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THE INTEGRATION OF ESG REPORTING IN ACHIEVING SUSTAINABLE ECONOMIC DEVELOPMENT: A GLOBAL LITERATURE REVIEW

Safwan [1] , Almunadiya [2*] , Rahmiatul Aula [3] , Raudhatinur [4] , Mauliza Sari [5]
[1,2,3,4,5] Universitas Bumi Persada, Indonesia.
Email: almunadiya@unbp.ac.id

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Abstract
The growing urgency of sustainable economic transformation has positioned green accounting as a vital mechanism linking corporate behavior to sustainable development. This study aims to explore how green accounting contributes to sustainable economic development through a systematic literature review (SLR) of 85 Scopus-indexed studies published between 2015 and 2024. The analysis integrates perspectives from accounting, management, and development economics to identify theoretical and practical linkages. Findings reveal that green accounting enhances sustainable economic performance by promoting environmental efficiency, resource accountability, and innovation in corporate governance (Mishra et al., 2022). However, challenges such as the absence of uniform reporting standards, limited institutional capacity, and weak regulatory enforcement hinder its full implementation, especially in developing economies (Qian et al., 2022). Furthermore, integrating green fiscal policies and ESG reporting framework strengthens the connection between corporate sustainability and macroeconomic growth (Wang & Li, 2022). This study contributes by bridging disciplinary gaps and offering a conceptual framework that positions green accounting as a catalyst for inclusive, transparent, and sustainable economic growth. It provides practical implications for policymakers and organizations aiming to align financial systems with long-term environmental and developmental goals.

Keywords: Sustainable Economic Development, Green Accounting , ESG Reporting, Environmental Disclosure

INTRODUCTION

The shift in the global economic paradigm over the past two decades has placed sustainability and social responsibility as key pillars of economic development. The concept of *Environmental, Social, and Governance* (ESG) has emerged as a key instrument for promoting the integration of economic performance with social and environmental responsibility (Adams, 2021). ESG reporting is no longer viewed as a complementary aspect, but as a *strategic imperative* for building a company's reputation, attracting investors, and strengthening national economic competitiveness (Chen & Xie, 2022). The growing interest in ESG is evident in the significant increase in the number of companies publishing sustainability reports in various countries, particularly following the implementation of the *Corporate Sustainability Reporting Directive* (CSRD) by the European Union (Hu et al., 2024). Developing countries have also begun adopting sustainability reporting systems to attract foreign investment and strengthen their positions in global supply chains (Bahini, 2022). This demonstrates the dual potential of ESG practices: improving corporate governance while supporting inclusive and sustainable economic development (Ren et al., 2024). However, ESG implementation globally is not homogeneous. Countries with weak regulatory levels and limited accountability systems face challenges in ensuring the reliability and consistency of ESG reporting (Yu et al., 2023). Companies in developing countries often face a dilemma between the need to meet international expectations and limited internal costs and resources (Khan & Serafeim, 2022). Consequently, there is a gap between the ideals of ESG as a tool for economic development and the reality of its implementation on the ground.

Several studies confirm that ESG reporting can reduce information asymmetry, strengthen investor confidence, and create capital market stability (Li et al., 2023). ESG can also be a catalyst for green innovation and resource efficiency, ultimately contributing to macroeconomic growth (Bahini, 2022). However, empirical evidence on the direct relationship between ESG disclosure and macroeconomic indicators such as GDP growth, employment, or foreign investment remains limited (Ren et al., 2024). Empirical studies on ESG to date have been dominated by a focus on *firm-level performance* , such as its impact on profitability, market risk, or the cost of capital (Chen & Xie, 2022). Meanwhile, the relationship between ESG reporting and economic development at the national or regional level has not been thoroughly studied (Bahini, 2022). Several studies indicate that ESG reporting can drive economic growth through innovation and sustainable investment (Li et al., 2023), but the results are often inconsistent across countries. Furthermore, most existing studies ignore the role of accounting and management in shaping the quality of ESG disclosure. A study by Hu et al. (2024) highlighted that a weak sustainability accounting system can undermine the credibility of ESG reports. Meanwhile, strategic management lacking a long-term sustainability orientation can lead to ESG reporting being merely symbolic, rather than substantive (Khan & Serafeim, 2022). Therefore, research that integrates management and accounting perspectives in the context of economic development is crucial to bridge this gap.

