

**SUSTAINABILITY ACCOUNTING PRACTICES AND CORPORATE PERFORMANCE: A SYSTEMATIC LITERATURE REVIEW****PRAKTIK AKUNTANSI KEBERLANJUTAN DAN KINERJA PERUSAHAAN: TINJAUAN LITERATUR SISTEMATIS****Eko Prasetyo<sup>1</sup>, Muhammad Hidayat<sup>2</sup>**Universitas Negeri Surabaya<sup>1</sup>, Universitas Pasundan<sup>2</sup>

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*\*Corresponding Author***ABSTRACT**

Evidence on whether sustainability accounting pays off is scattered across disclosure studies, ESG-rating studies and management-accounting research that rarely speak to one another. This review asks which sustainability accounting practices have been linked to corporate performance, in which direction, and under what conditions. Following PRISMA 2020, we screened 40 records retrieved through 17 targeted searches of web-indexed scholarly sources and retained 20 peer-reviewed journal articles published between 2010 and 2024. Studies were coded by practice cluster, performance outcome and direction of association, and synthesised narratively. Of the 14 empirical studies, four report favourable associations without qualification, four report favourable associations that hold only under stated conditions (such as material issues, superior performers or particular contexts), three report mixed results that depend on the performance measure or sector, one finds no association and one finds a negative association; the direction of the remaining study could not be coded. Three channels recur: a capital-market channel, a real-effects channel that runs through internal decision making and control, and a resource channel. Only four of the 20 studies concern internal sustainability accounting and control, only one of these tests it against performance, and none of the included studies is set in Southeast Asia. We propose a practice-channel-outcome framework and a research agenda centred on separating accounting practice from sustainability performance, strengthening causal identification and extending the evidence to under-represented settings.

**Keywords:** sustainability accounting; sustainability reporting; ESG disclosure; eco-control; corporate performance; systematic literature review

**ABSTRAK**

*Bukti empiris mengenai apakah akuntansi keberlanjutan memberikan manfaat bagi perusahaan masih tersebar dalam berbagai penelitian tentang pengungkapan keberlanjutan, pemeringkatan ESG, dan akuntansi manajemen yang relatif jarang dikaji secara terpadu. Tinjauan ini bertujuan mengidentifikasi praktik akuntansi keberlanjutan yang telah dikaitkan dengan kinerja perusahaan, arah hubungan yang ditemukan, serta kondisi yang mempengaruhi hubungan tersebut. Dengan mengikuti pedoman PRISMA 2020, kami menyaring 40 rekaman yang diperoleh melalui 17 penelusuran terarah pada sumber ilmiah yang terindeks di web dan mempertahankan 20 artikel jurnal yang telah melalui proses penelaahan sejawat (peer review) dan diterbitkan pada periode 2010–2024. Artikel-artikel tersebut diklasifikasikan berdasarkan kelompok praktik, luaran kinerja, dan arah hubungan, kemudian disintesis menggunakan pendekatan naratif. Dari 14 penelitian empiris, empat penelitian melaporkan hubungan positif tanpa kualifikasi, empat penelitian menemukan hubungan positif yang hanya berlaku dalam kondisi tertentu, seperti isu keberlanjutan yang material, perusahaan dengan kinerja unggul, atau konteks tertentu, tiga penelitian menunjukkan hasil yang beragam bergantung pada ukuran kinerja atau sektor yang diteliti, satu penelitian tidak menemukan hubungan, dan satu penelitian menemukan hubungan negatif. Sementara itu, arah hubungan dalam satu penelitian lainnya tidak dapat diklasifikasikan. Terdapat tiga mekanisme utama yang berulang dalam literatur, yaitu mekanisme pasar modal, mekanisme dampak riil melalui pengambilan keputusan dan pengendalian internal, serta mekanisme berbasis sumber daya. Hanya empat dari 20 penelitian yang membahas akuntansi dan pengendalian keberlanjutan internal. Dari keempat penelitian tersebut, hanya satu yang menguji hubungannya dengan kinerja perusahaan,*

dan tidak satu pun penelitian yang termasuk dalam tinjauan ini dilakukan di kawasan Asia Tenggara. Berdasarkan temuan tersebut, kami mengusulkan kerangka konseptual praktik–mekanisme–luaran (*practice–channel–outcome framework*) serta agenda penelitian yang berfokus pada perbedaan antara praktik akuntansi dan kinerja keberlanjutan, penguatan identifikasi kausal, serta perluasan bukti empiris ke konteks yang selama ini kurang terwakili dalam literatur.

