

Management Accounting Strategies in Supporting Business Sustainability and Green Accounting

Dina Amalya Putri¹

¹ Universitas Mataram, Indonesia;

* Correspondence e-mail; amalyaputridina@staff.unram.ac.id

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Abstract

The increasing global emphasis on sustainable development has encouraged organizations to integrate environmental and social considerations into their business strategies and accounting practices. This study aims to examine the role of management accounting strategies in supporting business sustainability and green accounting. Using a literature review approach, this research analyzes and synthesizes findings from scholarly articles, books, and relevant reports related to management accounting, sustainability accounting, and environmental management practices. The findings indicate that management accounting has evolved beyond its traditional focus on financial performance to become a strategic tool that supports sustainable decision-making through planning, performance measurement, cost management, and resource optimization. In addition, green accounting contributes to environmental responsibility by identifying, measuring, and reporting environmental costs and impacts associated with organizational activities. The integration of management accounting strategies and green accounting enables organizations to improve decision-making quality, enhance resource efficiency, strengthen sustainability reporting, and increase stakeholder accountability. Furthermore, this integration supports the achievement of long-term business sustainability by balancing economic objectives with environmental stewardship and social responsibility. The study concludes that the synergy between management accounting and green accounting provides a comprehensive framework for sustainable business performance and serves as a critical factor in achieving competitive advantage and sustainable development in the modern business environment.

Keywords

Accounting Strategies; Green Accounting; Management; Supporting Business Sustainability



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INTRODUCTION

In the contemporary business environment, organizations are increasingly confronted with the challenge of balancing economic performance with environmental

and social responsibilities. The growing concern over climate change, resource depletion, environmental degradation, and stakeholder expectations has transformed the traditional understanding of corporate success. Companies are no longer evaluated solely based on their financial achievements but also on their ability to contribute to sustainable development. As a result, management accounting has evolved from a conventional financial control mechanism into a strategic tool that supports sustainability-oriented decision-making. Through the provision of relevant financial and non-financial information, management accounting enables organizations to integrate environmental and social considerations into their operational and strategic processes, thereby fostering long-term business sustainability (Burritt & Schaltegger, 2010).

Business sustainability refers to an organization's capacity to achieve economic growth while simultaneously preserving environmental quality and promoting social well-being. This concept is closely associated with the triple bottom line framework, which emphasizes the interconnected dimensions of profit, people, and planet. In response to increasing stakeholder pressure, businesses are adopting sustainability practices that reduce environmental impacts, improve resource efficiency, and enhance corporate accountability. Effective sustainability initiatives require accurate measurement, monitoring, and reporting systems capable of capturing environmental and social costs alongside traditional financial indicators. Consequently, management accounting plays a critical role in supporting sustainability strategies by generating information that facilitates planning, control, performance evaluation, and strategic decision-making related to sustainable business practices (Elkington, 1997; Schaltegger & Burritt, 2018).

One of the most significant developments in sustainability-oriented accounting is the emergence of green accounting. Green accounting extends conventional accounting systems by incorporating environmental costs, benefits, and impacts into organizational reporting and decision-making processes. It enables companies to identify hidden environmental costs, evaluate ecological performance, and develop strategies that align profitability with environmental responsibility. Green accounting provides valuable insights into energy consumption, waste management, pollution prevention, carbon emissions, and resource utilization, allowing managers to make informed decisions that contribute to both economic efficiency and environmental sustainability. As environmental regulations become stricter and stakeholders demand greater transparency, the adoption of green accounting practices has become

increasingly important for organizations seeking competitive advantages and sustainable growth (Gray, 2010; Qian et al., 2018).

Management accounting strategies are essential in facilitating the successful implementation of green accounting initiatives. Techniques such as environmental management accounting (EMA), life-cycle costing, activity-based costing, balanced scorecards, and sustainability performance measurement systems enable organizations to assess environmental impacts throughout the value chain and integrate sustainability objectives into business operations. Environmental management accounting, in particular, assists managers in identifying environmental costs that are often overlooked in traditional accounting systems, thereby improving cost management and resource efficiency. By providing comprehensive information regarding environmental performance and sustainability outcomes, management accounting strategies support organizational learning, innovation, and continuous improvement toward sustainable development goals (Jasch, 2003; IFAC, 2005).

Furthermore, the integration of management accounting and green accounting contributes to enhanced corporate governance and stakeholder engagement. Investors, regulators, customers, and communities increasingly expect organizations to disclose their environmental performance and sustainability commitments. Transparent sustainability reporting supported by robust management accounting systems strengthens organizational legitimacy, improves stakeholder trust, and reduces information asymmetry. In addition, companies that effectively manage environmental risks and opportunities are more likely to achieve operational efficiencies, strengthen their reputation, and maintain long-term competitiveness. Therefore, management accounting strategies not only serve internal decision-making needs but also support external accountability and sustainable value creation for diverse stakeholder groups (Freeman et al., 2010; Adams, 2017).