Limited literature in the context of emerging economies . Much ESG research focuses on developed countries such as the United States, the United Kingdom, and the European Union, while the contexts of Asia, Africa, and Latin America are less explored (Yu et al., 2023). Yet, the challenges and motivations for ESG reporting in developing countries are structurally different: weak regulation, low transparency, and minimal investor pressure often hinder effective ESG adoption (Bahini, 2022). Therefore, studies examining how ESG reporting can play a role in promoting economic development in emerging economies are urgently needed. Furthermore, previous research rarely combines *macro-level outcomes* (economic development) with *micro-level mechanisms* (ESG management and accounting systems). Sustainable economic development depends not only on macroeconomic policies but also on the quality of corporate practices, as reflected through ESG reporting (Chen & Xie, 2022). This constitutes an important theoretical contribution in this study.

Based on these phenomena and gaps, this study has three main objectives. First, to systematically review the current literature on the relationship between ESG reporting and sustainable economic development (Bahini, 2022). Second, to identify the role of accounting and strategic management in strengthening the quality of ESG disclosure, which impacts economic performance (Hu et al., 2024). Third, to develop a conceptual framework explaining how ESG reporting can be a managerial and accounting mechanism that contributes to economic development, both directly and through intermediaries such as innovation, efficiency, and corporate governance (Ren et al., 2024). Using a *systematic literature review approach* , this study will construct a global research map and highlight future research directions. This is important given the limited number of studies that conduct cross-disciplinary synthesis between development economics, sustainability management, and corporate accounting (Chen & Xie, 2022).

LITERATURE REVIEW

ESG Integration in Development Economics Perspective

Conceptually, sustainable economic development no longer emphasizes solely GDP growth, but also structural economic transformation aligned with environmental protection and social welfare (Adams, 2021). Within the theoretical framework of *sustainable development economics* , the environmental, social, and governance (ESG) dimension serves as an indicator that represents the extent to which economic entities contribute to inclusive and sustainable development goals (Bahini, 2022). The ESG approach essentially extends the classical economic paradigm toward *a stakeholder-oriented economy* , where social welfare and environmental sustainability become part of economic value (Chen & Xie, 2022). *Stakeholder theory* (Freeman, 1984) supports the view that an entity's economic success depends on its ability to create value not only for shareholders but also for society and the environment. In this context, ESG reporting acts as an instrument of accountability and communication of sustainability values, which theoretically can contribute to macroeconomic efficiency (Hu et al., 2024). In addition to stakeholder theory, this study is also based on *legitimacy theory* , which explains that companies conduct ESG reporting to gain social and political legitimacy, ultimately expanding access to economic resources (Khan & Serafeim, 2022). From an accounting perspective, *accountability theory* asserts that a transparent reporting system is the foundation of sound economic governance because it can reduce information asymmetry between corporations, regulators, and the public (Li et al., 2023). The integration of these theories provides a conceptual basis for understanding that ESG is not only an ethical practice but also an economic strategy that has a systemic impact on national development. In other words, ESG practices can be seen as an internal mechanism connecting the micro (company) and macro (national economy) levels in the process of sustainable development.

Conceptual Relationship Between ESG Reporting and Economic Development
Environmental Dimensions and Economic Productivity

The environmental dimension of ESG directly contributes to increased resource efficiency and economic productivity. According to Zhang et al. (2023), carbon emission disclosure and energy efficiency policies can lead to green innovation, which catalyzes the growth of the clean energy sector and low-carbon manufacturing industries. Furthermore, Li et al. (2023) assert that green investment creates new jobs and expands the base of the green economy . In a macro context, companies that implement good environmental practices drive a structural shift from an extractive economy to an innovation-based economy (Ren et al., 2024). This supports the *ecological modernization theory* , which emphasizes that environmentally friendly technologies are not obstacles to growth but rather drivers of long-term economic productivity (Adams, 2021).

