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RELATIONSHIPS BETWEEN ENVIRONMENTAL ACCOUNTING INFORMATION DISCLOSURE AND BUSINESS PERFORMANCE: EVIDENCE FROM HEAVILY POLLUTING ENTERPRISES IN CHINA

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Abstract

This study explores the impact of Environmental Accounting Information Disclosure (EAID) on business performance, with a particular focus on the mediating role of main business revenue. By analyzing a sample of 1,029 A-share listed companies in heavily polluting industries from 2018 to 2022, this research employs a fixed-effects model to test its hypotheses. The findings reveal that EAID positively influences business performance, and main business revenue serves as a crucial transmission channel in this relationship. Further analysis indicates that this positive relationship is more pronounced in non-state-owned enterprises than in state-owned enterprises. Similarly, firms with strong internal controls exhibit a stronger positive association between EAID and business performance than those with weak internal controls. High-quality EAID not only enhances business performance but also promotes voluntary disclosure practices, offering valuable insights for corporate decision-makers and policymakers. This study contributes to the literature by refining the understanding of EAID's economic consequences and providing novel explanatory mechanisms to elucidate its role in business performance.

Key words: business performance, environmental accounting information disclosure, green accounting, heavily polluting enterprises

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