**Kata Kunci:** *akuntansi keberlanjutan; pelaporan keberlanjutan; pengungkapan ESG; pengendalian ekologis; kinerja perusahaan; tinjauan literatur sistematis.*

## 1. INTRODUCTION

Few questions in accounting research have attracted as many tests as whether firms gain financially from acting sustainably. Friede et al. (2015) combined the findings of about 2,200 individual studies and reported that roughly nine in ten found a non-negative relation between ESG criteria and corporate financial performance, with the large majority positive. The result has not settled the matter for practice. Mandatory sustainability reporting continues to be debated on the premise that better information improves capital allocation, while Christensen et al. (2021), after reviewing the relevant literature, stress that the economic consequences of such mandates remain uncertain and may include unintended effects.

Accounting enters this debate in two ways. Externally, it shapes what firms report about environmental and social matters and how credibly they do so. Internally, it supplies the measurement, control and decision-support routines through which sustainability is translated into managerial action. Burritt and Schaltegger (2010) described the field as pulled between a managerial path that improves decision making and a critical path that raises awareness, and argued that development should lean toward the former. We use sustainability accounting practices as an umbrella for both sides: external disclosure and reporting, including integrated reporting, and internal systems such as eco-control, sustainability control systems and sustainability balanced scorecards. Corporate performance is treated broadly. It covers accounting-based measures such as return on assets (ROA), market-based measures such as Tobin's Q and stock returns, capital-market outcomes such as the cost of equity and liquidity, and environmental performance as an intermediate outcome.

Existing syntheses each cover only part of this space. Friede et al. (2015) aggregate ESG financial performance results largely by counting studies and treat ESG criteria as one construct. Hansen and Schaltegger (2016) review the architectures of sustainability balanced scorecards but not their performance consequences. Christensen et al. (2021) concentrate on mandatory reporting. Individual studies, meanwhile, point in different directions. Buallay (2019) reports a positive association between ESG disclosure and bank performance in Europe, whereas Buallay et al. (2023), using a larger international sample of banks and financial services firms, report a negative one. To the best of our knowledge, and within the searches described below, no earlier review has organised external reporting practices and internal sustainability accounting practices within a single performance-oriented frame.

This article therefore addresses four research questions. RQ1: Which sustainability accounting practices have been examined in relation to corporate performance? RQ2: What does the evidence show about the direction of the association across performance dimensions? RQ3: Through which mechanisms, and under which conditions, are these associations said to operate? RQ4: Which gaps should guide future research? The review contributes in three ways. It maps the retained evidence by practice rather than by label, which shows how little of it concerns accounting practice as such. It makes the direction of evidence explicit and traces much of the apparent inconsistency to measurement, sector and context. And it proposes a practice–channel–outcome framework and an agenda that pays particular attention to settings, such as Southeast Asia, where evidence is thin.

## 2. METHOD

### 2.1 Review protocol

The review is reported according to PRISMA 2020 (Page et al., 2021) and follows the staged logic that Tranfield et al. (2003) adapted from medical systematic review for management research: planning, searching and selecting, extracting and appraising, and synthesising. The protocol was not pre-registered. Because the field is conceptually broad and methodologically heterogeneous, the synthesis is narrative and thematic rather than a pooled meta-analysis.

### 2.2 Eligibility criteria

Eligibility was defined before screening and is summarised in Table 1.

**Table 1. Eligibility criteria**

| Criterion           | Inclusion                                                                                                                                                                                                                                         | Exclusion                                                                                         |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Publication type    | Peer-reviewed journal articles (empirical, review or conceptual)                                                                                                                                                                                  | Theses and dissertations, conference items, practitioner reports, items without a journal version |
| Period and language | 2010–2025; English                                                                                                                                                                                                                                | Earlier or non-English items                                                                      |
| Phenomenon          | External sustainability disclosure and reporting (including ESG disclosure and integrated reporting); internal sustainability accounting, control and measurement systems; sustainability performance measured within accounting research designs | General financial disclosure without a sustainability component                                   |
| Outcome             | Corporate performance: accounting-based, market-based, capital-market (e.g., cost of equity, liquidity) or environmental and organisational performance as an intermediate outcome                                                                | Outcomes unrelated to performance (e.g., earnings management)                                     |
| Verifiability       | Authors, venue, year and volume or DOI confirmable from the retrieved record                                                                                                                                                                      | Records whose bibliographic details could not be confirmed                                        |

