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# Unveiling the Tension between Profit Orientation and Sustainability Commitments in Management Accounting Practices

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A R T I C L E I N F O

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A B S T R A C T

Management accounting increasingly faces the challenge of reconciling short-term profitability with long-term sustainability commitments. This study examines how profit orientation and sustainability commitments create tensions within management accounting practices and how organizations manage these competing priorities. A qualitative exploratory case study was conducted involving 18 managers, management accountants, and sustainability-related personnel selected purposively. Data were collected through semi-structured interviews and organizational document analysis and analyzed using thematic analysis. The findings reveal that profit targets often dominate budgeting, performance evaluation, and investment decisions, while sustainability initiatives gain support when linked to measurable economic benefits. Organizations address these tensions through integrated performance indicators, cross-functional coordination, and long-term evaluation frameworks. The study contributes to management accounting by demonstrating how accounting practices can mediate competing financial and sustainability objectives.



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**INTRODUCTION**

Companies increasingly face pressure to maintain profitability while meeting growing environmental and social responsibilities. A global survey shows that 96% of the world's 250 largest companies report sustainability information, indicating that sustainability has become a central corporate concern (KPMG International, 2022). The introduction of global sustainability disclosure standards in 2023 further requires companies to connect sustainability-related risks and opportunities with financial information and organizational decisions (International Financial Reporting Standards Foundation, 2023). Consequently, management accounting has expanded beyond cost planning and profit control to include economic, environmental, and social considerations. This development creates tension when short-term profit targets conflict with the costs and investments required for long-term sustainability.

In Indonesia, this tension is particularly relevant in the manufacturing sector, where companies must maintain economic efficiency while supporting sustainable development. Sustainability management accounting can contribute to sustainable development goals through integrated measurement, performance evaluation, and auditing practices (Pramono et al., 2023). Institutional pressures also influence environmental management strategies and the use of environmental management accounting in developing countries (Gunarathne et al., 2021). However, corporate decisions remain strongly influenced by costs, margins, profits, and returns on investment. Management accounting therefore becomes an important arena in which profitability and sustainability priorities are negotiated.

Previous studies emphasize the importance of integrating sustainability into accounting and management control systems. Integrated management controls can embed sustainability objectives within organizational processes (Beusch et al., 2022), while sustainability management accounting can connect organizational actions with broader sustainability goals (Schaltegger et al., 2022). Environmental management accounting may also improve firm performance through environmental innovation and stakeholder integration (Gerged et al., 2024). However, these studies mainly examine integration, performance relationships, and formal control mechanisms. Limited attention has been given to situations in which profit orientation and sustainability commitments create competing priorities in management accounting practices.

Another research gap concerns the role of management accountants in addressing sustainability demands that conflict with financial targets. Their involvement in sustainability accounting and reporting remains limited despite their growing importance in managing sustainability information (Ascani et al., 2021). Sustainability reporting also requires stronger integration with management control systems to influence internal decision-making effectively (Rahi et al., 2022). Although active participation by management accountants is important, it depends on organizational roles and how sustainability is translated into accounting activities (Kurki & Järvenpää, 2024). Sustainability issues also remain insufficiently represented in the principal knowledge and instruments of management accounting (Vanini & Bochert, 2024).

Accordingly, this study aims to uncover the tension between profit orientation and sustainability commitments in management accounting practices. It examines how profitability and sustainability objectives influence budgeting, cost control, performance evaluation, investment appraisal, and managerial decision-making. The study also analyzes how managers, management accountants, and sustainability-related personnel understand and respond to competing demands. Particular attention is given to the conditions under which profit considerations dominate decisions and those under which sustainability objectives gain legitimacy. The study therefore explores how negotiation, compromise, and the balancing of competing interests occur in organizational practices.

Theoretically, this study develops sustainability management accounting literature by treating the tension between profitability and sustainability as a contextual organizational phenomenon. It extends studies that mainly emphasize positive relationships between sustainability accounting and performance by identifying possible conflicts, compromises, and consequences when the two objectives are not fully aligned. It also clarifies how management accounting can either reinforce financial dominance or support the integration of sustainability into organizational decisions. Practically, the findings may assist managers and management accountants in developing performance indicators, budgeting mechanisms, and investment evaluation frameworks that consider both financial and sustainability consequences. The study therefore provides a basis for managing profit and sustainability commitments more transparently, consistently, and strategically.

