

IMPLICATIONS OF ENVIRONMENTAL ACCOUNTING PRACTICES ON SUSTAINABLE VALUE CREATION THROUGH THE MEDIATOR ROLE OF THE RESPONSIVE ENVIRONMENTAL DYNAMISM

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Abstract

This study focuses on the implication of environmental accounting practices on creating a sustainable-triangular value for the environment, economy, and society while considering the mediator role of the Responsive Environmental Dynamism (RED) that focuses on organizational resources and capabilities in coping with environmental changes. The study employed the theory of planned behaviour to determine the antecedents of the application of environmental accounting practices. Then, the practices concentrated on environmental management accounting, cost accounting, external reporting practices, auditing practices, accounting information systems, and reporting responsibility measured through a Likert scale questionnaire along with the environmental, economic, and societal value creation through RED. Questionnaires were distributed among accounting practitioners applying the snowball sampling technique. Then, 122 responses received were analysed using the partial least square structural equation model (PLS SEM). The results revealed that the sustainable value creation process is significantly influenced by environment reporting practices, and the RED has moderated the given relationship. Furthermore, the study indicates that a large proportion of sustainable value creation is influenced by the environment's external reporting practices and environmental auditing practices. The business entities should integrate environmental accounting practices into their extant financial reporting framework. In turn, it will enhance the long-term economic benefits, ensure legitimacy and improve the efficacy of critical resources. This study sheds light on contribution to environmental accounting theory and practices where the extant literature is deficient and fragmented.

Keywords: Environmental accounting practices, Responsive environmental dynamism, Sustainable value