



Systematic Literature Review: The Effect of Green Innovation and Carbon Emission Disclosure on Financial Performance Moderated by Gender Diversity

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Abstract. This study aims to examine the effect of green innovation and carbon emission disclosure on corporate financial performance, moderated by gender diversity on the board of directors. The method used is a Systematic Literature Review (SLR) with a qualitative approach that analyzes various empirical studies published in reputable international journals. The review process follows a structured protocol, including identification, screening, eligibility, and synthesis of relevant literature. The results indicate that green innovation and carbon emission disclosure have a positive effect on financial performance through improved operational efficiency, enhanced corporate reputation, regulatory compliance, and increased investor confidence. Furthermore, gender diversity on the board strengthens this relationship by encouraging more inclusive, ethical, and sustainability-oriented decision-making processes. Boards with higher female representation tend to be more sensitive to environmental and social issues, leading to more effective implementation of sustainability strategies. This study confirms that the integration of environmental responsibility and board diversity within corporate governance frameworks can serve as a strategic mechanism to achieve sustainable competitive advantage, long-term financial performance, and stronger corporate social legitimacy in an increasingly environmentally conscious business environment.

Keywords: Diversity; Emissions; Gender Diversity; Innovation; Sustainable Governance.

1. INTRODUCTION

Significant transformation in current business practices is a must. Companies can no longer focus solely on achieving short-term financial gains, but must integrate sustainability into their corporate brand strategy. Green innovation practices and carbon emissions disclosure (CED) are often used as indicators to channel funding performance and long-term corporate reputation (Putri, Yuniarti, and Junaidi 2025). Green innovation is one of the main approaches companies use to reduce their negative impact on the environment, which in turn can improve company performance (Sigalingging, Ismail, and Manalu 2025).

Green innovation can be defined as the implementation of new environmentally friendly ideas, processes, products, or practices, with the aim of reducing the adverse impacts of business activities while increasing efficiency and generating added value for the company. Companies that successfully incorporate green innovation into their operations will gain a competitive advantage and strong social legitimacy from the community and investors (Putri et al. 2025). In line with increasing global awareness of climate change, carbon emissions, or carbon emissions disclosure (CED), have become an important obligation for many companies

as a form of transparency and accountability for their environmental performance (Artika, Sisdiyanto, and Ekawati 2025).

Research by Hery et al., (2025) shows that CED disclosure can increase investor confidence and improve a company's image in the eyes of the capital market community. These findings confirm that companies that are active in green innovation and transparent in reporting carbon emissions have a greater opportunity to reap economic benefits and improve their reputation. CED is defined as a form of reporting company information related to carbon emissions generated, mitigation strategies, and measures to control environmental impacts. Transparency in CED sends a positive signal to the capital market regarding the company's commitment to addressing environmental risks, thereby increasing stakeholder confidence (Putri et al. 2025). Financial performance serves as a measure of a company's success, with an emphasis on its ability to generate profits or revenue (Nawawi and Murtanto 2025).

This is used to project future potential and design strategies to maintain operational continuity. The main indicator of a company's long-term survival is its profitability (Nawawi and Murtanto 2025). The company's performance is expected to improve its financial aspects to maintain growth amid rapid change. Therefore, financial performance is a crucial element in describing the company's achievements. Gender diversity on the board of directors is an important factor in promoting sustainable business practices. Gender diversity can provide a broader perspective in the decision-making process, which ultimately contributes to improving company performance and value. Boards consisting of women tend to emphasize decision-making aspects more than men, because women in the business world have different values from men, so ethical standards of assessment also differ in the application of decision-making and economic implementation as a whole (Eliya and Suprpto 2024).

Thus, the recruitment of female board members and the increase in their representation have a significant impact on the company's economy, particularly on the company's performance results (Eliya and Suprpto 2024). This study is based on Stakeholder theory, which emphasizes that the sustainability of a company is highly dependent on its ability to meet the needs and expectations of stakeholders, such as investors, consumers, and the government (Putri et al. 2025). On the other hand, contingency theory highlights that managerial effectiveness is greatly influenced by the contextual conditions faced by the company. In the desired context, this means that the impact of green innovation and CED on financial performance is highly dependent on supporting factors such as governance, board composition, and external industry dynamics (Castro et al. 2021). Research by Rahmawati & Inawati, (2024), reveals that carbon emissions disclosure and the implementation of green innovation have a

positive effect on increasing company value, which in turn contributes to increased investor confidence.