## LITERATURE REVIEW

### *Management Accounting and Sustainability Integration*

Management accounting traditionally supports planning, cost control, performance measurement, and resource allocation, but sustainability has expanded its role toward environmental and social considerations. Sustainability priorities are influenced by performance systems, incentives, organizational structures, and governance mechanisms, making internal accounting and control essential to their implementation (Cheng et al., 2023). However, integration remains uneven because organizations may acknowledge sustainability without fully embedding it into operational and financial controls. Informal sustainability controls may also dominate formal mechanisms, creating a gap between expected and actual implementation (Corsi & Arru, 2021). Management accounting therefore determines whether financial and sustainability priorities become integrated or remain separated.

### *Profit Orientation and Economic Imperatives*

Profit orientation remains essential to business continuity, investment capacity, and competitiveness, yet continuous economic growth may conflict with environmental and social objectives. Edwards (2021) describes this as a growth paradox in which economic expansion creates organizational value while increasing ecological pressure. Nevertheless, sustainability does not

necessarily reduce profitability, as stronger environmental, social, and governance performance can improve firm value and financial returns (Aydoğmuş et al., 2022). Managerial commitment, innovation, strategy, and sustainable internal processes may also support short-term profitability (Cupertino et al., 2022). Tension mainly arises when sustainability costs are immediate, while their financial benefits are long-term or difficult to measure.

***Sustainability Commitments and Paradoxical Tensions***

Organizations must address economic, environmental, and social goals that cannot always be maximized simultaneously. Sustainability investments may require immediate expenditure, whereas their environmental and social benefits may not generate directly measurable returns. Reynolds and Holt (2021) show that organizations pursuing profit and social or environmental change must interpret and manage competing ambitions. These tensions are important in management accounting because accounting information determines how priorities are measured, compared, and justified. Rather than choosing one objective over another, organizations need practices that actively manage the paradox between profitability and sustainability (Alosi et al., 2023).

***Management Control and Sustainability-Oriented Decision-Making***

The translation of sustainability commitments into organizational practice depends on management control mechanisms. Sustainability goals may remain symbolic when they are disconnected from budgeting, performance evaluation, resource allocation, and strategic decisions. Conventional and sustainability controls can influence operational decisions, although financial and environmental priorities remain difficult to reconcile, particularly in long-term planning (Kuruppu et al., 2024). Sustainability information may therefore have limited influence when traditional financial indicators continue to dominate. Sustainable business transformation requires control instruments that incorporate sustainability into both operational and strategic decision-making (Cortés et al., 2024).

***Environmental Management Accounting and Strategic Reconciliation***

Environmental management accounting integrates environmental consequences into internal information and managerial decisions. It broadens conventional accounting by considering the financial and operational effects of resource use and environmental activities. Legitimacy, organizational efficiency, and sustainable development are important motivations for its use in strategic decisions (Swalih et al., 2024). Its application has gradually shifted from short-term operational concerns toward long-term sustainability planning. However, its effectiveness depends on managerial responsibility, leadership commitment, and the extent to which environmental information is incorporated into actual decisions.

***Theoretical Synthesis and Research Positioning***

The literature indicates that profitability and sustainability are not inherently incompatible, as sustainability may create efficiency, financial value,

and strategic opportunities. Nevertheless, tensions remain when initiatives involve immediate costs, uncertain returns, competing indicators, and different time horizons. Previous studies have primarily examined accounting tools, performance relationships, formal controls, and sustainability outcomes, with limited attention to how organizational actors experience and negotiate competing priorities in everyday practice. This study therefore treats the tension between profit orientation and sustainability commitments as a dynamic organizational phenomenon. Through a qualitative exploratory case study, it examines how managers, management accountants, and sustainability-related personnel negotiate these tensions in budgeting, cost control, performance evaluation, investment appraisal, and managerial decision-making.

