

***GREEN ACCOUNTING AND SUSTAINABILITY REPORTING: ASSESSING  
CORPORATE ENVIRONMENTAL DISCLOSURE PRACTICES***

**AKUNTANSI HIJAU DAN PELAPORAN KEBERLANJUTAN: MENILAI  
PRAKTIK PENGUNGKAPAN LINGKUNGAN PERUSAHAAN**

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***ABSTRACT***

*This study examines corporate environmental disclosure practices within the framework of green accounting and sustainability reporting. Using a qualitative literature review approach, the study analyzes relevant academic publications, reports, and established frameworks to evaluate how companies integrate environmental considerations into accounting systems and communicate them to stakeholders. The findings indicate that green accounting supports more informed decision-making by incorporating environmental costs into financial analysis, thereby enhancing resource efficiency and long-term sustainability. Sustainability reporting, particularly through frameworks such as the Global Reporting Initiative (GRI), has improved transparency and comparability of corporate environmental information. However, significant variations remain in the quality, consistency, and credibility of disclosures. The study also finds that environmental disclosure is influenced by factors such as firm size, profitability, industry type, regulatory pressure, and stakeholder expectations. Despite these drivers, a gap persists between actual environmental performance and reported information, with some firms engaging in symbolic reporting or greenwashing. Additionally, challenges such as lack of standardization, weak regulatory enforcement, and limited expertise hinder effective implementation. Overall, the study concludes that stronger regulations and standardized reporting practices are necessary to enhance the reliability and usefulness of corporate environmental disclosures.*

**Keywords:** *green accounting, sustainability reporting, environmental disclosure, ESG, corporate accountability.*

**ABSTRAK**

Studi ini meneliti praktik pengungkapan lingkungan perusahaan dalam kerangka akuntansi hijau dan pelaporan keberlanjutan. Dengan menggunakan pendekatan tinjauan pustaka kualitatif, studi ini menganalisis publikasi akademis, laporan, dan kerangka kerja yang relevan untuk mengevaluasi bagaimana perusahaan mengintegrasikan pertimbangan lingkungan ke dalam sistem akuntansi dan mengkomunikasikannya kepada pemangku kepentingan. Temuan menunjukkan bahwa akuntansi hijau mendukung pengambilan keputusan yang lebih terinformasi dengan memasukkan biaya lingkungan ke dalam analisis keuangan, sehingga meningkatkan efisiensi sumber daya dan keberlanjutan jangka panjang. Pelaporan keberlanjutan, khususnya melalui kerangka kerja seperti Global Reporting Initiative (GRI), telah meningkatkan transparansi dan keterbandingan informasi lingkungan perusahaan. Namun, variasi yang signifikan masih ada dalam kualitas, konsistensi, dan kredibilitas pengungkapan. Studi ini juga menemukan bahwa pengungkapan lingkungan dipengaruhi oleh faktor-faktor seperti ukuran perusahaan, profitabilitas, jenis industri, tekanan regulasi, dan harapan pemangku kepentingan. Terlepas dari pendorong ini, kesenjangan tetap ada antara kinerja lingkungan aktual dan informasi yang dilaporkan, dengan beberapa perusahaan terlibat dalam pelaporan simbolis atau greenwashing. Selain itu, tantangan seperti kurangnya standarisasi, penegakan peraturan yang lemah, dan keahlian yang terbatas menghambat implementasi yang efektif. Secara keseluruhan, studi ini menyimpulkan bahwa regulasi yang lebih ketat dan praktik pelaporan yang terstandarisasi diperlukan untuk meningkatkan keandalan dan kegunaan pengungkapan lingkungan perusahaan.

**Kata kunci:** akuntansi hijau, pelaporan keberlanjutan, pengungkapan lingkungan, ESG, akuntabilitas perusahaan.

## INTRODUCTION

In recent decades, global economic development has been accompanied by significant environmental degradation, including climate change, biodiversity loss, pollution, and resource depletion. These challenges have intensified public scrutiny of corporate activities and their environmental impacts. As a result, corporations are no longer evaluated solely based on financial performance but also on their environmental and social responsibilities. This paradigm shift has driven the emergence of green accounting and sustainability reporting as essential mechanisms for promoting transparency, accountability, and sustainable business practices.

