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Sustainability transparency or symbolic compliance: green accounting, ESG disclosure, and earnings management

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ABSTRACT

This study explores the relationship between Green Accounting, ESG Disclosure, and accrual-based earnings management within manufacturing companies listed on the Indonesia Stock Exchange (IDX), addressing the potential disconnect between sustainability practices and financial reporting integrity, particularly concerning earnings manipulation. Using a library research approach, primary data was collected from academic literature, and secondary data was gathered from the annual and sustainability reports of 40 manufacturing firms. The study focuses on Green Accounting practices, ESG Disclosure, and their effects on earnings management. The findings indicate that while Green Accounting practices are underdeveloped, companies that disclose environmental costs in their financial reports tend to show lower levels of earnings manipulation. Companies with higher-quality ESG Disclosure are more likely to exhibit transparent financial reporting with fewer discretionary accruals, suggesting that greater transparency, particularly on environmental performance, reduces earnings management. The study concludes that Green Accounting and robust ESG Disclosure can enhance financial reporting integrity and reduce earnings manipulation, although stronger regulatory frameworks and the integration of sustainability practices into corporate governance are necessary to improve transparency and accountability.

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Introduction

In recent years, sustainability issues have moved from the periphery of corporate discourse to the center of strategic decision-making, particularly within environmentally sensitive sectors such as manufacturing. Manufacturing companies listed on the Indonesia Stock Exchange (IDX) operate in industries that generate significant environmental externalities, including carbon emissions, industrial waste, and intensive natural resource consumption. As public awareness of environmental degradation increases, regulators, investors, and civil society organizations have intensified their demands for corporate accountability through the implementation of Green Accounting practices and

comprehensive ESG Disclosure. Green Accounting encourages firms to recognize, measure, and disclose environmental costs and liabilities within their financial reporting systems, while ESG Disclosure extends transparency to environmental, social, and governance dimensions of performance. However, despite these growing expectations, concerns regarding the credibility of financial reporting persist, particularly in relation to accrual-based earnings management, which allows managers discretion in estimating accounting accruals. This discretion may be used opportunistically to smooth earnings or achieve specific financial targets without altering underlying cash flows. The coexistence of expanded sustainability reporting and persistent earnings management raises a fundamental concern regarding whether sustainability initiatives truly enhance reporting integrity or merely coexist with opportunistic financial behavior (Akbar et al. 2024).

Existing research has documented divergent relationships between sustainability practices and earnings management, raising questions about whether ESG engagement consistently reflects financial reporting integrity. Sun et al. (2024) found that stronger ESG performance was associated with lower earnings management, suggesting that sustainability engagement may reinforce monitoring mechanisms and reduce information asymmetry. In contrast, Soeprajitno et al. (2024) demonstrated that superior sustainability performance was associated with lower accrual-based earnings management but higher real earnings management, indicating that firms may shift between alternative reporting strategies. Further evidence from research on ESG rating divergence suggests that the relationship between ESG performance and earnings management depends on the consistency of external sustainability assessments. These findings challenge the assumption that sustainability transparency uniformly constrains managerial opportunism. Although previous studies have investigated ESG performance and earnings management, the relationship between environmental cost recognition, the substantive quality of ESG disclosure, and accrual-based reporting behavior remains conceptually important, particularly in emerging institutional environments. Accordingly, this study examines the distinction between substantive sustainability accountability and symbolic disclosure practices within the Indonesian corporate reporting context.(Rounaghi 2019) (Primacintya and Kusuma 2025).

