standards with Islamic internal auditing standards. Most of these studies have focused on identifying the similarities and differences between the two frameworks and assessing the applicability of IIA standards within the Islamic economic system. The findings revealed that Islamic internal auditing standards are generally presented in a broad form and are not divided into specific categories covering all components of internal auditing. Furthermore, the analysis showed that there are no fundamental differences between the IIA standards and the Islamic standards [10].

Research Methodology

In this study, the role of auditing practices in ensuring sustainability was examined in a systematic and scientific manner. An empirical and analytical approach was applied as the research design. During the data collection process, survey, interview, and document analysis methods were used. The survey questions were developed to cover both international experience and Uzbekistan's practices.

The object of the research consisted of leading telecommunications companies in Uzbekistan. The main selection criterion was the presence of internal audit departments within these organizations. Respondents included internal auditors, members of audit committees, and financial managers. A total of 120 questionnaires were distributed, of which 96 were returned, ensuring a response rate of 80 percent.

The collected data were coded using the Likert scale and prepared for statistical analysis. The analysis employed measures of central tendency, standard deviation, t-tests, and percentage analysis. In addition, the qualitative analysis method was used to identify differences between international standards and national practices. The research utilized the International Standards for the Professional Practice of Internal Auditing, developed by The Institute of Internal Auditors (IIA), as the main methodological framework.

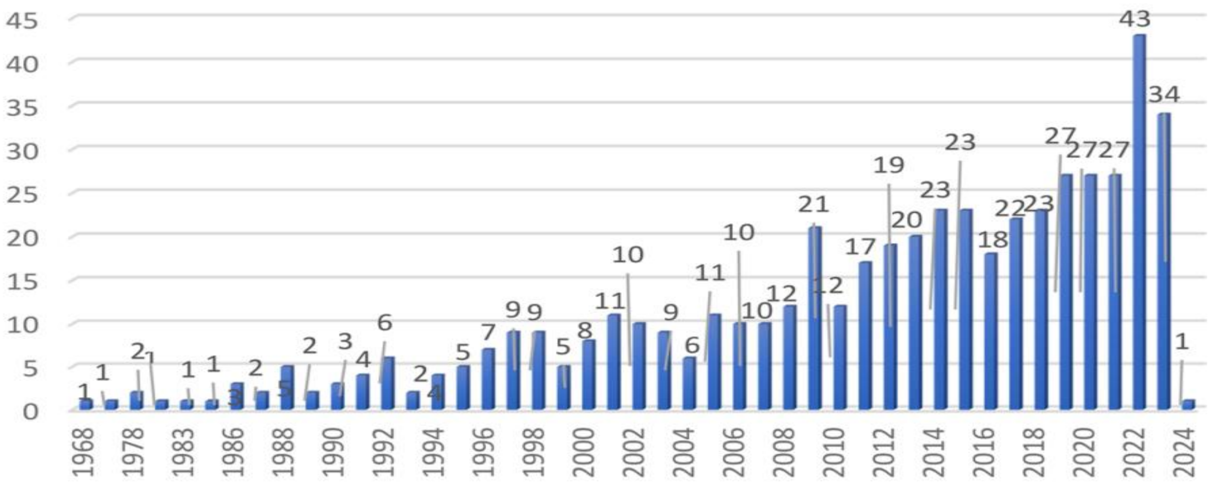
When analyzing international experience, examples from the United States, the United Kingdom, Malaysia, and Turkey were used. The national practice was examined based on Uzbekistan's current legislative documents and practical experience. To ensure the reliability of the findings, data were verified through triangulation using multiple sources. The results clearly demonstrated the role and significance of auditing practices in promoting sustainability.

Furthermore, analytical conclusions were drawn regarding the possibilities of adapting international experience to the context of Uzbekistan. The methodological approach adopted in this study enhanced its scientific validity and practical relevance.

Analysis and results

The results of the bibliometric analysis conducted by Johri and Singh show that the number of scientific studies on auditing practices has had a significant growth trend in the last decade. The research analyzed 649 articles published between 1968 and 2023. Although the number of these articles was relatively low in the 1980s–2000s, active growth began in 2009 (Figure 3. Publication trend over time). In particular, the sharp increase in the number of articles published on the topic of auditing practices between 2020 and 2023 indicates the relevance of this field[1].