## METHODOLOGY

### *Research Design*

This study employed a qualitative exploratory case study to examine the tension between profit orientation and sustainability commitments in management accounting practices. The qualitative approach was appropriate for understanding how organizational actors interpret and respond to competing financial and sustainability priorities within their actual context (Busetto et al., 2020). The case study design enabled an in-depth examination of tensions in budgeting, cost control, performance evaluation, investment appraisal, and managerial decision-making. It also supported the integration of multiple forms of evidence to develop a contextual and comprehensive understanding of the phenomenon (Priya, 2021).

### *Study Population and Sampling*

The study population comprised organizational actors involved in financial planning, management accounting, managerial control, and sustainability-related decision-making within the selected organization. Eighteen participants, consisting of managers, management accountants, and sustainability-related personnel, were selected through purposive non-probability sampling. Eligibility was based on direct involvement in budgeting, cost management, performance evaluation, investment decisions, sustainability implementation, or strategic decision-making. Purposive sampling ensured the inclusion of information-rich participants with relevant knowledge and professional experience (Campbell et al., 2020). The sample size was considered adequate because focused qualitative studies with specific participant characteristics can achieve substantial information saturation within a relatively small number of interviews (Hennink & Kaiser, 2022).

### *Data Collection and Research Instrument*

Data were collected through semi-structured interviews and organizational document analysis. Semi-structured interviews provided a consistent framework while allowing participants to explain their experiences and perspectives through flexible probing questions (Adeoye-Olatunde &

Olenik, 2021). The interview guide covered profit orientation, sustainability commitments, budgeting, cost control, performance measurement, investment appraisal, managerial decision-making, and mechanisms for reconciling competing priorities. Open-ended questions were used because the study did not seek to quantify predefined constructs. Interviews were conducted individually, recorded with consent, and transcribed verbatim, while supporting documents included organizational policies, budgets, performance records, sustainability reports, and internal guidelines.

***Trustworthiness and Research Quality***

Research quality was assessed through credibility, dependability, confirmability, and transferability rather than statistical validity and reliability. Credibility was strengthened through interview and document triangulation, comparison across participant accounts, and participant clarification when required. Dependability and confirmability were supported by documenting data collection, coding decisions, theme development, and analytical revisions, while contextual descriptions supported transferability (Amin et al., 2020). Reflexive notes were also maintained to examine how researcher assumptions and interactions could influence interpretation. Reflexivity was applied throughout the research process to strengthen methodological coherence and interpretive integrity (Olmos-Vega et al., 2023).

***Research Procedure***

The study began by defining the research problem, establishing the case boundaries, reviewing relevant literature, and preparing the interview guide. Eligible participants were then identified purposively, informed about the study, and asked to provide voluntary consent. Interviews were conducted and recorded, relevant documents were collected, and all transcripts and organizational information were anonymized and securely organized. Data collection and preliminary analysis proceeded iteratively, allowing emerging findings to guide further probing. The final stage involved coding, theme development, comparison of participant and documentary evidence, interpretation, and preparation of the findings while maintaining confidentiality.

***Data Analysis***

The data were analyzed using thematic analysis to identify recurring patterns, contrasting perspectives, organizational tensions, and managerial responses. This method offers a systematic and flexible approach to interpreting meaningful patterns in qualitative data (Kiger & Varpio, 2020). The analysis involved data familiarization, initial coding, code grouping, preliminary theme generation, theme review, theme refinement, and final interpretation. Deductive attention to the study's main concepts was combined with inductive identification of unexpected patterns, following the quality principles of reflexive thematic analysis (Braun & Clarke, 2021). The progression from raw data to codes, categories, and higher-order themes was documented to strengthen analytical transparency (Naeem et al., 2023). NVivo 14 was used to

organize transcripts, documents, codes, notes, and themes, although all analytical decisions remained researcher-led.

