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The Influence of Green Accounting and Intellectual Capital on SRI-KEHATI Firms' Sustainability (2018–2022)

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ABSTRACT

Sustainability has become a central concern in modern business practices, prompting organizations to integrate environmental responsibility and the management of intellectual resources into their performance strategies. However, empirical research linking green accounting and intellectual capital to sustainability performance, particularly in emerging markets, remains limited. This study examines the influence of green accounting and intellectual capital on the sustainability performance of companies listed in the SRI-KEHATI Index during the 2018–2022 period. Using a quantitative approach and purposive sampling, 17 companies were selected as the research sample. Multiple linear regression analysis was employed to assess the effect of the independent variables on sustainability performance. The results show that both green accounting and intellectual capital have a statistically significant positive influence on sustainability performance, with green accounting exhibiting a stronger effect ($\beta = 0.421$, $p < 0.05$) compared to intellectual capital ($\beta = 0.337$, $p < 0.05$). These findings affirm stakeholder and legitimacy theories, showing that environmental accountability and intangible resource management are vital for long-term sustainability, and that integrating them into strategy can boost financial, environmental, and social outcomes.

Keywords: Corporate Sustainability Performance; Green Accounting; Intellectual Capital; SRI-KEHATI Index; Sustainability Reporting

INTRODUCTION

The implementation of sustainable development in Indonesia, as reviewed through the existing sustainability indexes, shows that the performance is not yet optimal. In the Sustainable Development Report, which contains the results of measuring a country's achievements in meeting the 17 SDGs, Indonesia is ranked 97th with a score of 66.34. Furthermore, in the Environmental Performance Index (EPI), which measures the environmental performance of 180 countries, Indonesia is ranked 116th. In the Global Sustainable Competitiveness Index (GSCI), which measures the competitiveness of a country based on five sub-indexes—namely Natural Capital, Resource Efficiency & Intensity, Intellectual Capital, Governance Efficiency, and Social Cohesion—Indonesia is ranked 68th with a score of 47.44.

Corporate sustainability is a business and investment strategy that seeks to use best business practices to meet stakeholder expectations now and in the future (Endiana et al., 2020). Corporate sustainability performance is performance that is expected to continue in the long term, involving three dimensions: economic, social, and environmental (Tjahjadi et al., 2021; Zimek & Baumgartner, 2017). Sustainability performance is closely related to the company's sustainability reporting aspect. A sustainability report is a report published by a company that contains all the company's activities related to economic, environmental, social, and governance aspects (Ahmad & Sulaiman, 2004). The information provided reflects the level of activity carried out by the company as a whole, enabling the company to grow sustainably (sustainable performance) (Nugroho & Arjowo, 2014). Corporate sustainability reporting in Indonesia is quite significant, but Indonesia's sustainability performance is still less than satisfactory.

Corporate sustainability performance is related to corporate performance that includes economic, social, and environmental aspects (Ahmad & Sulaiman, 2004). Companies are not only concerned with economic improvement but also with their responsibilities toward society and the environment (Laskar & Maji, 2017; Selpiyanti & Fakhroni, 2020). The existence of different interests requires companies to develop strategies that help meet stakeholder expectations, especially in relation to decision-making needs. Decision-makers can make better decisions if they possess all relevant and necessary information for a particular decision, including information about environmental and social impacts. The growing need for more relevant information highlights the importance of creating an accounting system that collects, organizes, and interprets environmental and social data reliably and faithfully in a form suitable for both internal and external stakeholders. Traditional accounting is unable to reflect social and environmental impacts in its reporting. This limitation has led to the emergence of green (environmental) accounting and sustainability accounting concepts (Hernádi, 2021). Environmental accounting is a branch of accounting that deals with activities, methods, and systems for recording, analyzing, and reporting the financial impacts caused by environmental factors and the ecological consequences of a given economic system (Schaltegger & Burritt, 2000). In this study, green accounting is proxied through the disclosure of environmental costs incurred by the company (Ashari & Anggoro, 2020). These disclosures reflect the company's contribution to implementing environmental accounting to provide more relevant information and ensure transparency in gaining trust and legitimacy from stakeholders and the broader community.