Social Dimension and Economic Inclusiveness

The social aspects of ESG, such as responsibility towards employees, communities, and human rights, have an indirect effect on economic development through increased human capital and social stability (Hu et al., 2024). A study by Yu et al. (2023) showed that companies with active social programs have higher employee retention rates and greater contributions to the local economy. This supports the concept of *inclusive development* , which emphasizes that social welfare is a prerequisite for sustainable economic growth. However, the social effects of ESG can only be realized if accompanied by strong institutional systems and supportive regulations (Khan & Serafeim, 2022). In many developing countries, weak labor protections and low social transparency prevent ESG reporting from having a significant economic impact. Therefore, the social dimensions of ESG must be understood in the context of *institutional embeddedness* —the extent to which social norms and public policies reinforce the effectiveness of such reporting (Bahini, 2022).

Dimensions of Governance and Economic Stability

The governance dimension serves as a foundation that ensures the effectiveness of the previous two dimensions. Good corporate governance—through transparency, board independence, and credible audits—contributes to capital market stability and a stable investment climate (Li et al., 2023). Chen & Xie (2022) show that companies with strong *corporate governance are* quicker to adopt ESG reporting and have lower financial risks. Furthermore, good governance suppresses the practice of *greenwashing* , a phenomenon where companies display false commitments to sustainability (Khan & Serafeim, 2022). Thus, governance is not only a component of ESG reporting but also a mechanism for managing economic and reputational risks.

Previous Research

A review of Scopus-indexed journal articles for the 2018–2024 period shows a consistent pattern that ESG integration has great potential for sustainable economic development, but its implementation still faces conceptual and institutional barriers.

Table 1. Previous Research

Author (Year)	Focus of Study	Key Findings
Adams (2021)	ESG & sustainability framework	ESG strengthens economic-social-environmental integration in development.
Chen & Xie (2022)	ESG disclosure & firm performance	ESG disclosure increases company value and management efficiency.
Bahini (2022)	ESG & economic growth	The relationship between ESG and economic growth remains under-explored at the macro level.
Hu et al. (2024)	ESG regulations & accounting systems	The accounting system determines the credibility of ESG reporting.
Yu et al. (2023)	ESG adoption in emerging economies	Developing countries face standards constraints and compliance costs.
Ren et al. (2024)	ESG & green innovation	ESG drives green innovation and energy efficiency.
Li et al. (2023)	ESG & capital markets	ESG disclosure reduces market risk and the cost of capital.
Khan & Serafeim (2022)	Governance & ESG credibility	Strong governance prevents greenwashing.
Zhang et al. (2023)	Environmental ESG	Environmental reporting strengthens the growth of green industries.
Value Creation Review (2024)	ESG & value chain	ESG creates economic value through supply chain transparency.

The table above shows that most research remains sector-specific and rarely links ESG to macroeconomic indicators. Furthermore, very few studies explicitly integrate management and accounting dimensions within an economic development framework. On the other hand, recent literature highlights that ESG effectiveness is not solely determined by report content, but by the underlying managerial processes and accounting systems (Hu et al., 2024). From a strategic management perspective, ESG is part of *a corporate sustainability strategy* that influences investment decisions, innovation, and corporate communication to stakeholders (Chen & Xie, 2022). Meanwhile, from an accounting perspective, ESG reporting serves as a system for measuring and verifying sustainability values (Adams, 2021). Sustainability accounting enables non-financial reporting to be measured, audited, and compared across time and sectors. This strengthens ESG's role as a *governance mechanism* in economic development.

Thus, ESG can be seen as the intersection of *strategic management* and *sustainability accounting* . The combination of the two produces three main functions:

1. Decision-support function: ESG provides relevant information for efficient economic decision-making.
2. Accountability function: ESG strengthens transparency and public trust through sustainability accounting.
3. Transformation function: ESG drives economic transformation towards green and inclusive business models.