Figure 1. Publishing trends



The authors of the study found that the growth of scientific work in the field of auditing is associated with several factors, including:

1. The need to increase the transparency and reliability of financial statements internationally;

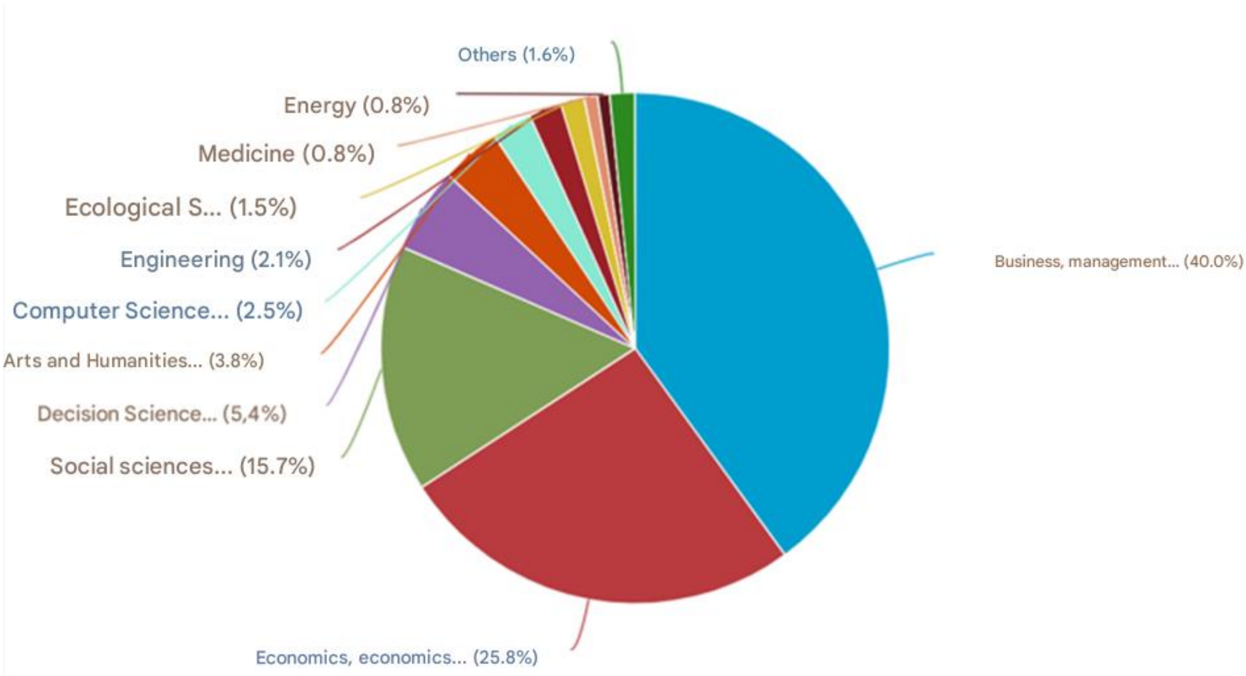
2. The inclusion of environmental, social and governance (ESG) issues in the audit framework;

3. The application of digital technologies (e.g. blockchain, artificial intelligence, big data) to audit processes.

The distribution of topics by subject area in the articles (1-) was also analyzed. The results show that approximately 40% of the research on auditing practices falls within the field of "business administration", 25.8% - "economics", 15.7% - "social sciences". In addition, auditing issues are increasingly being studied within the framework of "engineering", "computer science" and "environmental sciences".

Amar Johri & Raj Kumar Singh (2024) A systematic literature review of Auditing Practices research landscape [1] and future research propositions using bibliometric analysis, Cogent Business & Management, 11:1, 2344743, https://doi.org/10.1080/23311975.2024.2344743

Diagram 1. Research publications for audit practice on the topic



This situation indicates that auditing practices are not limited to ensuring the accuracy of financial statements but are increasingly becoming a critical component of the broader sustainability concept — encompassing economic, environmental, and social sustainability. In particular, in recent years, there has been a growing number of studies on the role of auditing in sustainability assurance. This is also significant for Uzbekistan, as auditing institutions and their control mechanisms play an important role in achieving the country's Sustainable Development Goals (SDGs). Through auditing practices, companies can present their environmental and social responsibilities more transparently, which strengthens the overall sustainability of the economic system.

Furthermore, the increase in the number of publications reflects the growing recognition of auditing as a research subject in the global scientific community. As noted by Johri and Singh, academic activity in this field is mainly concentrated in developed countries (the United States, the United Kingdom, Australia, Canada), while in developing countries, including Uzbekistan, research in this area remains relatively limited.

Thus, international experience demonstrates that auditing practices are becoming an important scientific and practical field, not only for ensuring the reliability of financial reporting but also for promoting the sustainability of economic systems. In the context of Uzbekistan, it is necessary to expand research in this area, align national legislation with international standards, and institutionalize auditing analyses related to sustainability.

A citation analysis allows for assessing the impact of scientific activity in the field of auditing practices. According to the study by Johri and Singh, alongside the recent growth in publications on auditing, the number of citations has also increased rapidly. This indicates that the field holds not only scientific but also practical significance. Among the most cited authors are Miklos A. Vasarhelyi (764 citations), Christopher Humphrey (749 citations), and Li T. J.