Green accounting, also known as environmental accounting, refers to the identification, measurement, and reporting of environmental costs and impacts associated with corporate activities (Burritt & Schaltegger, 2010). It integrates environmental considerations into traditional accounting systems, enabling organizations to assess how their operations affect the natural environment. By incorporating environmental costs into financial decision-making, green accounting supports more sustainable resource allocation and long-term value creation (Gray, 2010).

Parallel to this development, sustainability reporting has evolved as a key communication tool through which companies disclose their environmental, social, and governance (ESG) performance to stakeholders. Sustainability reports provide information on corporate strategies, policies, risks, and impacts related to sustainable development (KPMG, 2020). Frameworks such as the Global Reporting Initiative (GRI) and integrated reporting guidelines have standardized

sustainability disclosures, making them more comparable and reliable across organizations and industries.

The increasing importance of environmental disclosure is driven by multiple stakeholders, including investors, regulators, customers, and civil society. Investors, in particular, are increasingly incorporating ESG criteria into their decision-making processes, recognizing that environmental risks can significantly affect financial performance and corporate value (Clark, Feiner, & Viehs, 2015). Similarly, regulatory bodies across the globe are introducing mandatory disclosure requirements to ensure that companies provide accurate and comprehensive environmental information. For example, many countries have implemented policies aligned with international agreements such as the Paris Agreement, further emphasizing corporate accountability in addressing environmental issues.

Despite these advancements, the quality and extent of corporate environmental disclosure remain inconsistent. Some companies provide detailed and transparent sustainability reports, while others disclose minimal or symbolic information, often referred to as “greenwashing” (Delmas & Burbano, 2011). This inconsistency raises concerns about the credibility and usefulness of sustainability reporting as a decision-making tool for stakeholders. In many cases, disclosures are voluntary, allowing firms significant discretion in determining what information to report and how to present it.

Moreover, the integration of green accounting into corporate practices is still at a relatively early stage in many regions, particularly in developing countries. Limited regulatory enforcement, lack of standardized measurement techniques, and

insufficient awareness among corporate managers often hinder the effective implementation of environmental accounting practices (Qian, Burritt, & Monroe, 2018). Consequently, there is a need to assess how companies adopt green accounting principles and how these practices influence the quality of sustainability reporting.

Another critical issue is the gap between environmental performance and environmental disclosure. Companies with poor environmental performance may still produce extensive sustainability reports to create a favorable public image, while firms with strong environmental practices may underreport their achievements (Cho, Michelon, & Patten, 2012). This discrepancy underscores the importance of critically evaluating corporate disclosure practices rather than relying solely on reported information.

In addition, advancements in digital technology and data analytics have transformed the way sustainability information is collected, analyzed, and disseminated. Digital reporting platforms and real-time data tracking enable companies to improve the accuracy and timeliness of environmental disclosures. However, these technological developments also introduce new challenges, such as data reliability, cybersecurity risks, and the need for standardized digital reporting frameworks (Eccles & Krzus, 2018).

From a theoretical perspective, corporate environmental disclosure can be explained through several frameworks, including legitimacy theory, stakeholder theory, and institutional theory. Legitimacy theory suggests that companies disclose environmental information to align their operations with societal expectations and maintain their legitimacy (Suchman, 1995). Stakeholder theory emphasizes

the importance of addressing the needs and concerns of various stakeholder groups, while institutional theory highlights the role of regulatory, normative, and cultural pressures in shaping corporate behavior (Deegan, 2014). These theoretical perspectives provide a foundation for understanding why companies engage in sustainability reporting and how they respond to external pressures.

Given the growing importance of sustainability issues and the increasing demand for transparency, it is essential to evaluate corporate environmental disclosure practices critically. This includes examining the extent to which companies adopt green accounting principles, the quality and completeness of sustainability reports, and the factors influencing disclosure practices. Such an assessment is particularly relevant in the context of emerging economies, where regulatory frameworks and corporate governance structures are still evolving.