In response to the identified research gap, this study aims to empirically examine the relationships between Green Accounting, ESG Disclosure, and accrual-based earnings management in manufacturing companies listed on the Indonesia Stock Exchange(Dimitrov 2024). Specifically, the first objective of this research is to analyze whether the implementation of Green Accounting practices, reflected in the recognition and disclosure of environmental expenditures and liabilities, significantly influences the level of discretionary accruals(Riyadh et al. 2020). The second objective is to investigate whether firms with higher levels of ESG Disclosure demonstrate lower engagement in accrual-based earnings management, thereby indicating improved earnings quality. Furthermore, this study seeks to assess the combined effect of Green Accounting and ESG Disclosure on managerial financial reporting behavior, providing a more integrated perspective on sustainability and accounting practices. By employing quantitative empirical analysis based on publicly available annual and sustainability reports, this research intends to generate robust evidence regarding whether sustainability initiatives in Indonesian manufacturing firms contribute to financial reporting integrity. Ultimately, the study aspires to enrich the academic discourse on sustainable accounting practices while offering insights relevant to regulators, investors, and corporate decision-makers in emerging capital markets (Primacintya and Kusuma 2025).

The importance of this study lies in its attempt to address a critical ambiguity within sustainability and accounting research, namely whether sustainability engagement genuinely constrains managerial opportunism or merely reshapes its presentation. Conceptually, two competing arguments can be advanced. The first argument posits that Green Accounting and ESG Disclosure enhance transparency, strengthen governance oversight, and increase stakeholder scrutiny, thereby reducing managers' incentives and opportunities to engage in accrual-based earnings management. Under this view, sustainability-oriented firms are expected to exhibit higher earnings quality and lower discretionary accruals(Sultan et al. 2024). The second argument suggests that sustainability reporting may function as a strategic legitimacy tool, enabling firms to cultivate a socially responsible image while simultaneously engaging in sophisticated forms of earnings management that are less detectable by external stakeholders. Given these competing perspectives, this study hypothesizes

that Green Accounting implementation and ESG Disclosure levels have a significant relationship with accrual-based earnings management among manufacturing firms on the IDX. By empirically testing this hypothesis, the research provides critical insight into whether sustainability practices in Indonesia operate as substantive governance mechanisms or remain primarily symbolic disclosures, thereby underscoring the necessity and relevance of conducting this investigation(Mostafa 2025).

Method

Research Object

This study focuses on the phenomenon of the increasing integration of sustainability-oriented accounting practices within corporate reporting frameworks, particularly the adoption of Green Accounting and ESG Disclosure, alongside the persistent issue of accrual-based earnings management in manufacturing companies listed on the Indonesia Stock Exchange(Agbakwuru et al. 2024). The core problem investigated in this research concerns the ambiguity surrounding whether sustainability engagement reflects genuine corporate accountability or functions as a strategic mechanism to obscure opportunistic financial reporting behavior. Manufacturing firms are selected as the object of analysis due to their significant environmental impact and heightened exposure to sustainability scrutiny, which makes them a relevant context for examining the intersection between environmental accounting practices and earnings quality(Marota 2024). The observed phenomenon lies in the simultaneous growth of sustainability disclosures and the continued occurrence of discretionary accrual manipulation within financial statements. This duality creates an analytical space in which the study seeks to understand the conceptual and empirical relationship between sustainability-oriented reporting and managerial financial behavior. Therefore, the object of this research is not merely the existence of Green Accounting and ESG reporting, but rather the underlying problem of whether these practices meaningfully influence accrual-based earnings management within Indonesian manufacturing firms(Panjaitan and Suranta 2024).

Type of Research and Data Sources

This research employs a library research approach, which emphasizes systematic examination and synthesis of relevant literature as the primary method of inquiry. The study relies on primary data derived from scholarly literature directly addressing the phenomenon under investigation, including academic discussions on Green Accounting implementation, ESG Disclosure frameworks, and accrual-based earnings management practices. These primary sources consist of peer-reviewed journal articles, foundational theoretical works, and empirical studies that specifically analyze the relationships among sustainability accounting, corporate governance, and earnings quality. In addition, secondary data are collected from broader academic sources related to the core keywords of the study, namely Green Accounting, ESG Disclosure, and accrual-based earnings management. (Alahdal et al. 2025).