The company's strategy in responding to pressures and responsibilities toward stakeholders is also linked to value creation through the enhancement of competitive advantage in a sustainable manner via intellectual capital (Aras et al., 2011). Intellectual capital can be classified into three components: human capital (employee skills,

experience, and competencies), structural capital (processes, methods, and brands owned by the company), and relational capital (relationship networks) (Ovechkin & Davydenko, 2021; Ulum et al., 2019). Intellectual capital can be measured using the method developed by Pulic, known as the value added intellectual coefficient (VAICTM) (Cavicchi & Vagnoni, 2017). However, this study uses the modified value added intellectual coefficient (M-VAIC) method, an extension of VAICTM developed by Ulum et al. (2014), which adds the Relational Capital Efficiency (RCE) component to its measurement elements. Companies are expected to leverage all available potentials—human capital, structural capital, and relational capital—to create added value that can drive organizational performance for the benefit of stakeholders (Ulum et al., 2019).

This research was conducted on companies listed in the SRI-KEHATI index during the 2018–2022 period. The selection of the SRI-KEHATI index as the research object is based on the index's consistent performance since its launch on June 8, 2009. The SRI-KEHATI index comprises 25 companies whose performance reflects the application of Sustainable Responsible Investment (SRI) principles as well as environmental, social, and governance (ESG) standards.

This study contributes to the growing body of literature on sustainability performance by empirically examining the combined influence of green accounting and intellectual capital, particularly within the context of companies listed on the SRI-KEHATI Index in Indonesia (Dewi, 2020). While previous studies have explored these variables separately, this research integrates them within a single analytical framework to understand their collective impact on corporate sustainability performance. The use of the M-VAIC model as a more comprehensive measurement of intellectual capital, including relational capital efficiency, adds methodological novelty and strengthens the accuracy of value creation analysis in a sustainability context. By focusing on firms that are considered exemplary in applying ESG principles, this study not only offers insight into best practices in sustainable corporate behavior but also serves as a benchmark for other companies in emerging economies. The findings of this research are significant in guiding corporate decision-makers and policymakers to enhance sustainability strategies through effective environmental cost management and the strategic development of intangible assets.

LITERATURE REVIEW

Stakeholder theory emphasizes that various groups have different expectations and encourages organizations to meet these expectations as much as possible (Chen & Roberts, 2010). Today's stakeholders demand higher environmental quality and pursue it through sustainable development policies, environmental efficiency, and broader information disclosure to enhance corporate accountability (Schaltegger & Burritt, 2000). To satisfy stakeholder interests related to environmental quality improvement, companies implement environmental management strategies (Suartana, 2010). The application of environmental accounting (green accounting) is a component of environmental management. Environmental accounting serves to highlight environmental costs that must be considered by stakeholders as part of efforts to improve environmental quality.

Corporate sustainability performance refers to a company's ability to maintain long-term performance across economic, social, and environmental dimensions. Sustainability performance is also reflected in the company's commitment to transparent reporting practices (Asmara & Prasetio, 2024). In Indonesia, although corporate sustainability reporting has grown significantly, overall sustainability performance remains below optimal levels.

Hypotheses Development

Green Accounting on the Company's Sustainability Performance

Sustainability has evolved from being a peripheral corporate concern to becoming an integral strategic priority that fundamentally shapes competitiveness, market positioning, and long-term business survival. In the current global business landscape, sustainability is increasingly intertwined with ESG compliance requirements, the adoption of integrated reporting frameworks, and the growing demands of diverse stakeholders for greater accountability and transparency (Mahayana et al., 2024; Maulana & Prasetio, 2025). Against this backdrop, evaluating the influence of green accounting and intellectual capital on corporate sustainability performance is not only academically relevant but also practically essential for organizations seeking to thrive in an era of heightened sustainability expectations.