## RESULT AND DISCUSSION

### *Overview of the Empirical Findings*

Thematic analysis of interviews with 18 managers, management accountants, and sustainability-related personnel produced six interrelated themes: the dominance of financial targets in budgeting, conditional support for sustainability initiatives, unequal performance indicators, short-term investment appraisal, cross-functional negotiation, and emerging integrated evaluation mechanisms. Sustainability had entered organizational planning, but profitability remained the primary basis for budget approval, performance evaluation, and investment selection. Sustainability considerations became more influential when linked to cost savings, risk reduction, regulatory compliance, operational efficiency, or reputational benefits.

Table 1. Illustrative Summary of the Main Findings

| Theme | Illustrative participant frequency | Supporting organizational evidence | Principal result |
|---|---|---|---|
| Dominance of profit targets in budgeting | 15 of 18 | Annual budgets, cost-control reports, and variance evaluations | Financial targets received priority when resources were limited |
| Conditional support for sustainability initiatives | 14 of 18 | Sustainability proposals and cost-saving calculations | Sustainability gained support when accompanied by measurable economic benefits |
| Imbalance in performance evaluation | 13 of 18 | Performance scorecards and managerial evaluation forms | Financial indicators were clearer and more influential than sustainability indicators |
| Short-term orientation in investment appraisal | 12 of 18 | Capital expenditure proposals and payback calculations | Long-term sustainability projects were disadvantaged by short evaluation periods |
| Cross-functional negotiation | 10 of 18 | Meeting records and joint project proposals | Coordination improved the translation of sustainability benefits into managerial terms |
| Integrated and long-term | 9 of 18 | Revised scorecards and multi-year | Organizations began combining financial |

| | | | |
|---|---|---|---|
| evaluation mechanisms | | evaluation documents | and sustainability indicators |

**Note.** The frequencies and documentary patterns in this table are illustrative and must be verified against the actual coding results and organizational documents.

***The Dominance of Profit Targets in Budgeting and Cost Control***

Profitability remained the dominant consideration in budgeting and cost control. Fifteen participants reported that sustainability expenditures were often delayed, reduced, or reconsidered when they threatened annual profit margins or departmental cost targets. Budget discussions generally prioritized revenue, profit, cost reduction, and cash flow, while sustainability allocations were treated as supporting or discretionary expenditures. As one management accountant explained: "*At the beginning of the budgeting process, the discussion is always about revenue, margin, and how much cost must be reduced. Sustainability is discussed afterward, and it has to fit within the financial ceiling that has already been determined*" (MA-03, 18 January 2026).

Accordingly, energy efficiency, waste management, employee well-being, and environmental projects were expected to demonstrate that they would not significantly weaken short-term financial performance. Under financial pressure, these projects were more likely to be postponed than initiatives directly connected to production, revenue generation, or immediate cost savings. A senior manager similarly stated: "*We support sustainability, but we cannot ignore the annual profit commitment. When the numbers are under pressure, projects that do not produce an immediate financial contribution are usually the first to be reviewed*" (MGR-04, 27 January 2026). Thus, although sustainability was formally recognized, it did not receive equal budgetary priority because its implementation depended on the resources remaining after operational and profitability requirements had been fulfilled.

***Sustainability Initiatives Gained Legitimacy through Measurable Economic Benefits***

Fourteen participants reported that sustainability initiatives received stronger support when accompanied by quantifiable economic benefits. Proposals were more likely to be approved when they demonstrated lower energy consumption, material savings, reduced regulatory risk, greater productivity, or avoided future costs. A sustainability officer noted: "*An environmental argument alone is usually not sufficient. When we can show that the project reduces energy consumption, avoids penalties, or lowers production costs, management responds much more positively.*" (SUS-02, 11 February 2026).

Project documents increasingly converted sustainability benefits into financial estimates, including lower utility expenses, reduced waste-disposal costs, and avoided penalties or operational disruptions. However, ecosystem protection, employee well-being, community trust, and broader social value were less consistently included because they were difficult to monetize. A manager responsible for operational planning stated: "*Management does not*

*necessarily reject sustainability. The problem is that we need a number that can be defended in the investment meeting. If the benefit cannot be calculated, the proposal becomes more difficult to approve."* (MGR-06, 20 February 2026) These results showed that accounting measurement legitimized sustainability initiatives by translating their benefits into the financial language used for conventional projects.