These findings are in line with this study, which views sustainability practices as a positive signal for capital market participants. However, the difference lies in the focus of the dependent variable, where that study emphasizes company value, while this study places greater emphasis on financial performance. In addition, the differences in findings and implications may also be influenced by the characteristics of the energy sector, which has a relatively higher level of carbon emissions exposure, so that market response to environmental disclosures tends to be stronger than in other sectors. Meanwhile, research by Lina & Adelia, (2024), shows that carbon emissions disclosures have a positive effect on corporate financial performance, especially for companies with high sales growth rates. The similarity with this study lies in the emphasis that environmental information transparency plays a role in reducing information asymmetry and strengthening investor confidence. Differences in results between studies are also influenced by variations in company characteristics and differences in observation periods, indicating that the effect of carbon emissions disclosure on financial performance is contextual and highly dependent on the internal conditions of each company.

Based on these conditions, there are still gaps in research marked by the limited number of studies that comprehensively discuss green innovation and carbon emission disclosure as determinants of corporate financial performance, taking into account the moderating role of gender diversity on boards of directors, particularly in emerging markets. Previous studies have generally examined these variables partially or produced inconsistent findings due to differences in context and company characteristics. Therefore, this study aims to analyze the effect of green innovation and carbon emission disclosure on corporate financial performance, as well as to examine the role of gender diversity on the board of directors as a moderating variable through a Systematic Literature Review (SLR) approach.

2. THEORETICAL STUDY

Stakeholder Theory

The stakeholder theory was introduced by Freeman in 1984, which can be defined as a person or group of people who influence each other (are influenced and influence) a company's process in achieving its goals (Maulana et al., 2023). According to stakeholder pressure theory, pressure from stakeholders can be seen through the actions of regulatory stakeholders (such as the government or trade associations), communities (environmental and community

organizations), and other vital stakeholders (especially customers, suppliers, shareholders, and employees) (S. P. Anggraini & Arieftiara, 2024).

Pressure from stakeholders who have the ability to influence company decisions is the main driver of companies' efforts to fulfill their social and sustainability responsibilities. One such effort is through green innovation (S. P. Anggraini & Arieftiara, 2024). Companies that are responsive to sustainability issues, through green innovation and carbon emission disclosure, will find it easier to gain the trust of investors, consumers, and the public. Thus, stakeholder theory asserts that environmental strategies are not merely a moral obligation, but a strategic instrument for improving a company's reputation and financial performance (Putri et al., 2025).

Contingency Theory

Contingency Theory introduced by Fiedler in 1964, Fiedler argues that effective leadership can be achieved when a leader has control over the situation he faces and applies an appropriate leadership style (Hariro et al., 2024). Contingency theory emphasizes that the effectiveness of managerial strategies is greatly influenced by the contextual conditions faced by companies. In sustainability practices, this means that the impact of green innovation and CED on financial performance is highly dependent on supporting factors such as governance, board composition, and external industry dynamics (Putri et al., 2025). Contingency theory also emphasizes that the gender composition of the board of directors is a critical condition for effective environmental leadership. Thus, contingency theory affirms how female leadership influences green innovation and explains that leadership effectiveness depends on contextual factors (Mansour et al., 2025).

Financial Performance

Financial performance plays an important role in the sustainability of a business, both internally and externally. Financial performance, which can be seen through a company's financial statements, is the center of information for the company and external parties (Cahyonugroho and Sunarya 2024). Financial performance is an indicator that reflects the financial condition of a company. Through financial performance, it can be assessed to what extent a company is able to achieve its objectives by optimally utilizing its capital structure (Angelina and Nursasi 2021). Research (Victor and Jesica 2023), reveals that financial performance acts as a benchmark for a company's success in generating profits, so that the company's financial performance can be represented through the level of profitability achieved.

Profitability is one of the main indicators in assessing financial performance because it illustrates an important aspect of a company, namely its level of attractiveness. A company's

attractiveness plays a strategic role, especially in facing increasingly intense competition between companies in the current market conditions (Victor and Jesica 2023). Good financial performance reflects the effectiveness of a company's resource management while increasing its attractiveness in the eyes of investors. However, factors such as sustainability, governance, and board diversity can strengthen or weaken this performance in the long term (Putri et al. 2025).