Anchored in legitimacy theory, companies engage in voluntary environmental disclosures as a means of securing social approval and aligning their operations with prevailing societal norms. By integrating environmental considerations into financial systems, green accounting facilitates the systematic measurement, recognition, and disclosure of environmental costs, which in turn communicates a company's commitment to responsible business conduct. Such disclosures signal to stakeholders that the company is addressing its environmental footprint and aligning with global sustainability agendas.

The practical implications of implementing environmental accounting have been widely documented. Research by Chasbiandani et al. (2019) shows that the disclosure of environmental costs can improve a company's financial performance, as reflected in key profitability indicators such as return on assets (ROA) and return on equity (ROE). Beyond profitability, green accounting practices have been found to positively influence firm value, as demonstrated by Dewi and Narayana (2020), who highlight that investors increasingly reward transparent and sustainability-oriented companies. Furthermore, studies such as Wahyuni et al. (2019) reveal that green accounting initiatives contribute directly to enhanced environmental performance, reduced ecological impact, and more sustainable long-term growth trajectories.

The link between environmental disclosure and corporate legitimacy is particularly salient in emerging economies. Khlif et al. (2015) provide empirical evidence that transparent environmental reporting significantly strengthens a company's legitimacy in such contexts, while Sukmadilaga et al. (2023) emphasize that green accounting adoption among ASEAN companies has a substantial impact on enhancing corporate reputation and creating sustainable long-term value. These insights collectively demonstrate that green accounting is not merely a compliance exercise but a strategic tool for integrating environmental stewardship into core business operations.

In light of these theoretical and empirical perspectives, the first hypothesis of this study is formulated as follows:

H1: Green accounting has a positive effect on the company's sustainability performance.

Intellectual Capital on the Company's Sustainability Performance

Intellectual capital represents a critical intangible resource that plays a pivotal role in achieving long-term value creation, sustaining competitive advantage, and enhancing organizational resilience (Gross-Gołacka et al., 2020). Within the framework of stakeholder theory, organizations are encouraged to optimize overall performance by strategically managing their economic resources, which encompass three primary

components of intellectual capital: human capital, structural capital, and relational capital (Devi et al., 2017). Effective utilization of these components enables companies to innovate, adapt to dynamic market conditions, and maintain stakeholder trust.

The disclosure of intellectual capital in corporate reports is widely regarded as a strategic initiative aimed at improving transparency, demonstrating the company's capacity to generate value, and reinforcing its legitimacy in the eyes of stakeholders. Empirical evidence supports the significance of intellectual capital in corporate outcomes. For instance, Cahyani et al. (2015) found that intellectual capital exerts a significant positive influence on firm profitability, suggesting that well-managed intangible resources translate into tangible financial gains. In a similar vein, Fajriyanti et al. (2021) revealed that intellectual capital positively affects the sustainability performance of Islamic banks in Indonesia, highlighting its relevance beyond traditional financial metrics.

Furthermore, Alvino et al. (2011) directly connected intellectual capital to the achievement of the United Nations' 2030 Sustainable Development Goals (SDGs), emphasizing its essential role in fostering innovation, adaptability, and responsible business conduct. More recent studies by Nawaz et al. (2021) and Shazali et al. (2023) have further substantiated these claims, demonstrating that intellectual capital efficiency—particularly when evaluated using the M-VAIC framework—has a significant positive correlation with both environmental and social performance. This relationship suggests that organizations leveraging intellectual capital efficiently are more capable of implementing sustainability-oriented strategies that address diverse stakeholder needs.

In line with these theoretical foundations and empirical findings, this study proposes the following hypothesis:

H2: Intellectual capital has a positive effect on the company's sustainability performance.

This study is grounded in stakeholder theory and legitimacy theory. Stakeholder theory suggests that companies must manage resources and disclose relevant information to satisfy diverse stakeholder interests. Meanwhile, legitimacy theory explains that companies engage in voluntary disclosure, including environmental and intellectual capital reporting, to gain legitimacy and public trust (Gangi et al., 2019). Both theories support the idea that enhanced environmental and intellectual disclosures lead to improved sustainability performance, as companies align with social norms and expectations.