This integration is also in line with the *Integrated Reporting (IR) paradigm* , where financial and non-financial information are combined in one reporting framework to reflect long-term value (Hu et al., 2024).

METHOD

This study uses a Systematic Literature Review (SLR) approach to identify, analyze, and synthesize empirical findings related to the relationship between *Environmental, Social, and Governance (ESG) reporting* and *sustainable economic development* , integrating management and accounting perspectives. This approach was chosen because it allows researchers to systematically and transparently gain a deep conceptual and theoretical understanding of the existing literature (Snyder, 2019). This approach not only explains the relationship between ESG and economic development but also opens up space for new theoretical models that bridge micro-corporate practices with macro-national development agendas (Adams, 2021; Bahini, 2022; Chen & Xie, 2022; Hu et al., 2024). The SLR method also aligns with the objectives of literature-based qualitative research, namely to examine gaps, patterns, and future directions of research (Tranfield et al., 2003). This study does not involve primary data, but instead utilizes secondary data in the form of *peer-reviewed* Scopus-indexed journal articles .

Table 2. Research Stages

SLR Stages	Main Activities	Output
Identification	Search articles in Scopus, ScienceDirect, Emerald	612 articles found
Filtering	Relevance of title and abstract	185 articles passed the initial stage
Eligibility	Full reading and duplication elimination	47 relevant articles
Inclusion	Final selection based on theoretical contribution	20 selected articles
Analysis	Thematic coding and literature synthesis	3 main themes were found

RESEARCH RESULT

Literature Overview

From the final selection results, 20 Scopus-indexed scientific articles (2018–2025) were used in the analysis. The articles came from various regions, namely Europe (30%), Asia (40%), America (20%), and others (10%), demonstrating that the issue of *Environmental, Social, and Governance (ESG) reporting* and its relationship to *sustainable economic development* is global and multidisciplinary (Chen & Xie, 2022; Hu et al., 2024). Most studies used quantitative methods (60%) with a *panel data approach* or *structural equation modeling* to measure the impact of ESG on macroeconomic indicators such as energy efficiency, green innovation, and green GDP growth (Zhang et al., 2023). The remaining 40% were conceptual and qualitative, emphasizing the role of strategic management, governance, and sustainability accounting (Adams, 2021; Bahini, 2022).

Analysis Results

Table 3. Literature Selection Results

No.	Author & Year	Research Focus	Method	Key Findings	Implications for Economic Development
1	Adams (2021)	ESG as a mechanism for economic transformation	Conceptual	ESG shifts the paradigm of economic growth towards sustainability	Promote national green economy policies
2	Bahini (2022)	The role of ESG in emerging economies	Qualitative	ESG enhances economic legitimacy through transparency	Improving macroeconomic competitiveness
3	Chen & Xie (2022)	ESG and global corporate performance	Quantitative	ESG has a positive impact on economic efficiency	Becoming a driver of national productivity
4	Khan & Serafeim (2022)	Governance and greenwashing	Mixed-method	Strong governance suppresses false reporting practices	Strengthening capital market stability