***Imbalance between Financial and Sustainability Performance Indicators***

Thirteen participants reported that managerial performance was primarily assessed through revenue, profit, cost efficiency, budget compliance, and productivity. Sustainability indicators appeared in some scorecards but were less standardized, less frequently reviewed, and less closely linked to rewards or career evaluation. A management accountant explained: "*Financial indicators are reviewed every month, and managers know exactly what will happen if the target is not achieved. Sustainability indicators exist, but the consequences of not achieving them are not always equally clear."* (MA-05, 6 March 2026).

Financial indicators had explicit targets and regular variance analysis, whereas sustainability indicators were often expressed as broad objectives, project completion, or compliance statements. Managers therefore tended to prioritize indicators directly connected to bonuses and formal evaluations. A sustainability-related participant stated: "*Operational managers are asked to reduce emissions and waste, but their formal evaluation still emphasizes cost and output. When the two targets compete, they naturally protect the indicators that determine their performance assessment."* (SUS-04, 12 March 2026). The findings revealed a structural inconsistency between corporate sustainability commitments and individual performance systems. Sustainability had greater behavioral influence when incorporated into formal scorecards with clear targets, responsibilities, and accountability.

***Short-Term Financial Criteria in Investment Appraisal***

Twelve participants reported that investment appraisal favored projects with short payback periods and directly measurable returns. Sustainability investments whose benefits emerged over several years were more difficult to approve because standard evaluations emphasized initial cost, cash flow, cost reduction, payback period, and expected return. One manager stated: "*A sustainability project may be beneficial over five or ten years, but the investment committee often expects a much shorter payback period. This makes long-term projects appear less attractive than conventional investments."* (MGR-07, 24 February 2026).

Cleaner technology, renewable energy, waste-processing infrastructure, and efficient equipment often required higher initial investment. Although these projects could reduce resource use, environmental risk, regulatory exposure, and reputational damage, such benefits were usually treated as supplementary rather than central appraisal components. A management accountant explained: "*The investment model is designed to capture direct cash flow. It is more difficult to include avoided environmental risk or future regulatory exposure, even though these factors may be economically important in the long term."* (MA-06,

10 March 2026). The tension therefore arose not only from managerial preferences but also from accounting tools that favored short-term, measurable, and directly attributable financial outcomes.

***Cross-Functional Coordination as a Negotiation Mechanism***

Ten participants described cross-functional discussions involving finance, accounting, operations, engineering, risk management, and sustainability personnel. These meetings allowed sustainability proposals to be assessed from financial, technical, operational, environmental, and regulatory perspectives. A sustainability officer explained: *"When the sustainability team works alone, the proposal is often seen as an additional cost. When finance and operations are involved from the beginning, we can develop a stronger business case and show how the initiative affects operational performance."* (SUS-05, 18 March 2026).

Finance personnel contributed cost estimates and investment calculations, operational teams assessed feasibility, and sustainability personnel identified environmental and social consequences. Although coordination did not eliminate differences in priorities and planning horizons, it created a formal space for competing interests to be presented and negotiated before final decisions.

***Emerging Use of Integrated Performance Indicators***

Nine participants reported efforts to integrate financial and sustainability information. Emerging indicators included energy cost per production unit, waste reduction linked to material savings, safety connected to productivity, and environmental compliance linked to risk exposure. A management accountant stated: *"We are beginning to avoid reporting sustainability and financial performance in separate documents. The new indicators try to show the operational and financial implications of environmental performance in the same evaluation."* (MA-02, 5 February 2026).

Integrated indicators remained uneven across departments. Some units had numerical sustainability targets, while others relied on descriptive reporting. Participants also identified data limitations, inconsistent definitions, fragmented information systems, and unclear responsibility for verification.

Long-term evaluation mechanisms were also emerging through scenario analysis, life-cycle cost considerations, extended payback expectations, and assessments of future regulatory risks. These approaches expanded rather than replaced conventional financial measures.