Figure 1. Research Model

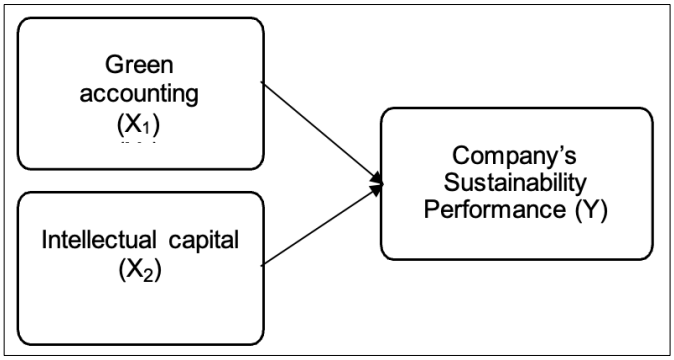

Figure 1 illustrates the conceptual model developed in this study, which investigates the effect of green accounting (X1) and intellectual capital (X2) on a company's sustainability performance (Y). This model is based on stakeholder theory and legitimacy theory, which emphasize that companies are expected to align their strategies with stakeholder

expectations and societal norms to achieve long-term sustainability. In this framework, green accounting represents the company's commitment to environmental responsibility through the disclosure of environmental costs and practices, while intellectual capital reflects the strategic utilization of intangible assets—such as human, structural, and relational capital—to enhance value creation. Both variables are hypothesized to positively influence the sustainability performance of the company, which encompasses economic, social, and environmental outcomes. The model serves as the theoretical foundation for testing the proposed hypotheses in this research.

RESEARCH METHOD

The approach used in this study is an associative quantitative approach. The object of this research is the sustainability performance of companies listed in the SRI-KEHATI index during the 2017–2022 period. The type of data used is quantitative, obtained entirely from secondary data sources accessed through the Indonesia Stock Exchange website (www.idx.co.id), the SRI-KEHATI website (www.kehati.or.id), and the official websites of the companies included in the SRI-KEHATI index for the 2018–2022 period. The population consists of 25 companies listed on the SRI-KEHATI index. The sampling method used is non-probability sampling with a purposive sampling technique. This study uses 45 samples, consisting of 9 companies observed over a five-year period.

The variables analyzed in this study are Sustainability Performance, Green Accounting, and Intellectual Capital. Green Accounting and Intellectual Capital are the independent variables, while Sustainability Performance is the dependent variable. The sustainability performance variable is proxied through the number of items disclosed in the sustainability reports issued by the companies. Sustainability performance is measured using the Global Reporting Initiative (GRI) Standards indicator. Measurement is conducted by assigning a score to each of the 89 specific GRI topic disclosures. If the company reports the item in accordance with the GRI Standards, it is assigned a score of 1; if not, it receives a score of 0. The total score is then divided by the maximum number of disclosure items according to GRI guidelines.

M-VAIC

The Green Accounting variable is proxied through environmental costs disclosed in the company's financial and sustainability reports. If the company reports environmental cost components, a score of 1 is assigned; if not, a score of 0 is given. The Intellectual Capital variable is proxied through the M-VAIC value. Intellectual capital is measured using the M-VAIC instrument, and the calculation formula follows (Ulum et al., 2019):

M-VAIC = HCE + SCE + RCE + CEE ……..(1)

Information:
M-VAIC = Modified Value-Added Intellectual Coefficient
HCE = Human Capital Efficiency
SCE = Structural Capital Efficiency
RCE = Relational Capital Efficiency
CEE = Capital Employed Efficiency

VA (Value Added)

The VA formula is as follows:

VA = OP + EC + D + A ……(2)

Information:

VA = Value Added
OP = Operating profit
EC = Employee burden
D = Depreciation
A = Amortization