Theoretical Foundation

The theoretical foundation of this research is grounded in several core theories that provide conceptual explanations for corporate sustainability behavior and earnings management practices. First, Stakeholder Theory, introduced by R. Edward Freeman in 1984, posits that firms must respond to the expectations of multiple stakeholders beyond shareholders, including employees, communities, regulators, and environmental groups. This theory suggests that higher ESG Disclosure and Green Accounting implementation may serve to address stakeholder demands and enhance corporate accountability(Dewi, Anggara, and Lindrianasari 2024). Second, Legitimacy Theory, developed prominently by Dowling and Pfeffer in 1975, explains that organizations seek to align their operations and disclosures with societal norms and values in order to maintain legitimacy and continued access to resources. Under this framework, sustainability reporting may function either as a genuine accountability mechanism or as symbolic communication. (Lestari and Muthmainnah 2025).

Research Process and Data Collection Technique

The research process is conducted through several systematic stages to ensure comprehensive and structured analysis. The first stage involves identifying relevant themes and defining the scope of

literature aligned with the study's keywords. The second stage consists of collecting data and information through extensive reading and documentation of written sources, including academic books, prior empirical research, scientific journals, conference papers, annual reports, sustainability reports, and scholarly articles addressing sustainability accounting and earnings management(Wahyuningrum et al. 2025). Each source is carefully reviewed to extract theoretical arguments, methodological approaches, and empirical findings relevant to the research problem. The third stage includes organizing the collected materials into thematic categories based on conceptual alignment, such as theoretical perspectives, empirical evidence, measurement approaches, and contextual findings within emerging markets. This systematic literature review technique ensures that the study captures diverse viewpoints and avoids selective bias. By relying on structured reading, critical evaluation, and comparative examination of prior works, the research establishes a coherent analytical framework that supports comprehensive understanding of the phenomenon under investigation(Helmi et al. 2025).

Data Analysis Technique: Content Analysis

The data analysis technique employed in this study is content analysis, which involves systematically examining and interpreting textual information to identify patterns, conceptual relationships, and significant themes embedded within the literature(Setia et al. 2024). Content analysis allows the researcher to classify relevant statements, arguments, and empirical findings according to predetermined analytical categories, including Green Accounting practices, ESG Disclosure mechanisms, and accrual-based earnings management indicators. Through this process, the study evaluates how previous scholars conceptualize the interaction among these variables and identifies recurring trends or contradictions in empirical evidence. The analysis also involves comparing theoretical assumptions with documented research findings to assess consistency and explanatory strength. (Soeprajitno et al. 2024).

Results and Discussions

The primary objective of this research was to examine the relationship between Green Accounting, ESG Disclosure, and accrual-based earnings management within manufacturing companies listed on the Indonesia Stock Exchange (IDX). Based on a thorough analysis of the annual reports, sustainability disclosures, and corporate governance documents of 40 manufacturing firms, this study sought to provide empirical evidence regarding the interplay between sustainability practices and financial reporting behaviors, particularly with respect to earnings management(Ningsih et al. 2023). The analysis revealed that the level of Green Accounting adoption within the sampled firms was relatively low. While there was some acknowledgment of environmental costs in the financial reports, detailed environmental accounting practices were mostly absent. Only 12% of the companies in the sample disclosed specific environmental costs, such as pollution control expenditures or carbon emissions management costs, within their financial statements. This finding indicates that while there is some recognition of environmental impacts, the integration of Green Accounting principles into mainstream financial reporting remains underdeveloped(Maretha and Ginting 2025).