**Sources: Processed Data, 2026**

### 2.3 Information sources and search strategy

Searches were run in October 2026. Direct access to Scopus and Web of Science was not available for this review, so retrieval relied on a web search engine that indexes publisher platforms (for example Emerald, Elsevier, Springer, Wiley, Taylor & Francis, INFORMS and the American Accounting Association), bibliographic aggregators (RePEc/IDEAS, SSRN) and institutional repositories. The first search used the seed query “sustainability accounting corporate financial performance systematic literature review”. Sixteen further searches combined practice terms (ESG or sustainability reporting, eco-control, sustainability balanced scorecard, integrated report quality, mandatory CSR reporting, voluntary CSR disclosure) with performance terms (financial performance, firm value, cost of equity, economic performance), and a small number targeted well-known studies surfaced by earlier results. In total, 17 searches were run. Search results were screened as returned; no automated de-duplication

tool was used, and different versions of the same work (working paper, repository copy, journal version) were merged when records were logged.

For replication in a subscription database, we propose the following string, which was designed from the same concepts but was not executed in Scopus or Web of Science for this article: TITLE-ABS-KEY ( ( "sustainability accounting" OR "sustainability reporting" OR "ESG disclosure" OR "integrated report" OR "eco-control" OR "sustainability balanced scorecard" ) AND ( "financial performance" OR "firm value" OR "corporate performance" OR "cost of capital" ) ) AND PUBYEAR > 2009 AND DOCTYPE ( ar OR re ).

#### 2.4 Study selection

Selection followed the four PRISMA stages. Forty records were identified. All 40 were screened on title and abstract; 11 were excluded (theses or dissertations,  $n = 4$ ; a non-journal item,  $n = 1$ ; an off-topic construct or outcome,  $n = 6$ ). The remaining 29 were assessed against the full eligibility criteria, and nine were excluded because their bibliographic record could not be verified. Twenty studies were retained (Figure 1).

#### 2.5 Data extraction and coding

For each study we extracted authors, year, venue, design, setting, sustainability accounting practice, performance outcome and main finding. Each study was then assigned to a practice cluster: (A) external disclosure and reporting; (B) sustainability performance or ratings used as the explanatory variable; (C) internal sustainability accounting and control; or (D) cross-cutting review. Empirical studies were also coded for direction of association using five rules. Positive (POS): a favourable association on the principal performance measures with no stated qualification. Conditional (CON): a favourable association that holds only for specified subsets, conditions or mechanisms. Mixed (MIX): favourable on some measures or sectors and null or unfavourable on others. Null (NUL): no association. Negative (NEG): an unfavourable association. A study whose retrieved record did not reveal its findings was marked not coded (NC); reviews and conceptual papers were marked REV.

#### 2.6 Quality appraisal and synthesis

Appraisal was pragmatic. Each study had to appear in a peer-reviewed journal, state its sample and measure transparently where it was empirical, and describe its analytic approach. No formal risk-of-bias instrument was applied, and the limitation that follows from this is discussed in Section 4. Findings were synthesised thematically by practice cluster, performance dimension and mechanism. Direction counts are descriptive only. With a purposive corpus of this size they should not be read as population estimates, and no effect sizes were pooled.

**Table 2. PRISMA 2020 flow of study selection**

|                       |                                                                                               |                                                                                                                                                             |
|-----------------------|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Identification</b> | Records identified through 17 targeted searches of web-indexed scholarly sources ( $n = 40$ ) | Versions of the same work (working paper, repository copy, journal version) merged when records were logged                                                 |
| <b>Screening</b>      | Records screened on title and abstract ( $n = 40$ )                                           | Records excluded ( $n = 11$ ):<br>Student theses or dissertations ( $n = 4$ )<br>Off-topic construct or outcome ( $n = 6$ )<br>Non-journal item ( $n = 1$ ) |

|                    |                                                                                                                 |                                                                                                                     |
|--------------------|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| <b>Eligibility</b> | Records assessed against full eligibility criteria (n = 29)                                                     | Records excluded (n = 9):<br>Bibliographic record could not be verified (authors, venue, year or volume incomplete) |
| <b>Included</b>    | Studies included in the qualitative synthesis (n = 20)<br>Empirical n = 14; reviews and conceptual papers n = 6 |                                                                                                                     |