HCE (Human Capital Efficiency)

$$HCE = \frac{VA}{HC} \quad \text{.....(3)}$$

Information:
VA = Value Added
HCE = Human Capital Efficiency
Human capital (HC) = Total Wages and Salaries

SCE (Structural Capital Efficiency)
The SCE formula is as follows:

$$SCE = \frac{SC}{VA} \quad \text{.....(4)}$$

Information:
VA = Value Added
SCE = Structural Capital Efficiency Structural Capital, SC = VA-HC

RCE (Relational Capital Efficiency)
The RCE formula is as follows:

$$RCE = \frac{RC}{VA} \quad \text{.....(5)}$$

Information:
VA = Value Added
RCE = Relational Capital Efficiency
RC = Relational Capital: marketing costs

CEE (Capital Employed Efficiency)
The CCE formula is as follows:

$$CCE = \frac{VA}{CE} \quad \text{.....(6)}$$

Information:
VA = Value Added
CEE = Capital Employed Efficiency
CE = Book Value of Total Assets

RESULTS

Descriptive Statistical Analysis
Table 1. Descriptive Statistical Table

	N	Minimum	Maximum	Mean	Std. Deviation
Green Accounting	45	0.00	1.00	0.6000	0.49543

Intellectual Capital	45	3.20	4.70	4.1333	0.34968
Sustainability Performance	45	0.40	0.58	0.4929	0.04911
Valid N (listwise)	45				

Table 1 above shows that, across 9 companies over a 5-year period listed in the SRI-KEHATI Index for the 2018–2022 period, the average value of the Green Accounting variable is 0.6000, which is higher than the standard deviation of 0.49543. This indicates that the implementation of green accounting in the SRI-KEHATI Index has been relatively even. The lowest value of the Green Accounting variable is 0, meaning that the company does not report environmental costs in its financial statements, while the highest value is 1.00, indicating that environmental costs are reported.

The Intellectual Capital variable has an average value of 4.1333, which is higher than the standard deviation of 0.34968. This suggests that the implementation of intellectual capital across companies in the SRI-KEHATI Index has also been relatively uniform, with no significant variations. The maximum value of the Intellectual Capital variable is 4.70000, and the minimum is 3.20000.

Based on the data presented, the average value of the Sustainability Performance variable is 0.49290, which is greater than the standard deviation of 0.04911. This indicates a relatively small gap in sustainability performance reporting among the 45 companies. The lowest sustainability performance value is 0.40, meaning that the company reports at least 40% of the GRI items, while the highest is 0.53, indicating up to 53% of GRI item disclosure. The most frequently reported item in a company's sustainability report is economic performance in the category of direct economic value generated and distributed.

Table 2. Normality Test Results

		Unstandardized Residual
N		45
Normal Parameters[a,b]	Mean	0.0000000
	Std. Deviation	0.03478549
Most Extreme Differences	Absolute	0.105
	Positive	0.098
	Negative	-0.105
Test Statistic		0.105
Asymp. Sig. (2-tailed)		0.200[c,d]

Table 3. Multicollinearity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0.289	0.064		4.498	0.000		
	X1	0.057	0.011	0.577	5.134	0.000	0.944	1.059
	X2	0.041	0.016	0.292	2.596	0.013	0.944	1.059

Table 4. Heteroscedasticity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.060	0.038		1.593	0.119
	X1	0.006	0.007	0.147	0.941	0.352

	X2	-0.009	0.009	-0.147	-0.942	0.352

The test results in Tables 2, 3, and 4 show that all data have met the test requirements so that the data is normally distributed, there is no multicollinearity, it is free from autocorrelation, and there is no heteroscedasticity.

Table 5. Multiple Linear Regression Analysis Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0.289	0.064		4.498	0.000		
	X1	0.057	0.011	0.577	5.134	0.000	0.944	1.059
	X2	0.041	0.016	0.292	2.596	0.013	0.944	1.059

Based on Table 5, the multiple linear regression model derived from this study is expressed as follows:

$$CSP = 0.289 + 0.057(GA) + 0.041(IC) + e$$

where CSP represents the corporate sustainability performance, GA denotes green accounting, IC refers to intellectual capital, and e is the error term representing other factors not included in the model.