Furthermore, improving the quality of environmental disclosure has significant implications for sustainable development. Transparent and reliable reporting can enhance stakeholder trust, support informed decision-making, and encourage companies to adopt more sustainable practices. Conversely, inadequate disclosure can mislead stakeholders and undermine efforts to address environmental challenges.

Therefore, this study aims to assess corporate environmental disclosure practices within the framework of green accounting and sustainability reporting. By analyzing how companies report their environmental impacts and the extent to which they integrate environmental considerations into their accounting systems, this research seeks to contribute to the existing literature on corporate sustainability and provide practical

insights for policymakers, regulators, and business practitioners.

## METHOD

This study employs a qualitative research design using a literature review approach to systematically analyze and synthesize existing scholarly works related to green accounting and sustainability reporting. A literature review is appropriate for this study because it enables the researcher to critically evaluate theoretical frameworks, empirical findings, and methodological approaches that have been previously developed in the field of corporate environmental disclosure (Snyder, 2019). Through this approach, the study aims to provide a comprehensive understanding of how companies implement green accounting practices and disclose environmental information within sustainability reports.

The literature review method is particularly relevant for identifying patterns, inconsistencies, and research gaps in prior studies, as well as for building a conceptual foundation for future empirical investigations (Tranfield, Denyer, & Smart, 2003). By integrating insights from multiple sources, this research seeks to generate a structured and critical assessment of corporate environmental disclosure practices.

### Data Sources and Selection Criteria

The data used in this study consist of secondary data derived from academic literature, including peer-reviewed journal articles, books, institutional reports, and international guidelines related to green accounting and sustainability reporting. Key sources include publications indexed in reputable databases such as Scopus, Web of Science, and Google Scholar.

The selection of literature is based on the following criteria:

1. **Relevance:** The studies must be directly related to green accounting, environmental accounting, sustainability reporting, or corporate environmental disclosure.
2. **Credibility:** Priority is given to peer-reviewed journals and publications from recognized institutions (e.g., GRI, KPMG, OECD).
3. **Recency:** Emphasis is placed on literature published within the last 10–15 years to ensure up-to-date insights, while still incorporating seminal works.
4. **Theoretical and empirical contribution:** Studies must provide significant theoretical frameworks, models, or empirical findings relevant to the research objectives.

This selection process ensures that the literature included in the review is both **rigorous and relevant**, thereby enhancing the validity and reliability of the study.

### Data Collection Technique

The data collection process involves a systematic search and documentation of relevant literature. Keywords used in the search process include: Green accounting; Environmental accounting; Sustainability reporting; Corporate environmental disclosure; ESG reporting.

These keywords are combined using Boolean operators (AND, OR) to refine search results and obtain a comprehensive dataset of relevant studies. The researcher then organizes the selected literature using a classification system based on themes, methodologies, and key findings.

To ensure transparency and replicability, the study follows a structured literature review process,

including identification, screening, eligibility assessment, and inclusion of relevant sources (Moher et al., 2009).

### Data Analysis Technique

The analysis of the collected literature is conducted using qualitative content analysis. This technique involves systematically examining the content of selected studies to identify key themes, patterns, and relationships (Krippendorff, 2018). The analysis is carried out in several stages:

1. **Data Reduction:** Filtering and summarizing relevant information from the selected literature.
2. **Categorization:** Grouping findings into thematic categories such as: Green accounting practices; Sustainability reporting frameworks; Determinants of environmental disclosure; Challenges and limitations in disclosure practices
3. **Synthesis:** Integrating findings across different studies to develop a coherent narrative.
4. **Critical Evaluation:** Assessing the strengths, weaknesses, and gaps in existing research.

This approach enables the researcher to move beyond descriptive analysis and provide a **critical and integrative perspective** on corporate environmental disclosure practices.