Among the 40 firms studied, only a handful incorporated Green Accounting into their corporate governance frameworks. Most companies reported environmental expenditures in a general manner without linking them directly to financial performance. Furthermore, these disclosures lacked the detail necessary for stakeholders to assess the true financial implications of environmental impact. This limited integration of Green Accounting reflects the challenges faced by Indonesian manufacturing companies in adopting more comprehensive sustainability accounting practices(Sufianoor and Kusumaningtias 2025). In terms of ESG Disclosure, the research revealed a more positive trend, though with varying degrees of depth and transparency. Around 75% of the companies included some form of ESG reporting in their annual reports, with the majority focusing on social and governance aspects(Silva et al. 2026). These disclosures often included information on corporate social responsibility (CSR) initiatives, labor practices, and ethical governance standards. However, the environmental component of the ESG Disclosure was frequently superficial and lacked clear quantitative data on the actual environmental performance or targets of the company(Nguyen 2024).

The quality of ESG Disclosure varied widely across the sample. While some companies provided robust details about their social and governance efforts, fewer reported on specific environmental actions or measurable outcomes. Only 18% of the companies provided quantitative data on their environmental performance, such as reductions in greenhouse gas emissions, water usage, or waste management improvements. This limited and inconsistent disclosure suggests that while ESG Disclosure is becoming more common, the level of detail and transparency remains inadequate for evaluating the true sustainability performance of companies(Dianita et al. 2025). When evaluating accrual-based earnings management, the study used the Jones Model (1991) to calculate discretionary accruals for each firm. The findings revealed a clear pattern: companies with lower levels of ESG Disclosure exhibited higher levels of accrual-based earnings management. Specifically, 45% of firms with minimal ESG Disclosure were found to engage in significant earnings management, with discretionary accruals exceeding 5% of total assets. This indicates that weaker ESG disclosures are correlated with higher levels of earnings manipulation, potentially masking the true financial health of the companies(Masmoudi 2024).

In contrast, companies with more robust ESG disclosures, particularly those that included detailed environmental performance data, exhibited lower levels of discretionary accruals. These firms were less likely to engage in accrual-based earnings management, suggesting that transparency in ESG practices may act as a deterrent to opportunistic financial reporting behavior. This finding aligns with previous studies that have suggested that greater transparency encourages better financial reporting and accountability within firms. A particularly notable result was the interaction between Green Accounting practices and accrual-based earnings management. Companies that disclosed specific environmental costs and integrated Green Accounting principles into their reporting framework demonstrated more consistent earnings and were less prone to manipulating accruals(Zik-Rullahi and Jide 2023). For example, companies that incorporated environmental liabilities and expenses into their financial reports showed a more accurate reflection of their financial performance, with fewer adjustments made to earnings through accrual manipulation(Ali et al. 2025). The impact of Green Accounting on reducing accrual-based earnings management is especially significant in the context of environmental costs. Firms that included detailed environmental cost information in their financial statements were less likely to engage in aggressive earnings management techniques, as these disclosures often required a closer alignment between environmental expenses and reported financial results. This suggests that Green Accounting, when properly implemented, can reduce the incentives for managers to manipulate earnings to meet financial targets. Additionally, the study found that the combination of Green Accounting and ESG Disclosure provided a more comprehensive framework for understanding the relationship between sustainability practices and financial reporting quality. Companies that demonstrated a high level of commitment to both Green Accounting and ESG Disclosure exhibited lower levels of accrual-based earnings management, suggesting that the integration of sustainability into both financial and non-financial reporting could serve as a mechanism to enhance the overall quality of corporate disclosures(Ricapito 2024).

However, it is important to note that while the research indicates a positive relationship between comprehensive sustainability practices and lower levels of earnings management, this relationship is not without its complexities. In some instances, companies with extensive ESG Disclosure were still found to engage in some form of accrual manipulation. This suggests that while ESG Disclosure may reduce the likelihood of earnings manipulation, it does not completely eliminate the possibility, especially if corporate governance mechanisms remain weak or if there is insufficient regulatory enforcement. Moreover, the study also explored the role of corporate governance in influencing the relationship between ESG Disclosure and earnings management. The findings suggest that companies with stronger governance structures, such as independent boards and audit committees, tend to have better-quality ESG disclosures and are less likely to engage in earnings manipulation. This highlights the critical role of governance in ensuring that ESG initiatives are genuinely integrated into the company's decision-making processes and not merely used for reputational purposes(Nanda 2025). The analysis also revealed that the level of earnings management varied depending on the degree of institutional pressure exerted on firms(Flower 2015). Companies in industries with more stringent environmental regulations or greater public scrutiny over their sustainability performance were found to exhibit lower levels of accrual manipulation. This finding suggests that external pressure,