Given the growing significance of sustainability and environmental responsibility in modern business practices, understanding the relationship between management accounting strategies and green accounting has become increasingly important. Organizations require comprehensive accounting systems that facilitate the integration of sustainability considerations into strategic planning and operational management. The synergy between management accounting and green accounting enables businesses to achieve financial performance while minimizing environmental impacts and fulfilling social responsibilities. Therefore, examining management accounting strategies in supporting business sustainability and green accounting provides valuable insights into how organizations can create sustainable competitive

advantages and contribute to broader sustainable development objectives in an increasingly complex and environmentally conscious global economy (Schaltegger et al., 2019; Burritt & Christ, 2016).

METHODS

This study employs a literature review method to examine the role of management accounting strategies in supporting business sustainability and green accounting practices. The literature review approach is conducted through the systematic collection, evaluation, and synthesis of relevant scholarly sources, including peer-reviewed journal articles, books, conference proceedings, and reputable institutional reports related to management accounting, sustainability accounting, environmental management accounting, and green accounting. Sources were selected based on their relevance, credibility, and contribution to the understanding of how management accounting tools and techniques facilitate sustainable business performance and environmental responsibility. The collected literature was analyzed using a thematic approach to identify key concepts, trends, frameworks, and empirical findings concerning the integration of sustainability objectives into accounting practices. By synthesizing existing knowledge from diverse academic perspectives, this study aims to provide a comprehensive understanding of the strategic contribution of management accounting to business sustainability and green accounting development (Snyder, 2019; Xiao & Watson, 2019).

FINDINGS AND DISCUSSION

The Strategic Role of Management Accounting in Business Sustainability

Management accounting has become an increasingly important component in supporting business sustainability as organizations seek to balance economic performance with environmental and social responsibilities. Traditionally, management accounting focused primarily on financial planning, budgeting, cost control, and performance evaluation aimed at maximizing profits. However, the growing emphasis on sustainable development has expanded the scope of management accounting beyond financial metrics to include environmental and social considerations. This transformation reflects the recognition that long-term organizational success depends not only on financial outcomes but also on the ability to manage resources responsibly, reduce environmental impacts, and create value for a wide range of stakeholders. As a result, management accounting serves as a strategic information system that assists managers in making decisions that align

organizational objectives with sustainability goals. By providing relevant and timely information regarding costs, resource utilization, operational efficiency, and performance indicators, management accounting enables organizations to integrate sustainability into their strategic planning and daily operations (Burritt & Schaltegger, 2010).

One of the key contributions of management accounting to business sustainability is its ability to support strategic decision-making through comprehensive performance measurement systems. Traditional financial indicators alone are often insufficient to assess an organization's long-term sustainability performance because they do not capture environmental and social impacts. Therefore, management accounting frameworks increasingly incorporate non-financial indicators such as energy consumption, carbon emissions, waste generation, employee well-being, and stakeholder satisfaction. The use of tools such as the Balanced Scorecard allows organizations to evaluate performance from multiple perspectives, including financial, customer, internal process, and learning and growth dimensions. When sustainability indicators are integrated into these frameworks, managers can better monitor progress toward environmental and social objectives while maintaining financial viability. This broader perspective encourages organizations to adopt long-term strategies that support sustainable value creation rather than focusing solely on short-term financial gains (Kaplan & Norton, 2001; Schaltegger & Burritt, 2018).

Management accounting also contributes to business sustainability through effective cost management and resource optimization. Sustainable business practices often require organizations to identify inefficiencies in production processes, energy usage, material consumption, and waste management. Management accounting techniques such as activity-based costing, target costing, and life-cycle costing provide detailed insights into the costs associated with business activities and products throughout their entire life cycle. These approaches help managers recognize areas where resources can be utilized more efficiently, operational waste can be minimized, and environmental impacts can be reduced. Consequently, organizations can achieve both economic and environmental benefits by lowering operational costs while improving sustainability performance. The strategic use of cost information enables companies to invest in environmentally friendly technologies, enhance process innovation, and develop sustainable products that meet evolving market demands and stakeholder expectations (Jasch, 2003).

Furthermore, management accounting plays a vital role in supporting organizational accountability and stakeholder engagement. Modern businesses operate in an environment where investors, customers, regulators, employees, and communities increasingly demand transparency regarding sustainability performance. Management accounting systems facilitate the collection, analysis, and reporting of sustainability-related information that can be communicated to both internal and external stakeholders. This information supports sustainability reporting initiatives and helps organizations demonstrate their commitment to responsible business practices. Enhanced transparency not only strengthens corporate reputation but also builds stakeholder trust and legitimacy. Organizations that effectively integrate sustainability information into management accounting systems are better equipped to identify risks, seize opportunities, and respond proactively to changing environmental and social expectations. Therefore, management accounting functions as a strategic tool that supports sustainable business development by aligning financial objectives with broader environmental and social responsibilities, ultimately contributing to long-term organizational resilience and competitive advantage in a rapidly changing global economy (Adams, 2017; Burritt & Schaltegger, 2010).