### Validity and Reliability

To ensure the rigor of the study, several strategies are applied: Source triangulation: Using multiple sources of literature to validate findings; Critical appraisal: Evaluating the methodological quality and credibility of each study;

Transparency: Clearly documenting the selection and analysis process. These measures enhance the trustworthiness and credibility of the literature review (Lincoln & Guba, 1985).

## RESULT AND DISCUSSION

### Overview of Reviewed Literature

Based on the systematic literature review, a total of 30 relevant scholarly sources were identified and analyzed, consisting of journal articles, books, and institutional reports related to green accounting and sustainability reporting. The selected studies span the period from 2010 to 2024, reflecting both foundational theories and recent developments in corporate environmental disclosure.

The literature indicates that corporate environmental disclosure practices are shaped by a combination of regulatory requirements, stakeholder pressures, corporate governance structures, and organizational commitment to sustainability. However, there is considerable variation in the extent, quality, and credibility of disclosures across industries and regions.

### Green Accounting Practices in Corporations

Green accounting practices are increasingly recognized as a strategic tool for integrating environmental considerations into corporate decision-making. The reviewed literature reveals that companies adopting environmental accounting tend to demonstrate improved resource efficiency and better environmental performance (Burritt & Schaltegger, 2010; Qian et al., 2018).

**Table 1. Summary of Green Accounting Practices in Previous Studies**

Author (s)	Focus of Study	Key Findings	Implications
Burritt & Schaltegger (2010)	Sustainability accounting	Green accounting enhances decision-making	Supports long-term sustainability
Qian et al. (2018)	Environmental management accounting	Improves cost control and waste management	Enhances operational efficiency

Gray (2010)	Sustainability accounting theory	Limited integration in practice	Need for stronger frameworks
Deegan (2014)	Accounting theory	Disclosure driven by legitimacy	Explains reporting behavior

The findings suggest that while green accounting has clear benefits, its implementation remains uneven. Many organizations still treat environmental costs as externalities rather than integrating them into core financial systems.

Sustainability reporting has become a widely adopted mechanism for communicating environmental performance. The Global Reporting Initiative (GRI) framework is the most commonly used standard, providing structured guidelines for disclosure (KPMG, 2020).

### Sustainability Reporting Practices

**Table 2. Sustainability Reporting Frameworks and Their Characteristics**

Framework	Key Features	Strengths	Limitations
GRI	Comprehensive ESG indicators	High comparability	Voluntary nature
Integrated Reporting (IR)	Combines financial & non-financial data	Holistic view	Complexity
SASB	Industry-specific metrics	Investor relevance	Limited scope
TCFD	Climate-related disclosures	Risk-focused	Narrow environmental focus

The literature highlights that although sustainability reporting has improved transparency, its voluntary nature allows companies flexibility in disclosure, which may reduce comparability and reliability (Eccles & Krzus, 2018).

### Determinants of Corporate Environmental Disclosure

Several key factors influence the extent and quality of environmental disclosure. These include firm size, profitability, industry sensitivity, regulatory pressure, and stakeholder expectations.

**Table 3. Determinants of Environmental Disclosure**

Determinant	Explanation	Supporting Studies
Firm Size	Larger firms disclose more information	Clark et al. (2015)
Profitability	Profitable firms invest more in reporting	Cho et al. (2012)
Industry Type	High-impact industries disclose more	Deegan (2014)
Regulation	Stronger regulations increase disclosure	KPMG (2020)
Stakeholder Pressure	Drives transparency	Suchman (1995)

These findings align with stakeholder theory and legitimacy theory, suggesting that companies disclose environmental information to meet societal expectations and maintain legitimacy.

### Quality and Credibility of Environmental Disclosure

One of the central findings of this study is the inconsistency in the **quality of environmental disclosures**. While some firms provide detailed, verifiable

data, others engage in symbolic reporting or “greenwashing” (Delmas & Burbano, 2011).

**Table 4. Assessment of Disclosure Quality**

Criteria	High-Quality Disclosure	Low-Quality Disclosure
Transparency	Detailed, measurable data	Vague statements
Consistency	Comparable across periods	Inconsistent reporting
Verification	Third-party assurance	No verification
Completeness	Covers all ESG aspects	Selective disclosure

The presence of greenwashing undermines stakeholder trust and reduces the effectiveness of sustainability reporting as a governance tool.

