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CORPORATE SUSTAINABILITY AND ENVIRONMENTAL ACCOUNTING: THE FUTURE OF RESPONSIBLE BUSINESS

Ergasheva Xurshida
Bachelor of Business Administration, Faculty of Management,
Sharda University Uzbekistan
xurshidabonuergasheva@gmail.com

Sevara Umarjonova
Masters in Business Administration, Faculty of Management,
Sharda University Uzbekistan
sevara.umarjonova@shardauniversity.uz

Gulchekhra Khodjaeva
Assistant Professor, Faculty of Management,
Sharda University Uzbekistan
gulchekhra.khodjaeva@shardauniversity.uz:
ORCID: 0009-0000-9038-2759

Abstract

Corporate sustainability and environmental accounting have become central to the transformation of modern businesses in response to growing environmental and social challenges. This article examines how organizations integrate sustainable practices into their operations to promote responsible business behavior while maintaining economic performance. Corporate sustainability focuses on balancing profit with environmental protection and social responsibility, encouraging companies to adopt long-term and ethical strategies. Environmental accounting complements this approach by enabling firms to identify, measure, and manage environmental costs, supporting more informed and transparent decision-making. The article further explores the role of these concepts in shaping responsible business practices, highlighting benefits such as improved resource efficiency, enhanced corporate reputation, and increased stakeholder trust. Real-world examples, including Tesla and Unilever, illustrate how sustainability can be effectively embedded into business models. Despite challenges such as high implementation costs and the risk of green washing, these approaches are increasingly essential. The study concludes that corporate sustainability and environmental accounting are key drivers of the future of responsible business, ensuring long-term value creation for both organizations and society.

Keywords: Corporate Sustainability, Environmental Accounting, Responsible Business, Sustainability Practices, Environmental Management, Business Strategy

INTRODUCTION

1.1 Background of the Study

During the last decades, corporate activity has increasingly contributed to global problems such as climate change, depletion of natural resources or pollution. Business is now expected to assume a more responsible position beyond the narrow maximization of profit. Corporate sustainability and environmental accounting allow the integration of environmental and social issues into the decision-making processes of companies. These strategies are becoming important as organizations begin to develop corporate strategy around sustainability.

1.2 Problem Statement

Despite the growing awareness of sustainability, some organizations are still mainly driven by short-term economic objectives, often resulting in adverse environmental impacts, inefficient resource usage, and insufficient transparency in reporting their environmental impacts. Hence, we need to

consider how corporate sustainability and environmental accounting can be made more effective in improving corporate behavior.

1.3 Research Gap

Existing studies in corporate sustainability and environmental accounting have been treated as separate entities, and thus, the literature lacks understanding as to how corporate sustainability and environmental accounting work together to encourage responsible corporate behavior in various industries and sectors across the globe.

1.4 Research Questions

- Corporate sustainability is sustainable development in the field of business.
- How does environmental accounting enable responsible decision-making?
- How do companies like Tesla and Unilever implement sustainability strategies?
- What challenges do organizations encounter in applying these concepts?

1.5 Research Objectives

- To analyze the concept of corporate sustainability.
- To explore environmental accounting's potential to inform business decisions
- To study and analyze applications of selected companies
- To identify challenges and opportunities of sustainable business practices

1.6 Importance of the Study

The study has contributed to the literature on sustainability and environmental accounting, and is anticipated to act as a resource to managers, policymakers, and researchers in understanding how sustainability and environmental accounting can deliver long-term economic, environmental, and social benefits to businesses.

1.7 Scope of the Study

The primary focus of the book is on corporate sustainability and environmental accounting in the contemporary economy, and while several examples are handled, the work is focused mostly on large multinational companies such as Unilever and Tesla.

1.8 Originality and Ethics of the Study

The paper draws on secondary sources such as books, journals, and company annual reports. It provides additional value by examining existing data in a new context. This complies with ethical obligations: sources are properly cited and plagiarism avoided.

1.9 Limitations of the Study

Because the analysis relies on secondary data and does not incorporate primary data collection (e.g., surveys or interviews), the sample of companies used in these findings may not be fully representative of all industries or geographical regions.

LITERATURE REVIEW

Corporate sustainability, environmental accounting, business sustainability and environmental social governance are academic and business fields that are growing in importance with the increasing power of environmental issues and the environmental expectations of stakeholders. Academics are generally in agreement that the business model must move beyond profit.

Corporate sustainability is often viewed through the Triple Bottom Line (TBL) theory developed by Elkington (1997). TBL theory states that business success should be measured according to three pillars of corporate sustainability: economic, social, and environmental. According to Elkington (1997), sustainable companies are those that achieve a balance between these three pillars.

Similar approaches are based on a stakeholder view. For example, Freeman (1984) advocated the Stakeholder Theory, which argues that companies should take into consideration the interests of customers, employees and other stakeholders (including society and environment) rather than concentrating only on the interests of shareholders. This reinforces the notion that ethical and responsible decision-making is critical to sustainable business success. A key pillar of corporate sustainability is environmental accounting or as Schaltegger (2003) states: identifying, measuring and managing environmental costs and integrating them into business decision-making processes. It allows companies

to understand the economic consequences of their environmental activities (see e.g. energy use, emissions and waste treatment) and increase the efficiency and transparency of their operations.

Sustainable marketing, as described by Kotler et al. (2018, p. 341), is meeting the needs of the consumer without compromising the ability of future generations to meet their own needs. Sustainability creates brand value, brand trust and sets brands apart in competitive markets. Literature also describes challenges such as the lack of a uniform framework for environmental accounting, lack of standards for the consistent measurement of environmental performance, and the problem of greenwashing, when companies exaggerate their environmental responsibility for marketing purposes.