5	Li et al. (2023)	Sustainability accounting & ESG disclosure	Empirical	ESG reporting improves accounting reliability	Boosting investor confidence and green investment
6	Zhang et al. (2023)	ESG and green innovation	Data panel	ESG drives green technology innovation	Strengthening the national green economic base
7	Yu et al. (2023)	ESG and social inclusion	SEM	Social ESG improves workers' well-being	Supporting inclusive development
8	Ren et al. (2024)	ESG and energy transformation	Longitudinal	Energy companies' ESG leads to low-carbon transition	Improving national energy efficiency
9	Hu et al. (2024)	ESG integration–strategic management	Review	ESG is becoming a core part of global corporate strategy	Aligning the business sector with SDGs goals
10	Alsaifi et al. (2024)	ESG disclosure and capital efficiency	Empirical	ESG transparency lowers the cost of capital	Stabilizing the financial system
11	Nadeem (2023)	ESG and innovation productivity	Regression	High ESG companies are more innovative	Strengthening the creative industry sector
12	Cho et al. (2022)	ESG and economic value measurement	Mixed	ESG contributes to long-term *value creation*	Supporting sustainable economic growth
13	Singh (2023)	ESG and SDGs integration	Review	ESG is aligned with the economic-social-environmental pillars of the SDGs	Improving the effectiveness of public policies
14	Ng & Tao (2023)	ESG and economic risk	Panel	ESG reduces market risk and economic volatility	Improving macroeconomic stability
15	Orazalin (2022)	ESG governance in emerging countries	Empirical	Strong governance enhances ESG impact	Strengthening institutional economic structures
16	Drempetic (2023)	Global ESG reporting quality	Quantitative	High ESG reporting linked to superior economic performance	Enhancing global trust
17	Gao (2023)	ESG digital disclosure	Review	ESG digitalization strengthens reporting transparency	Technology-based economic efficiency
18	Singh & Sharma (2024)	ESG, sustainability accounting, and SDGs	Review	ESG accounting becomes a tool for measuring economic sustainability	Becoming an indicator of macro development
19	Rahman (2024)	ESG and green investing	Empirical	ESG drives investment flows into sustainable sectors	Expanding the green development base
20	Choi (2025)	ESG as an economic indicator	Review	ESG can be used as a complementary economic indicator to GDP	Offering a new measurement paradigm

Research on *green accounting* and *sustainability management* has shown significant dynamics over the past two decades. In general, the focus of research has shifted from simply environmental reporting to a comprehensive integration of accounting, management strategy, and sustainable economic development.

Integration of Green Accounting and Economic Development Strategy

Early research, such as that conducted by *Gray et al. (2010)* , emphasized that environmental accounting should be understood as an instrument for internalizing economic externalities into a company's financial reporting system. This approach developed in research *by Burritt & Schaltegger (2014)* , which linked green accounting to *eco-efficiency management* , namely economic efficiency that considers the balance between financial returns and ecological impacts. In the context of economic development, *Zhou et al. (2021)* identified that integrating environmental indicators into national accounting systems can produce more accurate measures of economic growth than conventional GDP. Their proposed *Green GDP approach bridges the gap between macroeconomic analysis and sustainability accounting practices. Furthermore, Dissanayake (2023)* demonstrated that the implementation of green accounting in developing countries like Sri Lanka contributes to resource efficiency and the reduction of previously unmeasured environmental externalities. However, *Lee & Kim (2022)* highlighted that the direct link between green accounting practices and increased economic productivity is not entirely consistent, primarily due to data limitations and the diversity of reporting standards across countries. This suggests a methodological gap that needs to be addressed through an integrative approach between development economics and sustainability accounting.

The Relationship between Sustainability Management and Macroeconomic Performance

The concept of *sustainability management* has evolved from the organizational level to the economic system level. *Elkington (2018),* through the *Triple Bottom Line concept* , emphasized that economic, social, and environmental sustainability are inseparable from national development planning. *Schaltegger et al. (2019)* expanded on this idea by stating that sustainability management practices in the corporate sector can generate *spillover effects* on development indicators such as green workforce absorption and environmentally friendly investment. An empirical study in OECD countries by *Clark & Hebb (2020)* demonstrated that countries with high levels of sustainability management adoption exhibited green GDP growth and simultaneous reductions in carbon emissions. Meanwhile, *Mishra et al. (2022)* in the Indian context emphasized that strengthening managerial capacity and corporate awareness of sustainability are important determinants of national energy efficiency. However, *Khan & Malik (2023)* revealed a disparity between large and small companies in their ability to implement sustainability management effectively. This raises critical questions about the extent to which development economic policies are capable of bridging this capacity gap. In this context, green accounting functions not only as a reporting tool but also as a more holistic mechanism for evaluating development performance.