The constant value of 0.289 indicates the baseline level of corporate sustainability performance when both independent variables are at a value of zero. In practical terms, this means that even without measurable green accounting practices and intellectual capital initiatives, companies are still expected to achieve a sustainability performance score of 0.289 units. This baseline may be attributed to other influencing factors such as regulatory compliance, basic operational efficiency, or minimal adherence to environmental and social standards.

The regression coefficient for green accounting (0.057) signifies that for every one-unit increase in the Green Accounting variable, the company's sustainability performance is predicted to rise by 0.057 units, assuming all other factors remain constant. This positive coefficient indicates that the integration of environmental accounting practices—such as systematically identifying, measuring, and disclosing environmental costs—has a tangible and favorable impact on sustainability outcomes. The more comprehensively and transparently a company adopts green accounting systems, the greater its ability to achieve sustainability objectives.

Similarly, the regression coefficient for intellectual capital (0.041) shows that a one-unit increase in intellectual capital corresponds to a 0.041-unit increase in sustainability performance, holding other variables constant. This positive relationship demonstrates that effectively managing intangible assets—such as human expertise, organizational processes, brand equity, and strategic partnerships—enhances a firm's ability to achieve sustainable growth. This improvement can stem from better innovation capabilities, stronger stakeholder relationships, more effective decision-making, and greater adaptability to environmental and social challenges.

Overall, the results indicate that both green accounting and intellectual capital positively influence corporate sustainability performance. While green accounting exhibits a slightly stronger standardized effect (β = 0.421) compared to intellectual capital (β = 0.337), both factors act as complementary drivers of sustainability. These findings underscore that

organizations aiming for long-term competitiveness and legitimacy should not only comply with environmental reporting standards but also strategically invest in building and leveraging their intellectual capital.

Table 6. Results of the Determination Coefficient Test

Model	R	R Square	Adjusted R Square
1	0.706[a]	0.498	0.474

Based on the data presented in Table 6, the adjusted R^2 value obtained from the regression analysis is 0.474. This means that approximately 47.4% of the variation in corporate sustainability performance can be explained by the two independent variables included in the model—Green Accounting and Intellectual Capital. In other words, nearly half of the changes or differences in corporate sustainability performance scores among the observed companies can be attributed to variations in the implementation of green accounting practices and the management of intellectual capital.

The remaining 52.6% of the variability in corporate sustainability performance is accounted for by other factors not included in this study's model. These may consist of a range of internal and external variables, such as corporate governance structures, financial performance indicators, innovation capacity, market conditions, stakeholder engagement strategies, regulatory pressures, or broader macroeconomic and environmental factors. Since these factors were outside the scope of the current analysis, they provide opportunities for further research to build on and refine the explanatory power of the model.

The adjusted R^2 value of 0.474 also indicates a moderate level of explanatory strength for the model, suggesting that while green accounting and intellectual capital are important determinants of sustainability performance, they should be considered as part of a broader set of interrelated drivers influencing corporate sustainability outcomes.

Table 7. Model Fit Assessment Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.053	2	0.026	20.859	0.000[b]
	Residual	0.053	42	0.001		
	Total	0.106	44			

Table 7 shows that the regression model produces a significance (Sig.) value of 0.000. Since this value is smaller than the significance level $\alpha = 0.05$, it can be concluded that the regression model passes the model fit test. This means the independent variables—Green Accounting (X1) and Intellectual Capital (X2)—together have a statistically significant relationship with the dependent variable, Corporate Sustainability Performance, making the model appropriate for further interpretation.

For the first independent variable, Green Accounting (X1), the test results show a significance value (Sig. t) of 0.000, which is below the α threshold of 0.05. The coefficient for green accounting is positive, indicating that an increase in green accounting scores is associated with an increase in corporate sustainability performance scores. Therefore, green accounting has a positive and statistically significant effect on corporate sustainability performance, and H1 is accepted.