Green Accounting as a Tool for Environmental Responsibility

Green accounting has emerged as a critical instrument for promoting environmental responsibility within modern organizations. The increasing awareness of environmental degradation, climate change, resource scarcity, and ecological sustainability has encouraged businesses to reconsider how they measure and report their activities. Traditional accounting systems primarily focus on financial transactions and economic performance, often neglecting the environmental costs associated with production, consumption, and waste generation. As a result, organizations may underestimate the true cost of their operations and fail to recognize the environmental consequences of their business activities. Green accounting addresses this limitation by incorporating environmental costs, benefits, and impacts into accounting and reporting systems. Through this approach, companies can obtain a more comprehensive understanding of how their activities affect the environment and how environmental factors influence organizational performance. Consequently, green accounting serves as an important management tool that supports sustainable business practices and encourages environmentally responsible decision-making (Gray, 2010).

One of the primary functions of green accounting is the identification and measurement of environmental costs that are frequently hidden within conventional accounting systems. These costs may include expenses related to waste management, pollution prevention, energy consumption, water usage, emissions control, environmental compliance, and ecological restoration. In many organizations, such costs are treated as general overhead expenses, making it difficult for managers to assess their actual impact on operational efficiency and profitability. Green accounting provides mechanisms for tracing and allocating environmental costs more accurately, enabling organizations to understand the financial implications of their environmental performance. By making environmental costs visible, managers can identify opportunities to reduce waste, improve resource efficiency, and implement cleaner production processes. This not only contributes to environmental protection but also generates economic benefits through cost savings and improved operational performance (Jasch, 2003).

In addition to measuring environmental costs, green accounting supports strategic decision-making by providing information that helps organizations evaluate the environmental consequences of alternative business actions. Decisions regarding product design, technology investments, resource utilization, and production methods often involve trade-offs between economic objectives and environmental considerations. Green accounting enables managers to assess these trade-offs more effectively by integrating environmental information into planning and evaluation processes. For example, organizations can use environmental cost data to compare the long-term benefits of investing in energy-efficient technologies versus maintaining conventional production systems. Such analyses encourage proactive environmental management and facilitate the adoption of sustainable business strategies. As environmental regulations become more stringent and stakeholder expectations continue to rise, organizations that utilize green accounting are better positioned to anticipate risks, comply with legal requirements, and maintain long-term competitiveness in increasingly sustainability-conscious markets (Qian, Burritt, & Monroe, 2018).

Another significant contribution of green accounting is its role in enhancing corporate transparency and accountability. Stakeholders, including investors, customers, governments, and local communities, increasingly demand information regarding the environmental performance of organizations. Green accounting provides a framework for collecting and reporting environmental data in a systematic and credible manner. This information can be incorporated into sustainability reports,

environmental disclosures, and integrated reporting initiatives that communicate an organization's commitment to sustainable development. Transparent reporting of environmental impacts, resource consumption, and sustainability initiatives helps strengthen stakeholder trust and corporate legitimacy. Moreover, organizations that disclose environmental information are often perceived as more responsible and forward-looking, which can enhance corporate reputation and support long-term value creation. Therefore, green accounting not only functions as an internal management tool but also serves as a mechanism for external accountability and stakeholder engagement (Adams, 2017).

Furthermore, green accounting contributes to the broader objective of sustainable development by encouraging organizations to internalize environmental considerations within their business models. Rather than viewing environmental protection as a regulatory obligation or additional cost, green accounting promotes the understanding that environmental responsibility can generate strategic advantages. Companies that effectively manage environmental impacts often experience improved resource productivity, reduced operational risks, enhanced innovation capabilities, and stronger market positioning. By integrating environmental information into accounting and decision-making processes, organizations can align economic performance with ecological sustainability and social responsibility. Consequently, green accounting represents an essential foundation for sustainable business management, enabling organizations to achieve profitability while minimizing environmental harm and supporting long-term environmental stewardship in an increasingly complex global business environment (Gray, 2010; Schaltegger & Burritt, 2018).