Source: Processed Data, 2026

### 3. RESULTS AND DISCUSSIONS

#### 3.1 Profile of the included studies

Table 2 lists the 20 studies. Thirteen are archival empirical studies, one is a survey, four are reviews and two are conceptual papers. They appear in 13 different publication years between 2010 and 2024. Because the corpus was assembled through targeted searches rather than a full database census, the distribution over time should not be read as a trend in the field. Where the retrieved record states the sampling setting (10 of the 14 empirical studies), the evidence comes from the United States (two studies), Germany (three), European and Central European banks (two), Canada (one), South Africa (one) and a 60-country bank sample (one). Banks and financial services firms feature in four of the 14 empirical studies, manufacturing in two, and heavily polluting industries in one. No retained study is set in Southeast Asia.

**Table 3. Characteristics and main findings of the included studies**

| # | Study                  | Design and setting                                           | Practice or construct                 | Main finding relevant to performance                                                                                                                                   | Code |
|---|------------------------|--------------------------------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| A |                        |                                                              |                                       | Cluster A: external disclosure and reporting                                                                                                                           |      |
| 1 | Dhaliwal et al. (2011) | Archival; firms initiating stand-alone CSR reports           | Initiation of voluntary CSR reporting | Cost of equity falls after initiation for firms with superior CSR performance; initiators attract dedicated institutional investors and analysts and raise more equity | CON  |
| 2 | Buallay (2019)         | Archival; 235 European banks, 2007–2016 (2,350 observations) | ESG disclosure                        | Positive association with ROA, ROE and Tobin's Q; environmental disclosure linked to ROA and Tobin's Q                                                                 | POS  |
| 3 | Buallay (2020)         | Archival; manufacturing and banking sectors compared         | ESG reporting                         | Positive effect on operational, financial and market performance in manufacturing; negative in banking                                                                 | MIX  |

| #  | Study                  | Design and setting                                                                  | Practice or construct                            | Main finding relevant to performance                                                                                                                                  | Code |
|----|------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| 4  | Buallay et al. (2023)  | Archival; 4,458 observations, 60 countries, 2008–2017; banks and financial services | ESG score and pillars                            | Negative relationship with ROA, ROE and Tobin's Q overall; effects differ by region and pillar                                                                        | NEG  |
| 5  | Lamanda (2024)         | Archival; banks in the Visegrad Four countries                                      | Multidimensional ESG disclosure index            | No connection between ESG disclosure and operational or financial performance; disclosure related to bank size and capital adequacy                                   | NUL  |
| 6  | Barth et al. (2017)    | Archival; South Africa, where integrated reporting is mandatory                     | Integrated report quality                        | Higher quality associated with liquidity, expected future cash flows and investment efficiency; no relation to cost of capital                                        | MIX  |
| 7  | Fatemi et al. (2018)   | Archival; firm-value models                                                         | ESG performance, with disclosure as moderator    | Examines whether disclosure moderates the ESG performance–firm value link; direction not coded from the retrieved record                                              | NC   |
| B  |                        |                                                                                     |                                                  | Cluster B: sustainability performance or ratings as explanatory variable                                                                                              |      |
| 8  | Eccles et al. (2014)   | Matched sample of 180 US firms; policy adoption by 1993, outcomes to 2009           | Voluntary sustainability policies                | High-sustainability firms show distinct governance, engagement and measurement processes and outperform in stock market and accounting performance over the long term | POS  |
| 9  | Khan et al. (2016)     | Archival; ratings mapped to industry materiality classifications                    | Material versus immaterial sustainability issues | Good ratings on material issues linked to higher stock returns and future accounting performance; no such link for immaterial issues                                  | CON  |
| 10 | Clarkson et al. (2011) | Archival, longitudinal 1990–2003; four heavily polluting US industries              | Proactive environmental strategy and performance | Financial resources precede environmental performance; improvements in environmental performance precede better financial performance                                 | POS  |
| 11 | Velte (2017)           | Archival; German Prime Standard firms, 2010–2014 (412 firm-years)                   | ESG performance (Asset4)                         | Positive effect on ROA but none on Tobin's Q; governance pillar strongest                                                                                             | MIX  |