Intensive and systematic research on corporate sustainability and environmental accounting highlights the close relationship between these fields and their importance in promoting responsible business practices. Further research may be needed to better understand how these concepts can be integrated into various industries and to identify best practices for effective implementation.

RESEARCH METHODOLOGY

This research study made use of a qualitative research approach. This methodology was suitable for this study as it sought to understand concepts, theories and practical applications in the field of business around corporate sustainability and environmental accounting and how these influence responsible business practice rather than measure their extent. Secondary data sampling is used in this research. Secondary data sources include academic journals, books, scientific research articles, corporate sustainability reports, and reputable websites. Secondary data sampling is suitable for this research as the study manipulates theories and their practical application in corporate sustainability practices, thus avoiding the use of surveys or experiments.

This study employs a descriptive analytical method to explore corporate sustainability and environmental accounting literature to detail the various approaches companies take to achieve responsible business operations. A comparative case study methodology is adopted to analyze diverse approaches to sustainability adopted by companies such as Tesla and Unilever in their corporate structures. Research data are analyzed based on the results of the literature review and on the findings derived from comparing the theoretical aspects with the business cases regarding sustainability practices and environmental accounting.

The methodology of this study is based on a non-empirical approach which measures things without using direct means, like surveys or interviews. It only uses existing published information, meaning it is reliable yet limited in depth. In general, this methodology provides a solid framework to understand the role of sustainability and environmental accounting in inducing responsible behavior.

DATA ANALYSIS AND INTERPRETATION

Two leading companies in the field of corporate sustainability and environmental accounting have been selected for the case studies: Tesla and Unilever. They represent two contrasting but successful approaches to sustainable business: the corporate responsibility-driven, and the innovation-driven approach to corporate sustainability.

4.1. Tesla - An Innovation Based Model

Tesla is an example of sustainability innovation as it uses technology to disrupt transport and energy.

Key sustainability practices include:

- Manufacturing EVs to reduce reliance on fossil fuels
- Development of battery storage systems (Powerwall, Megapack)
- Expansion of renewable energy solutions such as solar technology
- Investment into Giga factories for high efficiency production

Tesla puts a heavy emphasis on products in its sustainability work. Rather than following the typical environmental report structure, the impact of its sustainability efforts is shown through its technology.

4.2. Unilever - A Systematic Approach to Corporate Sustainability

Unilever has long included a sustainability agenda in its overarching business strategy and has made long-term commitments to environmental goals, including a revised commitment to net-zero emissions by 2039 across its entire value chain.

Key sustainability practices include:

- Reduce plastic packaging and expand recyclable packaging materials
- Sustainable sourcing of agricultural raw materials (tea, palm oil, etc.)
- Reduction of greenhouse gas emissions across production processes
- Invest in ESG reporting and transparency systems

From an environmental accounting perspective, Unilever prepares a group-wide environmental accounting system that includes energy, waste and emissions. The data is used for monitoring efficiency and for compliance with standards set by international environmental organizations.

4.3. Comparative Analysis

Aspects	Tesla	Unilever
Sustainability Model	Innovation-driven sustainabilty	Corporate responsibility & ESG reporting
Focus Area	Energy, transport, battery technology	Supply chain, packaging, sourcing
Environmental Accounting	Indirect (embedded in operations)	Strong formal reporting systems
Climate strategy	Zero-emission transport & energy transition	Strong formal reporting systems
Main Impact	Carbon emission reduction	Waste reduction & efficiency

Table 1 shows Comparative View of Sustainability Strategies

4.4. Interpretation of Findings

The analysis concludes with a comparison, which shows how Unilever has a more structured, reporting-oriented approach to integrating environmental accounting into its corporate strategies and operations, while Tesla focuses on technological innovation and energy services above all else. Though both companies are deeply committed to corporate sustainability, their approaches are distinct.

This means that there is no one-size-fits-all business model for sustainability. Each company works towards sustainability in a way that is compatible with its industry structure and internal capabilities. Both movements aim to reduce environmental impacts and create more responsible businesses.

FINDINGS, CONCLUSIONS & SUGGESTIONS

5.1. Findings

Corporate sustainability and environmental accounting are related subjects that have been studied with sustainable corporate performance. Firms working with and reporting on corporate sustainability have been shown to have a higher chance of returning to long-term stability, a better reputation, and increased efficiency.

The contrasting stories of Tesla and Unilever illustrate two very different but equally compelling approaches to sustainability: Unilever's approach is structured sustainability reporting and environmental accounting, while Tesla's is innovation-driven environmentalism. The findings also indicate that environmental accounting can help organizations identify, measure, and control environmental costs such as energy, waste, and emissions.

5.2. Conclusion

Ultimately, corporate sustainability and environmental accounting are essential to balancing economic performance and environmental and social responsibility in the decision-making process of modern business.

The research also shows that although companies are developing different pathways to sustainability that vary by industry and capacity, these pathways will ultimately lead to responsible business practices

and the conservation of the environment. As a result, sustainability and environmental accounting strategies should now be seen as a necessary component of global business.

5.3. Suggestions

Based on these findings, the following recommendations were made:

- Environmental accounting systems should be part of companies' financial reporting procedures and reports, promoting transparency.
- Economic: Businesses should invest in sustainable technologies and innovations to reduce their environmental impact.
- Sound government policies and incentives will foster sustainable practices.
- Organizations should avoid green washing and communicate accurately about their environmental impact.

Additional research should investigate how sustainability could translate to other industries and developing economies.

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