Regulation, Governance, and Reporting Standardization

Recent literature shows that the success of green accounting implementation is significantly influenced by regulations and governance systems. *Christ & Burritt (2018)* found that a strong regulatory framework can improve companies' compliance with sustainability reporting. Research *by Larrinaga & Bebbington (2021)* added that environmental accounting transparency strengthens *institutional trust* between the public and private sectors. On the other hand, *Qian et al. (2022)* showed that many developing countries still face obstacles in harmonizing green accounting standards due to a lack of institutional support and competent human resources. This implies a weak contribution of accounting data to the formulation of economic development policies. In the ASEAN context, *Nguyen et al. (2023)* noted that the integration of green accounting policies into national systems remains fragmented, with sustainability reporting often voluntary and not yet incorporated into fiscal systems or macroeconomic indicators. Conversely, *Chen (2021) emphasized that the implementation of mandatory disclosure* principles for public companies in China has improved the quality of environmental information and encouraged green innovation in the industrial sector. This regulatory gap is a major challenge in making green accounting an integral part of sustainable economic development policies. To address this, *Wang & Li (2022)* propose integrating sustainability reporting systems into national fiscal policies so that national financial indicators also reflect ecological values.

Conceptual Challenges and Implications for Developing Countries

Although the international literature shows rapid development, there are significant conceptual and practical challenges to the implementation of green accounting in developing countries. *Sulaiman et al. (2020)* show that the development paradigm in developing countries is still dominated by a short-term economic growth orientation, resulting in low awareness of the economic value of the environment. Furthermore, *Ali & Frynas (2021)* highlight the lack of integration between economic, environmental, and public accounting institutions, leading to fragmented development policies. This weakens the link between environmental accounting data and macroeconomic planning. In the Indonesian context, *Rahman et al. (2022)* argue that although sustainability reporting initiatives exist in state-owned enterprises (SOEs) and large companies, their implementation remains unsystematic and has not yet become the basis for determining the direction of national economic policy.

Research gaps also emerge in measuring the economic impact of green accounting practices. *Huang & Yang (2023)* state that most studies still focus on companies, rather than on macroeconomic implications such as green GDP growth or income distribution. Meanwhile, *Kuo (2024)* argues that cross-disciplinary approaches between accounting, economics, and management are still limited, even though such integration is crucial for building a comprehensive sustainable development model. Therefore, future research should combine empirical literature analysis with a systemic approach that directly assesses the contribution of green accounting to economic development indicators. *Zhang (2023)* even suggests developing *an Integrated Sustainable Accounting Framework* (ISAF), which can be used to assess social, economic, and ecological impacts within a single, integrated reporting system.

DISCUSSION

Reorienting the Development Paradigm through Green Accounting

The conventional development paradigm for decades has focused on quantitative economic growth as measured by Gross Domestic Product (GDP). However, this indicator has been criticized for failing to capture the environmental degradation and social inequality that arise from industrial expansion (Zhou et al., 2021). Green accounting offers an alternative by internalizing the economic value of natural resources and the costs of environmental externalities into national financial statements (Gray et al., 2010). This approach marks a fundamental shift in the economic perspective on sustainability. While conventional economics considers the environment as an external factor, green accounting positions it as a core variable in calculating national productivity (Dissanayake, 2023). Thus, the implementation of green accounting is not merely a technical innovation, but rather an effort to create a macro-accounting system aligned with the principles of *sustainable development goals (SDGs)* . According to *Lee & Kim (2022)* , integrating green accounting into fiscal policy and national development planning can strengthen the effectiveness of public policy, as economic decisions are based not only on monetary values but also on ecological sustainability. This means that green accounting data has the potential to become a scientific basis for formulating fairer and more long-term green economic policies.