| #  | Study                       | Design and setting                                               | Practice or construct                                        | Main finding relevant to performance                                                                                                            | Code |
|----|-----------------------------|------------------------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|------|
| 12 | Velte (2020)                | Archival; German HDAX and SDAX firms, 2010–2018 (775 firm-years) | ESG performance and CEO power                                | Positive effect on ROA, stronger where CEO power is higher                                                                                      | POS  |
| 13 | Habermann (2021)            | Archival; German Prime Standard firms, 2015–2019                 | Corporate social performance and pillars                     | Overall, social and governance performance improve financial performance; over-investment in the social pillar destroys value                   | CON  |
| C  |                             |                                                                  |                                                              | Cluster C: internal sustainability accounting and control                                                                                       |      |
| 14 | Henri & Journeault (2010)   | Survey; Canadian manufacturing firms                             | Eco-control                                                  | No direct effect on economic performance; indirect effect through environmental performance under higher exposure, visibility, concern and size | CON  |
| 15 | Gond et al. (2012)          | Conceptual                                                       | Integration of management and sustainability control systems | Diagnostic versus interactive use yields eight configurations and paths to integration or marginalisation of sustainability                     | REV  |
| 16 | Hansen & Schaltegger (2016) | Systematic review of 69 articles                                 | Sustainability balanced scorecard architectures              | Typology of architectures; instrumental, social/political and normative motivations                                                             | REV  |
| 17 | Hahn & Figge (2018)         | Conceptual critique                                              | Sustainability balanced scorecard                            | Argues the scorecard aligns sustainability with core routines and cannot deliver strategic change beyond incrementalism                         | REV  |
| D  |                             |                                                                  |                                                              | Cluster D: cross-cutting reviews                                                                                                                |      |
| 18 | Friede et al. (2015)        | Second-order meta-analysis of about 2,200 studies                | ESG criteria                                                 | Roughly 90% of studies find a non-negative ESG–financial performance relation; large majority positive; stable over time                        | REV  |
| 19 | Christensen et al. (2021)   | Literature review and economic analysis                          | Mandatory CSR and sustainability reporting                   | Assesses capital-market, stakeholder and firm-behaviour effects of mandates; stresses uncertainty and possible unintended consequences          | REV  |

| #  | Study                        | Design and setting | Practice or construct                   | Main finding relevant to performance                                                                                             | Code |
|----|------------------------------|--------------------|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|------|
| 20 | Burritt & Schaltegger (2010) | Literature review  | Sustainability accounting and reporting | Managerial decision-support and critical paths both contribute; future development should lean toward managerial decision making | REV  |

**Note.** POS = positive; CON = conditional; MIX = mixed; NUL = null; NEG = negative; NC = not coded; REV = review or conceptual paper. Codes follow the rules in Section 2.5. Letters A–D mark practice clusters.

### 3.2 RQ1: Which practices have been studied?

The 20 studies fall into four clusters (Table 2). The largest, with seven studies, concerns external disclosure and reporting: the initiation of CSR reports (Dhaliwal et al., 2011), ESG disclosure scores in banks and other sectors (Buallay, 2019, 2020; Buallay et al., 2023; Lamanda, 2024), integrated report quality (Barth et al., 2017) and disclosure as a moderator of ESG performance (Fatemi et al., 2018). A second cluster of six studies does not measure accounting practice at all. It uses sustainability performance, typically vendor ratings or policy-adoption indicators, as the explanatory variable (Clarkson et al., 2011; Eccles et al., 2014; Khan et al., 2016; Velte, 2017, 2020; Habermann, 2021). These studies appear in accounting and related outlets and speak to accounting audiences, yet what they test is the financial payoff of sustainability performance rather than of an accounting practice. The third cluster, four studies, addresses internal sustainability accounting and control: eco-control (Henri & Journeault, 2010), the integration of management and sustainability control systems (Gond et al., 2012) and sustainability balanced scorecards (Hansen & Schaltegger, 2016; Hahn & Figge, 2018). Only Henri and Journeault (2010) test such a practice against performance with data. The remaining three are cross-cutting reviews (Burritt & Schaltegger, 2010; Friede et al., 2015; Christensen et al., 2021).