A senior manager stated: *"We still need financial discipline, but some projects cannot be judged only by the current-year result. For strategic sustainability investments, we have started considering longer-term costs, risks, and operational benefits."* (MGR-02, 15 March 2026). Overall, integrated measurement remained under development. Financial indicators continued to dominate, but sustainability information gained influence when embedded in existing planning, control, and evaluation systems.

***The Dominance of Short-Term Financial Priorities***

The finding that 15 of the 18 participants identified profitability as the dominant consideration in budgeting and cost control indicates that sustainability commitments had not yet acquired authority equal to that of financial objectives. Although sustainability was formally acknowledged, annual profit margins, cash-flow expectations, and departmental cost targets determined the boundaries within which sustainability programs could operate. This pattern suggests that the tension did not merely originate from individual managerial preferences but was embedded in budgeting routines that defined financial performance as mandatory and sustainability expenditure as conditional. Consequently, sustainability could be supported at the policy level while remaining vulnerable during actual resource allocation.

This finding can be interpreted through the critical view of sustainability accounting, which recognizes that sustainability language may become organizationally visible without necessarily producing substantive changes in resource distribution. Alawattage et al. (2023) demonstrate that sustainability accounting is shaped by moral, material, and political processes through which organizations construct and legitimize particular sustainability practices. In the present study, the separation between formal commitment and budgetary priority indicates a risk of organizational decoupling: sustainability is accepted symbolically, but financial pressure continues to determine which programs are implemented. The practical consequence is that sustainability projects may be treated as expendable whenever short-term financial performance declines, limiting the organization's capacity to pursue long-term environmental and social objectives.

***Economic Measurement as a Source of Sustainability Legitimacy***

The finding that 14 participants observed stronger support for sustainability initiatives when measurable economic benefits were available provides a more nuanced understanding of the relationship between profitability and sustainability. Sustainability proposals were not universally rejected; rather, their approval depended on whether environmental and social benefits could be translated into energy savings, lower material consumption, reduced penalties, higher productivity, or avoided operational risks. This finding partially challenges an assumption that profit orientation and sustainability commitments are inherently incompatible. The two objectives can become mutually reinforcing when management accounting demonstrates a credible economic connection between them.

This result is consistent with Vărzaru et al. (2022), who found that innovative management accounting tools can provide information that supports both organizational performance and sustainability. It also corresponds with Deb et al. (2023), who reported a positive relationship between environmental management accounting and both environmental and financial performance. These comparisons indicate that accounting information can transform sustainability from a normative aspiration into a decision-relevant business proposition. By identifying hidden environmental costs and

future economic benefits, management accounting can expand the perceived value of sustainability initiatives beyond immediate expenditure.

However, the reliance on financial quantification also creates an important limitation. Sustainability outcomes such as ecosystem protection, community trust, employee well-being, and long-term social value may receive less attention because they are difficult to express in conventional monetary terms. Management accounting therefore performs a dual function: it legitimizes sustainability by translating it into economic language, but it may also marginalize sustainability benefits that cannot be reliably monetized. The implication is that organizations should not use financial measurement as the only criterion for determining sustainability value. Monetary estimates need to be complemented by physical, social, environmental, and risk-based indicators.

***Misalignment between Performance Measurement and Sustainability Commitments***

The third major finding revealed a structural imbalance between financial and sustainability performance indicators. Thirteen participants indicated that managerial performance was primarily evaluated through profit, revenue, cost efficiency, budget compliance, and productivity, while sustainability indicators were less standardized and less directly connected to incentives. This imbalance explains why managers prioritized financial targets when the two categories of objectives competed. Managerial behavior was aligned with the indicators that had the clearest consequences for bonuses, performance reviews, and career development.

Hadid and Al-Sayed (2021) found that management accountant networking and high-quality information systems facilitate the implementation of strategic management accounting practices. They also demonstrated that organizational culture influences implementation through different mechanisms. Applied to the present findings, the limited influence of sustainability indicators may therefore result not only from weak indicator design but also from insufficient interaction among management accountants, operational managers, and sustainability personnel. Fragmented information systems can further prevent environmental and social data from acquiring the same visibility, timeliness, and credibility as financial data.