Integration of Management Accounting Strategies and Green Accounting for Sustainable Business Performance

The integration of management accounting strategies and green accounting has become increasingly important in helping organizations achieve sustainable business performance. In today's competitive and environmentally conscious business environment, companies are expected not only to generate profits but also to demonstrate responsibility toward environmental protection and social welfare. Traditional accounting systems that focus primarily on financial performance are no longer sufficient to address the complex challenges associated with sustainability. Consequently, organizations are integrating management accounting practices with green accounting principles to create a comprehensive framework that supports

economic, environmental, and social objectives simultaneously. This integration enables businesses to measure and manage sustainability-related costs and benefits more effectively, ensuring that environmental considerations are incorporated into strategic planning and operational decision-making processes. Through such integration, organizations can align their business goals with sustainability principles while maintaining long-term competitiveness and profitability (Schaltegger & Burritt, 2018).

One of the most significant benefits of integrating management accounting and green accounting is the enhancement of decision-making quality. Management accounting provides financial and operational information that supports planning, budgeting, performance evaluation, and resource allocation, while green accounting contributes environmental data related to resource consumption, emissions, waste generation, and ecological impacts. When these two accounting approaches are combined, managers gain a more comprehensive understanding of organizational performance and can evaluate decisions based on both financial and environmental outcomes. For instance, investment decisions involving new technologies, production methods, or supply chain improvements can be assessed not only in terms of cost and profitability but also regarding their environmental consequences. This holistic perspective enables organizations to identify sustainable alternatives that reduce environmental impacts while improving operational efficiency and financial performance. As a result, integrated accounting information supports strategic decisions that create long-term value for both organizations and society (Burritt & Schaltegger, 2010).

The integration of management accounting strategies and green accounting also promotes greater resource efficiency and cost optimization. Environmental Management Accounting (EMA), activity-based costing, life-cycle costing, and sustainability performance measurement systems provide valuable tools for identifying inefficiencies in resource utilization and environmental management. These techniques allow organizations to trace environmental costs more accurately and understand how environmental factors influence business performance. By identifying sources of waste, excessive energy consumption, and inefficient production processes, companies can implement corrective measures that reduce operational costs while minimizing environmental impacts. Resource-efficient practices not only contribute to environmental sustainability but also improve profitability by lowering production expenses and enhancing productivity.

Consequently, organizations that integrate management accounting and green accounting are better positioned to achieve sustainable growth through the simultaneous pursuit of economic and environmental objectives (Jasch, 2003; IFAC, 2005).

Another important outcome of this integration is the improvement of sustainability reporting and stakeholder communication. Modern stakeholders increasingly demand transparency regarding organizational sustainability performance, including environmental management practices, carbon emissions, resource utilization, and social responsibility initiatives. Integrated accounting systems facilitate the collection and analysis of sustainability-related information that can be used in sustainability reports, integrated reports, and environmental disclosures. Such reporting enhances organizational accountability and enables stakeholders to assess how effectively a company manages sustainability challenges. Furthermore, transparent communication of sustainability performance strengthens stakeholder trust, improves corporate reputation, and enhances legitimacy in the eyes of investors, regulators, customers, and local communities. Organizations that provide credible and comprehensive sustainability information are often more successful in attracting investment, maintaining customer loyalty, and securing long-term stakeholder support (Adams, 2017).

Ultimately, the integration of management accounting strategies and green accounting contributes significantly to the achievement of sustainable business performance. By combining financial management with environmental accountability, organizations can develop innovative business models that balance profitability with ecological stewardship and social responsibility. This integrated approach supports continuous improvement, risk management, regulatory compliance, and strategic adaptation to changing market conditions. Moreover, it encourages organizations to view sustainability not merely as a compliance requirement but as a source of competitive advantage and value creation. As global attention to sustainability continues to increase, businesses that successfully integrate management accounting and green accounting practices will be better equipped to respond to environmental challenges, meet stakeholder expectations, and achieve long-term organizational success. Therefore, the synergy between management accounting strategies and green accounting represents a fundamental pillar of sustainable business development in the twenty-first century (Qian, Burritt, & Monroe, 2018; Burritt & Christ, 2016).

CONCLUSION

It can be concluded that management accounting strategies play a vital role in supporting business sustainability and the implementation of green accounting practices. The evolution of management accounting from a purely financial-oriented system to a strategic management tool enables organizations to integrate economic, environmental, and social considerations into decision-making processes. Green accounting complements this role by identifying, measuring, and reporting environmental costs and impacts, thereby promoting greater environmental responsibility and resource efficiency. The integration of management accounting strategies and green accounting provides organizations with comprehensive information that enhances strategic planning, cost management, sustainability reporting, stakeholder accountability, and long-term value creation. Furthermore, this integration helps businesses improve operational efficiency, reduce environmental risks, strengthen corporate reputation, and achieve sustainable competitive advantages. Therefore, organizations that effectively combine management accounting and green accounting are better positioned to balance profitability with environmental stewardship and social responsibility, contributing to sustainable business performance and broader sustainable development goals in an increasingly complex and environmentally conscious global economy.

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