Two observations follow. First, in the retrieved corpus, evidence on external reporting and on sustainability-rating studies outweighs evidence on internal practices, so the managerial path that Burritt and Schaltegger (2010) wanted to see strengthened has produced little performance testing. Second, the line between reporting a sustainability activity and carrying it out is often blurred. Eccles et al. (2014) show why this matters. Firms with long-standing sustainability policies also had boards formally responsible for sustainability, executive incentives tied to sustainability metrics, processes for stakeholder engagement, and more measurement and disclosure of nonfinancial information. Disclosure travelled with a bundle of organisational practices, which makes its separate contribution to performance hard to isolate.

### 3.3 RQ2: Direction of the evidence

Table 4 summarises the direction of association in the 14 empirical studies.

**Table 4. Direction of association in the empirical studies (n = 14)**

| Direction      | n | Studies                                                                    | Typical qualifier                                                                                |
|----------------|---|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| Positive (POS) | 4 | Buallay (2019); Clarkson et al. (2011); Eccles et al. (2014); Velte (2020) | Favourable on the principal measures; Velte (2020) finds the link stronger with higher CEO power |

| Direction         | n | Studies                                                                                 | Typical qualifier                                                                                                           |
|-------------------|---|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| Conditional (CON) | 4 | Dhaliwal et al. (2011); Khan et al. (2016); Habermann (2021); Henri & Journeault (2010) | Superior performers; material issues; absence of social-pillar over-investment; indirect path via environmental performance |
| Mixed (MIX)       | 3 | Velte (2017); Buallay (2020); Barth et al. (2017)                                       | Depends on the measure (ROA versus Tobin's Q; liquidity versus cost of capital) or sector                                   |
| Null (NUL)        | 1 | Lamanda (2024)                                                                          | No link between ESG disclosure and bank performance                                                                         |
| Negative (NEG)    | 1 | Buallay et al. (2023)                                                                   | Negative on ROA, ROE and Tobin's Q; varies by region and pillar                                                             |
| Not coded (NC)    | 1 | Fatemi et al. (2018)                                                                    | Moderating role of disclosure; findings not available in the retrieved record                                               |

Source: Processed Data, 2026

Four studies report favourable associations without stated qualification (Buallay, 2019; Clarkson et al., 2011; Eccles et al., 2014; Velte, 2020). Another four find favourable associations that depend on a condition. In Dhaliwal et al. (2011), only initiating firms with superior CSR performance enjoyed a subsequent fall in the cost of equity. In Khan et al. (2016), good ratings on material issues were associated with higher returns and later accounting performance, while good ratings on immaterial issues were not. Habermann (2021) finds that overall, social and governance performance improve financial performance, but that social pillar over investment destroys value. Henri and Journeault (2010) find no direct effect of eco-control on economic performance; the effect runs through environmental performance, and only where environmental exposure, public visibility, environmental concern and firm size are higher. Three studies are mixed, one is null and one is negative.

Read next to Friede et al. (2015), who report that most primary studies are non-negative, the picture is one of predominantly favourable but conditional evidence. Four sources of variation explain much of the remaining disagreement. The first is the performance metric. Velte (2017) finds an effect on ROA but not on Tobin's Q, whereas Buallay (2019) reports effects on ROA, ROE and Tobin's Q together. Accounting-based and market-based measures can respond over different horizons, and Eccles et al. (2014) tie their favourable result explicitly to the long term. The second is sector and context. Banks supply most of the null, negative and sector-specific negative results: Buallay (2020) finds a negative effect in banking but a positive one in manufacturing, Buallay et al. (2023) find a negative relationship across a global bank sample, and Lamanda (2024) finds none in four Central European countries. Yet Buallay (2019) reports a positive result for European banks, so sector alone cannot account for the divergence, and sample period, region and ESG measurement must matter too. It is also worth noting that three of the four banking studies share a lead author, which limits how far they count as independent evidence.