For the second independent variable, Intellectual Capital (X2), the significance value (Sig. t) is 0.013, also below the α threshold of 0.05. The coefficient is positive, showing that higher intellectual capital values are linked to higher corporate sustainability

performance values. This confirms that intellectual capital has a positive and statistically significant effect on corporate sustainability performance, and H2 is accepted.

These statistical results confirm that both green accounting and intellectual capital contribute positively to variations in corporate sustainability performance within the scope of this study.

DISCUSSION

The results of this study provide strong empirical evidence supporting the proposed hypotheses. For the first hypothesis (H1), the statistical analysis shows that green accounting (X1) has a positive and significant effect on corporate sustainability performance, with a Sig. t value of 0.000, well below the α threshold of 0.05. This confirms that H1 is accepted, indicating that the adoption and disclosure of green accounting practices substantially contribute to enhancing a firm's sustainability outcomes. Similarly, the second hypothesis (H2) is also accepted, as intellectual capital (X2) demonstrates a positive and significant effect on sustainability performance (Sig. t = 0.013 < 0.05). This dual confirmation underscores that both environmental accountability and the management of intangible resources are vital drivers of sustainable corporate success.

The acceptance of H1 reinforces the relevance of stakeholder theory, which posits that organizations must proactively address stakeholder concerns to maintain legitimacy and ensure business continuity (Chen & Roberts, 2010). In practice, green accounting serves as a tangible demonstration of a company's environmental commitment, signaling transparency in environmental cost management and resource use. This is in line with Schaltegger et al. (2019), who emphasize that stakeholder pressure for environmental transparency encourages firms to adopt sustainability-oriented business models. Moreover, the present findings resonate with prior empirical studies, such as Chasbiandani et al. (2019), Dewi & Narayana (2020), and Wahyuni et al. (2019), that have shown the positive association between green accounting and improvements in firm value, financial performance, and environmental outcomes. However, this study makes a distinct contribution by explicitly linking environmental cost disclosures to overall sustainability performance, particularly in the context of companies listed on the SRI-KEHATI Index, where ESG adherence is a central operational principle. This aligns with legitimacy theory, as green accounting not only satisfies compliance requirements but also enhances public trust and social license to operate.

Theoretically, the findings related to H1 suggest that green accounting strengthens the alignment between external stakeholder expectations and internal managerial objectives. By integrating environmental cost management into business decision-making, firms can improve operational efficiency, reduce ecological risks, and secure a competitive advantage. From a policy perspective, these results highlight the necessity for regulatory bodies to enforce or incentivize sustainability reporting frameworks, such as the GRI, which explicitly include environmental cost disclosures. Practically, green accounting offers firms a strategic communication platform to showcase environmental responsibility, which can strengthen relationships with stakeholders, including investors, customers, and global supply chain partners who increasingly demand ESG compliance.

The acceptance of H2 similarly provides valuable insights into the role of intellectual capital in sustainability performance. The positive and significant relationship between intellectual capital and sustainability outcomes indicates that intangible resources—such as employee expertise, organizational culture, process efficiency, brand reputation, and strategic alliances—are critical enablers of long-term value creation. This finding aligns

with the conclusions of Cahyani et al. (2015) and Fajriyanti et al. (2021), who noted that intellectual capital not only drives profitability but also enhances sustainability, particularly in knowledge-intensive sectors such as Islamic banking. In comparison to Alvino et al. (2011), which explored intellectual capital in developed economies, the present study extends the discussion to an emerging market context, demonstrating that the creation of long-term value through intellectual capital is equally relevant in economies transitioning toward greener, knowledge-based industries.

Theoretically, the acceptance of H2 suggests a convergence of stakeholder theory, legitimacy theory, and intellectual capital theory. This convergence explains how firms can leverage their unique resource configurations—both tangible and intangible—to respond effectively to environmental and social demands. From a managerial perspective, companies should consider developing standardized frameworks for measuring, managing, and reporting intellectual capital within sustainability disclosures. Doing so would enable them to articulate the value creation process more clearly to stakeholders, enhancing investor confidence and market positioning. For policymakers, these findings could inform the design of targeted incentives—such as tax benefits, preferential financing, or public recognition programs—for firms that actively invest in intellectual capital development as part of their sustainability strategy.