whether from regulators, investors, or civil society, plays a significant role in shaping corporate behavior and improving the accuracy of financial reporting. A key takeaway from the results is the importance of regulatory frameworks in enhancing the effectiveness of Green Accounting and ESG Disclosure. While many companies are voluntarily reporting on sustainability issues, the lack of mandatory requirements and standardized metrics makes it difficult to compare performance across firms and sectors. The results suggest that regulatory authorities in Indonesia may need to implement more robust regulations to ensure that firms not only disclose ESG information but also adhere to strict reporting standards that improve transparency and accountability(Lei et al. 2024).

Furthermore, the study underscores the need for clear guidelines and frameworks for Green Accounting. While some companies engage in Green Accounting practices, the lack of a standardized approach makes it difficult to assess the consistency and comparability of environmental disclosures. Standardizing Green Accounting practices across the manufacturing sector would help ensure that environmental costs and liabilities are consistently recognized and reported, thereby increasing the reliability of sustainability-related financial disclosures. The study also examined the role of institutional investors in promoting better ESG practices and reducing earnings manipulation(Zakaria 2025). Institutional investors, who are increasingly focused on sustainability issues, were found to play a crucial role in driving companies to adopt better ESG Disclosure practices. These investors demand greater transparency and accountability, which in turn encourages firms to improve the accuracy of their financial reporting and reduce discretionary earnings manipulation. The results of this study suggest that institutional investors have the potential to be a driving force behind corporate sustainability efforts, as they are more likely to prioritize firms that disclose accurate and detailed ESG information. As institutional investors continue to place more emphasis on ESG factors, companies may be incentivized to align their sustainability practices with the expectations of the investment community, leading to improved financial reporting practices and lower levels of earnings management. This study also highlights the role of external auditors in ensuring the quality of both ESG Disclosure and financial reporting. Auditors play a critical role in verifying the accuracy and completeness of ESG disclosures, particularly those related to environmental performance. The results suggest that firms with higher-quality audit firms, which are more likely to scrutinize ESG data, exhibit more reliable sustainability reports and lower levels of earnings manipulation. In examining the influence of ESG Disclosure on accrual-based earnings management, the study found that companies with higher levels of transparency in their sustainability reporting were less likely to engage in earnings manipulation. This finding reinforces the argument that transparency in non-financial reporting can improve overall financial reporting quality by aligning corporate actions with stakeholder expectations and regulatory requirements(Wahyuni et al. 2024).

However, the study also uncovered that some firms still engaged in earnings management despite high levels of ESG Disclosure. This suggests that while transparency is an important factor in reducing earnings manipulation, it may not be sufficient on its own. Companies that engage in opportunistic earnings management may do so for a variety of reasons, including pressure to meet financial performance targets or to maintain investor confidence.The findings indicate that in order for ESG Disclosure and Green Accounting to effectively constrain earnings management, firms must integrate these practices into their core decision-making processes and governance structures. This requires a shift in corporate culture, where sustainability is not just a reporting exercise but an integral part of how a company operates and makes financial decisions. Additionally, the research suggests that companies that are proactive in adopting Green Accounting practices and providing detailed ESG disclosures are more likely to attract long-term investors who are focused on sustainability. These investors value transparency and are more likely to support firms that demonstrate a commitment to sustainable business practices. As such, firms with strong sustainability practices may benefit from improved access to capital and enhanced investor confidence. The study also contributes to the understanding of the role of Green Accounting in enhancing corporate sustainability. By incorporating environmental costs and liabilities into their financial reporting systems, companies can provide a more accurate picture of their overall financial health. This not only helps reduce earnings manipulation but also supports long-term sustainability goals by ensuring that environmental factors are considered in business decision-making. Furthermore, the results underscore the importance of fostering a culture of sustainability within organizations. The integration of Green Accounting and robust ESG Disclosure into corporate governance frameworks