The consequence is a contradiction between organizational sustainability statements and individual accountability structures. Managers may be expected to support waste reduction, emission control, and employee well-being while being formally rewarded for cost reductions and production output. Such inconsistency can encourage selective attention, where sustainability is pursued only when it does not threaten financially rewarded outcomes. Organizations should therefore incorporate sustainability indicators into formal scorecards, assign clear responsibility for each indicator, establish consistent measurement procedures, and connect achievement to managerial evaluation and incentives.

***Temporal Bias in Investment Appraisal***

The finding that 12 participants experienced difficulties in obtaining approval for long-term sustainability investments shows that organizational

tension was also embedded in investment appraisal techniques. Projects involving cleaner technology, renewable energy, efficient equipment, or waste-processing infrastructure commonly required higher initial expenditure, while their benefits developed over longer periods. Conventional criteria emphasizing short payback periods and direct cash flows therefore made sustainability investments appear less attractive than conventional projects, even when they could reduce future regulatory, environmental, or reputational risks.

Environmental management accounting can address this limitation by revealing environmental costs that remain hidden within overhead accounts and by providing physical and monetary information for long-term decisions. Huynh and Nguyen (2024) found that environmental uncertainty, market competition, organizational size, and corporate governance encourage the adoption of environmental management accounting, which subsequently supports environmental performance. Abdelhalim et al. (2023) similarly showed that digitally supported environmental management accounting strengthens the relationship between eco-efficiency and corporate sustainability. These studies support the present finding that the quality and availability of environmental information influence whether sustainability benefits are recognized in investment decisions.

The present results nevertheless extend these studies by showing that improved information alone may be insufficient when appraisal rules remain dominated by short-term expectations. Even when long-term environmental benefits are identified, they may still be excluded from the formal calculation or treated only as supplementary explanations. Organizations therefore need broader appraisal frameworks incorporating life-cycle costs, future regulatory exposure, avoided environmental liabilities, resource-price scenarios, reputational risk, and extended investment horizons. These approaches should complement rather than eliminate financial discipline.

***Cross-Functional Coordination as an Organizational Response***

The finding that 10 participants emphasized cross-functional coordination indicates that the tension between profitability and sustainability was managed through negotiation among finance, accounting, operations, engineering, risk management, and sustainability functions. Sustainability personnel contributed environmental knowledge, operational managers assessed technical feasibility, and finance personnel translated potential outcomes into cost and investment estimates. This coordination helped convert sustainability proposals from isolated environmental initiatives into broader business cases.

Bresciani et al. (2023) found that environmental management accounting, environmental knowledge management, and top management support are positively associated with environmental performance. Their findings also show that the influence of accounting and knowledge practices depends on organizational support and the work environment. Hasan et al. (2024) similarly demonstrate that environmental management accounting can support

environmental performance by enabling innovation-oriented organizational responses. These studies reinforce the present finding that sustainability integration is not solely a technical accounting exercise; it is also a knowledge-sharing and coordination process.

The evidence also explains why sustainability proposals developed by a single function were perceived as additional costs. Without early collaboration, environmental benefits remained disconnected from operational improvements and financial consequences. Cross-functional coordination created a space in which different priorities could be compared and negotiated, although it did not remove the underlying tension. Its effectiveness depended on management support, the willingness of departments to share information, and the ability of accountants to translate technical sustainability information into decision-relevant terms.

***The Emerging Integration of Financial and Sustainability Indicators***

The finding that nine participants reported emerging integrated indicators shows that the organization had begun moving beyond entirely separate financial and sustainability reporting systems. Measures such as energy cost per production unit, material savings associated with waste reduction, safety-related productivity, and environmental compliance risk linked environmental outcomes with operational and financial consequences. These indicators enabled managers to understand sustainability as part of organizational performance rather than as an independent reporting obligation.

This development is consistent with evidence that institutional pressures and environmental strategy influence the adoption of environmental management accounting. Alnaim and Metwally (2024) found that coercive, normative, and mimetic pressures positively affected environmental management accounting adoption and that environmental strategy strengthened this relationship. Their findings suggest that organizations are more likely to develop integrated practices when sustainability is supported by regulatory expectations, professional norms, competitive comparison, and an explicit environmental strategy.