The third source is materiality and selectivity. Khan et al. (2016) show that the same rating can carry opposite implications depending on whether the issue is material to the industry. The fourth is causality. Clarkson et al. (2011) find that earlier financial resources predict later environmental performance, so a contemporaneous association may partly reflect slack rather than a payoff, and Dhaliwal et al. (2011) show that firms with a higher prior cost of equity were more likely to initiate reporting, a selection pattern that complicates simple comparisons. Non-linearity adds a further wrinkle, since Habermann's (2021) over-investment result implies that more sustainability activity is not always better.

### 3.4 RQ3: Mechanisms and boundary conditions

Three channels recur across the retained studies, and a fourth appears as a counterweight (Table 5).

**Table 5. A practice, channel, outcome framework derived from the review**

| Channel                                | Practices involved                                                                                                   | Performance outcomes                                                                                      | Supporting studies                                                                       |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Capital-market channel                 | Voluntary and mandatory disclosure; integrated report quality                                                        | Cost of equity, analyst following, institutional ownership, liquidity                                     | Dhaliwal et al. (2011); Barth et al. (2017); Christensen et al. (2021)                   |
| Real-effects channel                   | Sustainability governance, incentives and measurement; eco-control; integrated management and sustainability control | Environmental performance, investment efficiency, long-term accounting and market performance             | Eccles et al. (2014); Henri & Journeault (2010); Barth et al. (2017); Gond et al. (2012) |
| Resource channel                       | Proactive environmental strategy backed by financial resources                                                       | Financial performance that rivals cannot easily mimic                                                     | Clarkson et al. (2011)                                                                   |
| Cost and over-investment counterweight | Sustainability activity beyond what the firm can convert into value                                                  | Lower financial performance in the over-invested pillar; negative or null results in some banking samples | Habermann (2021); Buallay (2020); Buallay et al. (2023); Lamanda (2024)                  |

The capital-market channel is the best documented. Dhaliwal et al. (2011) trace a lower cost of equity, greater attention from dedicated institutional investors and analysts, and lower analyst forecast errors for initiators with superior CSR performance. Barth et al. (2017) find that integrated report quality relates to liquidity, though not to the cost of capital. Christensen et al. (2021) organise the likely effects of mandates in similar terms, adding effects on stakeholders other than investors and on firm behaviour, and they warn that outcomes are hard to predict.

The real-effects channel suggests that reporting works, when it works, because it changes decisions. Barth et al. (2017) find that integrated report quality is associated with investment efficiency, consistent with better internal decisions, and Eccles et al. (2014) document the governance, incentive and measurement routines that accompany long-run sustainability policies. Henri and Journeault (2010) go furthest in specifying the path: eco-control improves economic performance only by first improving environmental performance, and only in some contexts. Gond et al. (2012) add that the outcome depends on whether management control systems and sustainability control systems are used diagnostically or interactively and on how closely they are integrated, which they combine into eight configurations. The resource channel is represented by Clarkson et al. (2011), who read their results through the resource-based view: a green strategy can improve financial performance, but firms with fewer resources cannot easily copy it.

Boundary conditions complete the picture. Sector (Buallay, 2020), CEO power (Velte, 2020), disclosure (Fatemi et al., 2018), materiality (Khan et al., 2016), exposure, visibility and size (Henri & Journeault, 2010) and the reporting regime (Barth et al., 2017; Christensen et al.,

2021) all shape the association. The practical implication is that the relevant question is seldom whether sustainability accounting improves performance in general, but for whom, through which channel and on which measure.

### 3.5 Theoretical anchoring and the debate over internal practices

Theoretical anchoring is uneven. Explicit lenses in the retrieved records include the resource-based view (Clarkson et al., 2011), stakeholder and upper-echelons theory (Velte, 2020), a levers-of-control framework (Gond et al., 2012), instrumental, social/political and normative perspectives (Hansen & Schaltegger, 2016) and an over-investment account (Habermann, 2021). For the disclosure studies, the retrieved records rarely show a mechanism tested directly; Dhaliwal et al. (2011) and Barth et al. (2017) are the clearest exceptions because they decompose outcomes into cost of capital, analyst behaviour, liquidity and investment efficiency.

The literature on internal practices also contains a live disagreement that performance tests have not yet resolved. Hansen and Schaltegger (2016) show that sustainability balanced scorecards are built on different motivations and take different architectures. Hahn and Figge (2018) respond that, whatever the architecture, the scorecard is rooted in aligning sustainability with established core routines and therefore cannot drive strategic change beyond incrementalism. If they are right, a positive financial payoff from such tools would reflect efficiency gains inside existing strategy, not transformation. That distinction matters for how performance results should be interpreted, and it echoes the tension between managerial and critical paths that Burritt and Schaltegger (2010) identified.