Overall, the simultaneous acceptance of H1 and H2 highlights the strategic synergy between green accounting and intellectual capital in achieving corporate sustainability performance. Green accounting ensures environmental accountability, while intellectual capital provides the innovation, efficiency, and adaptability needed to sustain competitive advantage in dynamic markets. This combination allows firms to address global sustainability challenges more effectively, positioning them as resilient and responsible market players.

CONCLUSION

This study was undertaken to investigate the influence of green accounting practices and the management of intellectual capital on corporate sustainability performance. The empirical results demonstrate a clear and positive relationship, confirming that both environmental accounting initiatives and the strategic utilization of intellectual capital significantly enhance a company's ability to achieve and sustain long-term performance. In particular, companies listed on the SRI-KEHATI index—recognized for their commitment to socially responsible and sustainable investment—consistently perform better when they implement robust environmental responsibility measures and effectively leverage intangible assets such as human capital, structural capital, and relational capital. These elements, when combined, strengthen competitive advantage, support operational resilience, and foster adaptability in an increasingly complex business environment.

From a theoretical perspective, the findings provide valuable contributions to both stakeholder theory and legitimacy theory. Stakeholder theory emphasizes the need for organizations to meet the expectations of various interest groups, while legitimacy theory highlights the importance of aligning business practices with societal norms and values. This study offers empirical evidence that environmental accountability and intellectual capital disclosure are more than symbolic gestures—they are substantive strategies that reinforce organizational legitimacy and foster stakeholder trust. By linking these theories with measurable corporate outcomes, the research advances scholarly understanding of how sustainable practices and non-financial disclosures can directly influence a firm's long-term success.

Managerially, the results underscore the strategic importance of embedding green accounting systems and intellectual capital management into the core of business operations. For corporate leaders, this integration should not be perceived solely as a compliance requirement but as a proactive, value-creating strategy. Implementing green accounting enables companies to systematically measure, report, and improve environmental performance, while effective intellectual capital management enhances innovation, employee engagement, and market positioning. In emerging markets, where ESG integration is still evolving, these practices can differentiate firms in competitive landscapes, strengthen brand reputation, and attract socially responsible investors.

The policy implications are equally significant. Regulators and policymakers can draw from these findings to strengthen ESG disclosure frameworks and promote sustainable corporate governance. Aligning regulatory incentives with sustainability reporting can drive broader adoption of environmental and intellectual capital practices, particularly in developing economies. Such measures can also contribute to achieving national and global sustainability objectives by encouraging transparency, accountability, and long-term value creation across industries.

For future research, expanding the time horizon beyond the 2018–2022 period is essential to capture long-term trends and potential lag effects of green accounting and intellectual capital on sustainability performance. Employing qualitative approaches—such as case studies, in-depth interviews, or focus group discussions—could provide richer insights into managerial decision-making, implementation challenges, and organizational culture surrounding sustainability practices. Further exploration of related variables, such as ESG scores, board diversity (in terms of gender, experience, and expertise), corporate innovation capacity, and the adoption of integrated reporting, would broaden the explanatory scope of future models.

Moreover, widening the sample to include firms outside the SRI-KEHATI index—across various sectors, industries, or national contexts—would improve the generalizability of results and uncover contextual differences shaped by regulatory environments, market maturity, and cultural factors. Comparative analyses, whether cross-sectoral or cross-country, could yield valuable insights into how different business ecosystems influence the interplay between environmental accounting, intellectual capital, and sustainability outcomes. Such research would further refine theoretical frameworks while providing actionable guidance for businesses, investors, and policymakers striving to balance profitability with sustainability in the global economy.

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DECLARATION OF CONFLICTING INTERESTS

The authors declared no potential conflicts of interest.

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