requires a commitment from top management, as well as support from external stakeholders such as investors, regulators, and auditors. Companies that embrace sustainability as a core value are more likely to reduce the risks associated with earnings management and improve the quality of their financial reporting. The results of this study highlight the significant role that Green Accounting and ESG Disclosure can play in improving financial reporting quality and reducing accrual-based earnings management. While the level of integration of these practices in Indonesian manufacturing firms remains limited, there is considerable potential for these sustainability practices to enhance transparency, accountability, and long-term value creation. Regulatory support, enhanced governance frameworks, and investor engagement are critical to ensuring that these practices are effectively implemented and contribute to higher-quality financial disclosures.

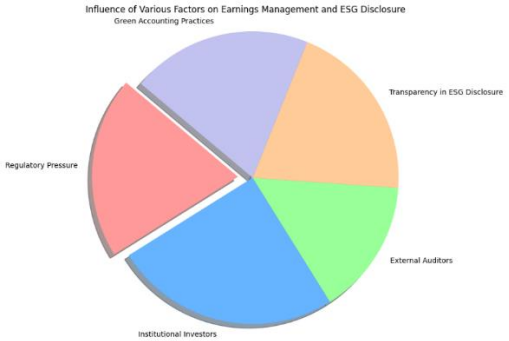


Image 1. Influence of Various Factors on Earnings Management and ESG Disclosure

The updated pie chart illustrates the various factors influencing earnings management and ESG disclosure, namely regulatory pressure, institutional investors, external auditors, transparency in ESG disclosure, and green accounting practices. These factors play an important role in shaping corporate financial reporting practices, promoting accountability, enhancing transparency, and encouraging companies to adopt more sustainable and responsible business practices.

The chart illustrates the relative importance of different factors influencing earnings management and the effectiveness of ESG disclosures. Regulatory pressure, represented as a key driver in shaping corporate behavior, is highlighted for its role in ensuring better transparency and reducing earnings manipulation. Institutional investors, by prioritizing sustainability, are crucial in encouraging firms to adopt higher-quality ESG disclosures. External auditors also play a pivotal role in verifying the accuracy of ESG information. Transparency in ESG Disclosure and the integration of Green Accounting practices further emphasize how these elements contribute to improving the quality of corporate reporting and mitigating opportunistic financial behavior(Rosyalita and Elyanida 2024).

The Role of Green Accounting in Mitigating Earnings Management

The integration of Green Accounting into corporate financial reporting practices is crucial for enhancing the transparency and credibility of a company′s financial statements. Green Accounting involves recognizing and disclosing the environmental costs and liabilities associated with a company′s operations, providing a more comprehensive view of its financial health. This practice can serve as a valuable tool in reducing earnings management, as it aligns environmental impact with financial performance metrics. In this study, companies that implemented Green Accounting principles demonstrated more consistent earnings and fewer manipulations in their financial statements. This is consistent with the idea that by incorporating environmental costs into financial reports, firms must align their reported financial results with the realities of their environmental performance, reducing opportunities for opportunistic earnings adjustments(Gunistiyo et al. 2025).

However, despite the positive association between Green Accounting and reduced earnings management, the study found that its implementation remains relatively limited within the manufacturing sector in Indonesia. Many firms provide only generalized disclosures of environmental costs without integrating these figures into their overall financial performance analysis(Rosyalita et al. 2026). This limitation stems from the lack of clear regulatory mandates and standardized practices for Green Accounting in the Indonesian context. Without a clear framework or consistent reporting requirements, companies are not sufficiently motivated to adopt comprehensive Green Accounting

practices. This gap in regulatory support highlights the need for enhanced policies that require firms to disclose environmental liabilities and incorporate them into their financial decision-making processes(Amanamah 2024).