### 3.6 RQ4: Research agenda

The gaps visible in the corpus translate into six lines of work (Table 6).

**Table 6. Research agenda**

| Gap                                  | Evidence in this review                                                                                                            | Research questions                                                                                                                                                   |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Separating practice from performance | Cluster B studies use ratings or policy adoption; Eccles et al. (2014) show disclosure travels with other organisational practices | Do reporting choices explain performance beyond underlying sustainability performance? Matched-pair and staggered-adoption designs could help                        |
| Causal identification                | Resources precede environmental performance (Clarkson et al., 2011); adopters self-select (Dhaliwal et al., 2011)                  | Can mandates or staggered rules (Barth et al., 2017; Christensen et al., 2021) identify effects more cleanly than contemporaneous panels?                            |
| Internal practices                   | One empirical test (Henri & Journeault, 2010) among four internal-practice studies                                                 | Do sustainability control systems and scorecards improve financial and environmental performance, and does diagnostic or interactive use matter (Gond et al., 2012)? |
| Sector and institutional context     | Banking results diverge (Buallay, 2019, 2020; Buallay et al., 2023; Lamanda, 2024)                                                 | Why do effects differ across sectors, regions and regulatory regimes, and how far does materiality (Khan et al., 2016) explain it?                                   |

| Gap                                 | Evidence in this review                                                                                                   | Research questions                                                                                                                              |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Under-represented settings          | No retained study set in Southeast Asia; South Africa is the only emerging-economy setting confirmed (Barth et al., 2017) | Do findings hold in Indonesia and the wider ASEAN region, including state-owned and family-controlled firms and different reporting rules?      |
| Non-linearity, cost and credibility | Over-investment effect (Habermann, 2021); no retained study centres on report credibility or assurance                    | Are there thresholds beyond which sustainability spending reduces value, and does the credibility of reported information condition the payoff? |

### 3.7 Implications

For researchers, the main implication is conceptual discipline. Studies that call themselves sustainability accounting research should say whether they test an accounting practice (a reporting choice, a control system, a measurement routine) or the financial value of sustainability performance, because the two answer different questions and the retrieved literature mixes them. For managers, the evidence suggests that benefits are more likely when sustainability information is tied to material issues and to decisions, as the real-effects channel implies, than when it is produced as a stand-alone report. For investors and regulators, the conditional and sometimes null results in Table 3 argue for caution about assuming uniform benefits from reporting requirements, in line with Christensen et al. (2021). In jurisdictions where sustainability reporting expectations are expanding, the thin Southeast Asian evidence base is a reason to monitor local outcomes rather than import conclusions drawn from the United States, Germany or South Africa.

## 4. CONCLUSION

This review set out to establish which sustainability accounting practices have been linked to corporate performance, in which direction and why. Within the 20 retained studies, external disclosure and sustainability-rating research dominate; internal sustainability accounting and control are conceptually rich but rarely tested against performance. The empirical evidence is predominantly favourable but conditional: four studies are unqualified positives, four are positives that depend on materiality, superior performance, context or mediation, and the remainder are mixed, null or negative. Variation is best explained by the performance measure, the sector and institutional setting, materiality, causal ordering and possible over-investment, and the evidence points to capital-market, real-effects and resource channels through which sustainability accounting may matter.

Several limitations qualify these conclusions. Retrieval relied on web-indexed scholarly sources rather than Scopus or Web of Science, so the corpus is purposive and small, and the flow numbers are not a database census. A single reviewer screened and coded all records, no formal risk-of-bias tool was applied, and effect sizes were not pooled. The review is limited to English-language, peer-reviewed articles, and nine records were excluded because their bibliographic details could not be verified, which may have removed relevant work. The findings should therefore be treated as a structured map of the retained evidence, and the proposed search string should be run in subscription databases, with dual screening, to test whether the map holds at scale. Future research should separate accounting practice from sustainability performance, exploit regulatory changes for causal identification, test internal sustainability accounting and control against performance directly, and extend the evidence to Southeast Asia and other under-represented settings.

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