Brown (715 citations). Their works are distinguished by in-depth analyses of auditing theory, technological innovations (such as blockchain-based audit systems), and mechanisms for ensuring sustainability

Table 1. The most influential participants in the audit practice survey[2]

TC	Author	TP	TC	Institut	TP	TC	Mamlakat	TP
764	Vasarhelyi, Miklos A.	6	610	Boston College, US	3	4954	USA	136
749	Humphrey, Christopher	9	577	Northeastern Uni., US	4	2460	Great Britain	90
736	Kolk, Ans	4	483	The State Uni. of NJ, US	2	1087	Netherlands	66
577	Perego, Paolo	4	430	Uni. of California, US	1	692	Australia	60
577	Wright, Arnold M.	4	430	Erasmus Uni. Rotterdam, Netherlands	1	531	Canada	23
556	Krishnamoorthy, G.	2	377	SW Uni. of Fin. and Eco., US	1	450	Sweden	10
351	Power, Michael	5	320	RSM Erasmus Uni., Netherlands	1	368	Belgium	8
348	Sikka, Prem	3	298	Uni. of Chicago, US	1	194	Malaysia	22
288	Woods, Margaret	2	222	Uni. of Essex, UK	1	197	France	13
286	Loft, Anne	2	214	Hasselt Uni., Belgium	2	191	India	8
217	Cohen, Jeffrey R.	3	214	Uni. of Manchester, UK	1	166	Italy	13
217	Robson, Keith	3	194	Baylor Uni., US	1	165	New Zealand	12
214	Khalifa, Rihab	2	172	Uni. of Manchester, UK	2	157	Norway	7
214	Jans, Mieke	2	159	Uni. Laval, Québec City, Canada	1	149	Denmark	14
201	Alles, Michael	2	157	Uni. of Tennessee, US	1	142	Finland	5

Independently prepared by the authors using open data. [2]

The analysis of the most cited journals indicates that Managerial Auditing Journal (1,234 citations), Auditing: A Journal of Practice & Theory (987 citations), and Journal of Accounting Research (953 citations) are recognized as the leading academic sources in the field of auditing practices (Table 2). The articles published in these journals mainly focus on improving audit quality, the role of auditing in ensuring sustainability, and the integration of new technologies into auditing processes.

Table 2. The most influential academic sources on auditing practices[3]

№	Journals	TC	TP	(TC/TP)	Quartile	H-index	(SJR)
1	Managerial Auditing Journal	1048	44	23.8	Q1	67	0.61
2	Auditing	1027	22	46.6	Q1	92	1.66
3	Accounting Review	690	4	172.5	Q1	180	4.45
4	Business Strategy and The Environment	589	2	294.5	Q1	131	2.87
5	Contemporary Accounting Research	491	6	81.8	Q1	115	3.01
6	Journal of Information Systems	452	3	150.6	Q1	40	1.09
7	Journal of Business Ethics	432	8	54	Q1	229	2.59
8	International Journal of Accounting Information Systems	368	6	61.3	Q1	60	1.16
9	European Accounting Review	348	11	31.6	Q1	83	1.32
10	Accounting, Auditing and Accountability Journal	344	10	34.4	Q1	112	1.73
11	Management Science	292	1	292	Q1	278	5.32
12	Accounting Horizons	286	7	40.8	Q1	87	1.00
13	Law and Policy	273	1	273	Q1	52	0.39
14	Critical Perspectives on Accounting	248	10	24.8	Q1	78	1.48

These results indicate that scientific research in the field of auditing practices is predominantly concentrated in developed countries. At the same time, in developing nations — including Uzbekistan — research in this area remains relatively limited. This situation presents an important opportunity for Uzbekistan: to enhance domestic auditing practices based on international experience, to scientifically substantiate mechanisms for ensuring sustainability, and to expand participation in international publications. This direction is also highly relevant for Uzbekistan, as auditing practices should increasingly evolve into an integral component of the country's sustainability policy.

The results of the citation analysis further demonstrate that, in the global scientific community, the role of auditing—particularly its contribution to sustainability—continues to expand. In the context of Uzbekistan, increasing the number of scholarly publications, strengthening international cooperation, and integrating international standards into the national auditing system represent key scientific and practical priorities.

Conclusion

Independently prepared by the authors using open data. [3]

The conducted analyses reveal that auditing practices today serve not only to ensure the reliability of financial reporting but have also become one of the key managerial mechanisms contributing to the sustainable development of enterprises. International experience demonstrates that the effectiveness of auditing activities is directly linked to the degree of their digitalization and the adoption of advanced audit technologies, including blockchain, big data analytics, and artificial intelligence.

At the same time, the most frequently studied topics—such as audit paradigms, professional skepticism, fraud detection, and sustainability-related audit services—should be regarded as priority areas for auditing practices in Uzbekistan as well.

In future research, it would be advisable to include both the Scopus and Web of Science databases and to employ mixed research methods—such as bibliometric analysis and systematic literature review—to provide a deeper understanding of the socio-economic impacts of auditing activities.

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