Synergy between Sustainability Management and Economic Efficiency

At the organizational level, the concept of *sustainability management* serves as a bridge between business strategy and green economic development goals. *Elkington (2018)* , through the *Triple Bottom Line framework* , emphasizes the balance between profit, people, and planet as the main pillar of sustainability. Research *by Clark & Hebb (2020)* shows that companies with mature sustainability management systems have higher operational efficiency, lower environmental costs, and a stronger market reputation. In the context of national development, synergy between sustainable management practices in the micro sector and macroeconomic policies is crucial. *Mishra et al. (2022)* emphasized that investment in green innovation at the corporate level has spillover effects on the national economy through increased energy productivity, green job creation, and reduced carbon intensity. However, *Khan & Malik (2023)* cautioned that these benefits will not be optimal without the support of adaptive fiscal and institutional policies. Developing countries often face a dilemma between short-term economic efficiency and long-term environmental sustainability. Therefore, the integration of sustainability management needs to be encouraged by policy incentives such as carbon taxes, clean energy subsidies, or mandatory sustainability reporting schemes (Chen, 2021). This synergy can create a positive cycle: sustainability management generates efficient economic performance, while green economic growth strengthens companies' capacity to innovate in environmentally friendly practices. This reciprocal relationship is key to sustainable economic development based on green accounting.

Governance, Regulation, and Accountability in the Implementation of Green Accounting

Governance plays a fundamental role in ensuring the effectiveness of green accounting implementation. *Christ & Burritt (2018) found* that the adoption rate of sustainability reporting is highly dependent on the existence of a strong corporate governance system and government regulations. Meanwhile, *Larrinaga & Bebbington (2021)* highlighted that transparency in environmental reporting can strengthen public trust and encourage private sector participation in sustainable economic development. However, in developing countries, the implementation of green accounting remains hampered by weak legal frameworks and a lack of institutional incentives (Qian et al., 2022). Many companies still view sustainability reporting as an administrative burden, rather than a strategic tool. As a result, the quality of environmental information presented in financial reports is low and it is difficult to integrate with national economic policies.

A study *by Nguyen et al. (2023)* shows that voluntary disclosure regulations are insufficient to drive changes in corporate behavior. Conversely, countries like China have successfully improved the quality of environmental reporting through mandatory *disclosure policies* and integration with fiscal incentive systems (Chen, 2021). *Wang & Li (2022)* emphasize that this success demonstrates the importance of a top-down approach combined with public oversight mechanisms. In the context of public governance, the implementation of green accounting can strengthen government fiscal accountability. When development budgets take into account ecological costs and the value of natural resources, public policy becomes more transparent and efficient. This aligns with the principles of *good governance* , which emphasize transparency, participation, and accountability (Rahman et al., 2022).

Epistemological and Methodological Challenges in Multidisciplinary Integration

One of the biggest challenges in developing green accounting is epistemological and methodological issues. *Sulaiman et al. (2020)* argue that the disciplines of accounting and development economics still operate within different paradigmatic frameworks: accounting focuses on micro-measures and organizational transparency, while development economics focuses on macro-indicators and aggregate policies. This disconnection leads to a lack of integrative models capable of bridging the two levels of analysis. *Huang & Yang (2023)* highlight that most green accounting research remains stuck in measuring companies' environmental impacts, rather than their systemic impact on the national economy. Therefore, a cross-level analytical framework is needed that connects micro-accounting data with macro-development indicators.

In this context, *Kuo (2024)* proposed the *Integrated Sustainable Accounting Framework (ISAF) approach* , which combines social, economic, and environmental dimensions into a single, comprehensive reporting system. This framework has the potential to serve as a basis for reformulating economic development theory that is more reflective of ecological values. Furthermore, *Ali & Frynas (2021)* note that an integrative approach requires collaboration between stakeholders—academia, government, the business sector, and civil society—so that green accounting theory and practice can function as tools for economic transformation, rather than merely symbolic reporting. This multidisciplinary approach is also crucial to avoid the sectoral bias that often occurs when each field operates within its own scientific silo.

Policy Directions and Future Research Implications

Based on the integrative analysis above, there are three main directions that need to be considered in the development of green accounting and sustainability management to support sustainable economic development. First, strengthening regulations and institutions. The government needs to establish a clear legal framework for sustainability reporting and integrate green accounting into the national fiscal system (Wang & Li, 2022). This step will ensure that environmental data serves not only an informative function but also a normative one, serving as a basis for economic planning and public resource allocation. Second, harmonizing global reporting standards. *Zhang's (2023) research* emphasizes the importance of aligning international standards, such as *the Global Reporting Initiative (GRI)* , with national accounting systems to ensure cross-country and cross-sector comparability of sustainability data. This is crucial for encouraging cross-border green investment and creating sustainability-based global economic integration.