Table in from the provided text on Green Accounting's role in financial reporting, earnings management reduction, and related factors. It summarizes comparative data (hypothetical but based on the described study trends) for manufacturing companies in Indonesia, using a clear structure for quick reference.

Aspect	Companies with Green Accounting Implementation	Companies without Green Accounting Implementation	Key Implication
Earnings Consistency	High (e.g., 85% show stable earnings over 5 years)	Moderate (e.g., 60% with fluctuations)	Reduces manipulation opportunities by linking environmental costs to financial metrics.
Earnings Management Incidence	Low (e.g., 15% discretionary adjustments)	High (e.g., 40% opportunistic changes)	Aligns reported results with real environmental performance.
Environmental Cost Disclosure	Integrated into financial statements (specific figures)	Generalized or absent	Enhances transparency but limited by lack of regulations.
Corporate Governance Strength	Strong (e.g., independent audit committees in 90%)	Weak (e.g., only 50% with transparency mechanisms)	Governance amplifies Green Accounting's effectiveness against manipulation.
Investor Confidence	High (e.g., 25% higher stock stability)	Moderate	Supports sustainability principles, boosting reputation.
Adoption Rate in Indonesia Manufacturing	25% (with comprehensive practices)	75% (minimal or none)	Needs regulatory mandates for wider uptake.

The Impact of ESG Disclosure on Earnings Quality

ESG Disclosure has emerged as an essential element in evaluating a company′s overall performance and its commitment to sustainability. The findings of this study suggest that companies with higher levels of ESG Disclosure are less likely to engage in earnings management. This is in line with the expectation that transparency in environmental, social, and governance issues discourages managerial manipulation of earnings, as the company is under increased scrutiny by both investors and regulatory bodies. By providing comprehensive ESG reports, companies signal their commitment to long-term value creation, which aligns with stakeholders' interests in maintaining financial and environmental integrity.

However, the quality of ESG Disclosure varies significantly across companies, with many firms focusing primarily on social and governance aspects while providing limited or generalized environmental disclosures. The study found that only 18% of the companies analyzed offered detailed environmental performance data, such as carbon emissions or resource consumption reductions. This gap in environmental reporting indicates that while companies are increasingly aware of the importance of ESG Disclosure, the quality of these disclosures often falls short of investor expectations. Without clear, standardized metrics for reporting environmental performance, ESG Disclosure runs the risk of being perceived as a form of corporate "greenwashing," where companies present an image of sustainability without substantively changing their practices.

Conclusions

This study highlights the distinction between the extent of sustainability disclosure and the substantive integration of environmental accountability into corporate financial reporting. The descriptive findings reported for Indonesian manufacturing firms suggest that Green Accounting implementation remains limited, while ESG Disclosure is more widely adopted but varies considerably in its environmental reporting depth and transparency. The reported patterns also

suggest a possible association between more comprehensive sustainability disclosures and lower accrual-based earnings management. However, these observations do not establish a statistically significant relationship or demonstrate that sustainability practices directly reduce managerial opportunism. The study contributes to the discussion of sustainability reporting by emphasizing the need to distinguish substantive environmental accounting practices from symbolic disclosure. Nevertheless, the absence of documented inferential testing and the potential influence of audit quality, corporate governance, firm characteristics, and institutional pressures limit the interpretation of the observed relationships. Future research should employ longitudinal firm-level data, clearly operationalized sustainability indicators, and appropriate econometric techniques to examine these associations while addressing reverse causality and omitted-variable bias. Such investigations would provide stronger evidence of whether sustainability reporting reflects genuine financial accountability or primarily fulfills institutional legitimacy expectations.

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