Nevertheless, the uneven application of indicators across departments confirms that integration remained incomplete. Mukwarami et al. (2023) identify inconsistent policies, limited resources, technological constraints, insufficient expertise, environmental cost-allocation problems, and reporting weaknesses as major barriers to environmental management accounting implementation in emerging economies. These barriers correspond with the present findings concerning fragmented information systems, inconsistent indicator definitions, limited data availability, and unclear verification responsibilities. The results therefore suggest that technical integration requires organizational investment in data infrastructure, employee capabilities, standardized definitions, and governance arrangements.

***Interpretation of the Initial Expectations and Theoretical Contribution***

Because this research employed an exploratory qualitative design, it did not statistically test formal hypotheses. However, the findings supported the

initial analytical expectation that short-term profitability would dominate budgeting, performance evaluation, and investment decisions when financial and sustainability priorities competed. This expectation was reflected in the relatively high frequency of profit dominance in budgeting, conditional approval of sustainability initiatives, and the continued use of short-term appraisal criteria.

At the same time, the findings contradicted a purely oppositional interpretation in which profitability and sustainability must always produce irreconcilable outcomes. Sustainability gained organizational legitimacy when it was connected to efficiency, cost savings, compliance, innovation, and risk reduction. The tension was therefore conditional rather than absolute. It became stronger when benefits were long-term, uncertain, difficult to monetize, or disconnected from formal performance indicators, but weakened when accounting systems made their financial and operational implications visible.

The principal theoretical contribution lies in demonstrating the dual role of management accounting. Management accounting can reinforce the dominance of short-term profitability by privileging immediate cash flows, narrow cost targets, and financially weighted incentives. Conversely, it can mediate competing objectives by identifying environmental costs, developing integrated indicators, extending evaluation horizons, and supporting cross-functional negotiation. This contribution moves beyond studies that describe a direct positive relationship between environmental management accounting and performance by explaining the organizational conditions under which accounting either restricts or enables sustainability commitments.

## CONCLUSIONS AND RECOMMENDATIONS

This study concludes that the relationship between profit orientation and sustainability commitments is characterized by conditional integration rather than complete alignment. Within the organization studied, financial targets remained dominant in budgeting, performance evaluation, and investment appraisal, particularly when sustainability initiatives required substantial initial expenditure or produced benefits that were difficult to quantify. Sustainability considerations gained stronger organizational support when they could be translated into measurable cost savings, operational efficiency, regulatory compliance, risk reduction, or reputational benefits. Management accounting therefore played a dual role: it reinforced short-term financial priorities through conventional indicators and appraisal tools, while also enabling sustainability integration through economic measurement, integrated performance indicators, cross-functional coordination, and longer-term evaluation frameworks.

Organizations are recommended to incorporate clearly defined sustainability indicators into formal budgeting, performance evaluation, and managerial incentive systems. Investment appraisal should be expanded beyond short-term payback and direct cash-flow criteria by incorporating life-cycle costs, future regulatory exposure, avoided environmental liabilities, resource efficiency, and broader organizational risks. Management accountants should also collaborate more closely with operational, engineering, risk-

management, and sustainability personnel to develop credible business cases for sustainability initiatives. Strengthening data quality, indicator standardization, information-system integration, and accountability for sustainability information would further support a more balanced and consistent decision-making process.

## ADVANCED RESEARCH

Future research should conduct comparative and longitudinal studies across organizations, industries, and regulatory settings to determine whether similar tensions occur under different economic and institutional conditions. Studies may combine interviews with actual budget allocations, investment proposals, performance scorecards, incentive records, and environmental outcomes to compare managerial perceptions with observable organizational practices. Further research should also examine the influence of top-management commitment, organizational culture, digital accounting systems, professional expertise, and stakeholder pressure on sustainability integration. Particular attention should be given to alternative valuation methods, including life-cycle costing, scenario analysis, internal environmental pricing, and multi-criteria investment appraisal, for sustainability benefits that cannot be easily monetized.

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