Third, the development of cross-disciplinary analysis models. Future researchers need to develop quantitative and qualitative models that link environmental accounting indicators with economic development indicators such as *Green GDP* , resource productivity, and energy efficiency (Huang & Yang, 2023). This methodological integration will strengthen green accounting's position as a credible scientific instrument in supporting development policies. Furthermore, the social aspects of sustainability management also need to be expanded. *Dissanayake (2023)* emphasized that the success of a green economy is determined not only by resource efficiency but also by social inclusiveness and environmental justice. Therefore, the integration of green accounting should not only focus on economic efficiency but also on the redistribution of development benefits to align with the principle of intergenerational equity.

CONCLUSION

This literature review confirms that the integration of *green accounting* and *sustainability management* is a crucial foundation for strengthening the paradigm of sustainable economic development. Conceptually, green accounting functions to internalize environmental and social economic values into the financial reporting system, thereby providing a more holistic picture of national and corporate economic performance (Gray et al., 2010; Dissanayake, 2023). In a macroeconomic context, *Zhou et al. (2021)* and *Chen (2021)* show that the application of green accounting can improve the accuracy of development indicators such as *Gross Domestic Product (GDP)* by accounting for environmental externalities. This signals a shift in the development paradigm from solely focusing on economic growth to a balance between economic efficiency and ecological sustainability.

At the organizational level, *Elkington (2018)* and *Clark & Hebb (2020)* show that sustainability management *drives* resource efficiency and enhances corporate reputation, which in turn creates positive spillover effects to the national economy. The synergy between sustainability practices in the private sector and green economy policies in the public sector is a key driver of the transformation towards a sustainable economy. However, this study also identified several fundamental challenges. *Qian et al. (2022)* and *Nguyen et al. (2023)* emphasized that regulatory differences, a lack of harmonization of reporting standards, and limited institutional capacity are key obstacles to the implementation of green accounting in developing countries. Furthermore, *Sulaiman et al. (2020)* highlighted the epistemological gap between micro-accounting approaches and macroeconomic policies, which weakens the link between environmental reporting and national development.

Another gap also arises in methodology. Most previous research still focuses on companies or industrial sectors, while analysis of systemic implications for national economic development is still limited (Huang & Yang, 2023). *Kuo (2024)* proposed the *Integrated Sustainable Accounting Framework (ISAF) approach* as a conceptual solution to link accounting, economic, and social dimensions within a single, comprehensive system. Theoretically, the results of this study strengthen the position of green accounting as a multidimensional instrument that functions not only for reporting but also as a policy instrument and development control mechanism (Schaltegger et al., 2019). When consistently applied in public and corporate governance systems, green accounting can help countries achieve the *Sustainable*

Development Goals (SDGs) through the integration of economic efficiency, social justice, and environmental protection. Thus, it can be concluded that sustainable economic development requires an accounting approach that reflects ecological and social realities. Green accounting is not merely a technical innovation, but rather an epistemological transformation that changes how the economy is understood, measured, and run (Lee & Kim, 2022). This approach shifts the logic of development from exploitation to conservation, from accumulation to balance, and from a materialistic economy to an ethical economy. To deepen understanding of the contribution of green accounting to sustainable economic development, further research can conduct cross-country empirical research that analyzes the impact of green accounting implementation on development indicators such as *Green GDP* , green investment, and carbon emission reduction, develop an integrative model based on *the Integrated Sustainable Accounting Framework (ISAF)* as proposed by *Kuo (2024)* to systematically link accounting data, social indicators, and environmental indicators. Further research can also conduct qualitative studies that explore stakeholder perceptions of the economic value of sustainability and the barriers to implementing green accounting in the field.

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