The literature reveals a significant gap between actual environmental performance and reported disclosures. Companies may strategically disclose information to enhance their reputation rather than reflect true performance (Cho et al., 2012).

**Gap Between Environmental Performance and Disclosure**

**Table 5. Performance vs Disclosure Gap**

Scenario	Description	Implication
High performance – high disclosure	Transparent companies	Builds trust
High performance – low disclosure	Underreporting	Missed opportunities
Low performance – high disclosure	Greenwashing	Misleading stakeholders
Low performance – low disclosure	Lack of transparency	Regulatory concern

This gap highlights the need for stricter reporting standards and independent verification mechanisms.

**Challenges in Implementing Green Accounting and Sustainability Reporting**

The study identifies several challenges that hinder effective implementation: Lack of standardized measurement techniques; Limited regulatory enforcement; High implementation costs; Insufficient expertise and awareness. These challenges are particularly pronounced in developing countries, where institutional frameworks are still evolving (Qian et al., 2018).

**Discussion**

The findings of this study demonstrate that green accounting and sustainability reporting are critical tools for enhancing corporate transparency and accountability. However, their effectiveness depends on the quality and integrity of implementation. From a theoretical perspective, the results support legitimacy theory, as companies disclose environmental information to align with societal expectations. At the same time, stakeholder theory explains the role of external pressures in shaping disclosure practices.

Despite significant progress, the persistence of greenwashing and inconsistent reporting practices suggests that current frameworks are insufficient. There is a need for: Stronger regulatory

enforcement; Standardized reporting frameworks; Independent verification mechanisms; Integration of green accounting into core financial systems. Furthermore, digital technologies present opportunities to enhance reporting accuracy and transparency, although they also introduce new risks that must be managed carefully.

### **Theoretical Implications**

This study contributes to the literature by integrating green accounting and sustainability reporting within a unified analytical framework.

### **Practical Implications**

Companies should adopt more rigorous environmental accounting practices and improve the transparency of sustainability reports.

### **Policy Implications**

Regulators should establish mandatory disclosure requirements and standardized reporting guidelines to improve comparability and credibility.

### **CONCLUSION**

Based on the results and discussion, it can be concluded that green accounting and sustainability reporting are essential instruments for enhancing corporate transparency, accountability, and environmental performance. Green accounting practices provide strategic benefits, including improved resource efficiency, better environmental cost control, and more informed decision-making. However, their implementation remains uneven, as many companies have not fully integrated environmental aspects into their core financial accounting systems.

Sustainability reporting has evolved into a primary mechanism for communicating corporate environmental

performance, supported by frameworks such as GRI, Integrated Reporting, SASB, and TCFD. Although these frameworks contribute to greater transparency, their largely voluntary nature results in variations in the quality, consistency, and credibility of disclosures. This condition creates opportunities for greenwashing practices, which can undermine stakeholder trust.

The study also finds that corporate environmental disclosure is influenced by several key factors, including firm size, profitability, industry type, regulatory pressure, and stakeholder expectations. These findings support both legitimacy theory and stakeholder theory in explaining corporate reporting behavior.

Furthermore, there is a significant gap between actual environmental performance and reported disclosures. Some companies strategically disclose information to enhance their corporate image rather than accurately reflect their environmental performance. This gap represents a critical issue that highlights the need to improve reporting quality and integrity.

Several challenges continue to hinder effective implementation, including the lack of standardized measurement methods, weak regulatory enforcement, high implementation costs, and limited expertise and awareness—particularly in developing countries.

Overall, the effectiveness of green accounting and sustainability reporting depends heavily on the quality of implementation, the integrity of disclosures, and strong regulatory support. Therefore, collaborative efforts among companies, regulators, and stakeholders are necessary to promote standardization, enhance report credibility, and ensure that

environmental disclosures genuinely reflect actual corporate performance.

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