Green Innovation

Green innovation is environmentally friendly, aiming to reduce negative impacts on the environment while improving business efficiency (Putri et al. 2025). Green innovation is seen as an innovation that reflects a company's responsibility to the environment. Green innovation can be an indicator of a company's value in creating better environmental conditions through effective and efficient management mechanisms, and green innovation can increase a company's value because investors will be attracted to companies that care about the environment (Yasya 2021).

Research by Kelvin et al., (2025), shows that the implementation of green innovation brings competitive advantages in the form of energy efficiency, compliance with environmental regulations, improved corporate image, and long-term sustainability. The challenges faced include high initial costs and infrastructure limitations. However, supported by government policies and cross-sector collaboration, green innovation sends a positive signal to the market that companies have a long-term commitment to sustainability.

Carbon Emission Disclosure

Carbon emission disclosure is part of carbon accounting, which is the obligation of companies to measure, recognize, record, present, and disclose carbon emissions (Rini et al., 2021). This practice increases transparency, accountability, and legitimacy of companies in the eyes of stakeholders (Putri et al., 2025). Previous studies have explained that carbon emissions have a positive effect on company value and financial performance, especially in carbon-intensive energy sectors. Companies that are more transparent tend to gain investor trust and have better market value. However, emission levels still vary between industries and there are challenges in standardization and verification (Rahmawati & Inawati, 2024).

3. RESEARCH METHOD

The research method in this study was designed to provide a systematic, focused, and comprehensive analytical framework for examining the relationship between green innovation, carbon emission disclosure, and corporate financial performance, taking into account the

moderating role of gender diversity on the board of directors. This study uses a qualitative approach through the Systematic Literature Review (SLR) method, which allows for structured and objective searching, evaluation, and synthesis of empirical and conceptual findings (Anggraini et al., 2025). Through this approach, this study aims to identify relationship patterns, consistency of findings, and the dynamics of the influence of sustainability practices and corporate governance on financial performance, particularly in the context of emerging markets (Fauziah, Hidayat, and Sari 2021).

The SLR method is applied by following clear steps and protocols to minimize subjectivity and potential researcher bias in the literature review process. In addition, this method is used to reveal research gaps and open up opportunities for the development of new research topics or areas that are relevant and have the potential for further study. In general, SLR aims to formulate analysis strategies that can help answer research questions and identify various perspectives that have developed in relation to the issue being studied (Habibi and Artha Glory Romey Manurung 2023).

Through this methodological approach, the study not only focuses on the direct impact of green innovation and carbon emission disclosure on corporate financial performance, but also analyzes how gender diversity in the board of directors structure plays a role in strengthening or weakening this relationship. In addition, this study examines the implications of sustainability practices and corporate governance on increasing legitimacy, reputation, and stakeholder trust, which ultimately contribute to the sustainability of a company's financial performance in the long term.



Figure 1. Research Flow of Systematic Literature Review (SLR).

Planning Review

The initial stage in conducting a Systematic Literature Review (SLR) begins with establishing research objectives that focus on analyzing the impact of green innovation and carbon emission disclosure on corporate financial performance, as well as the role of gender diversity as a moderating variable. At this stage, research questions are formulated to examine the extent to which green innovation and carbon emission transparency practices contribute to improved financial performance, as well as how gender diversity on the board

of directors affects the effectiveness of these sustainability practices. The main keywords used include green innovation, carbon emission disclosure, financial performance, gender diversity, and corporate governance.

Literature Identification

Literature searches were conducted using several academic databases, including Google Scholar, Scopus, and SINTA, with publications ranging from 2021 to 2025 to ensure the relevance and novelty of the study. The search process used a combination of keywords related to green innovation, carbon emission disclosure, financial performance, and gender diversity on the board of directors. This stage aimed to compile empirical and conceptual research relevant to the topics of sustainability, corporate governance, and their implications for financial performance.

Selection and Screening

The literature obtained was then selected by removing duplicate articles and conducting an initial assessment based on the suitability of the title and abstract. Next, a full text review was conducted by considering the inclusion criteria, such as the suitability of the research topic, the quality of the publication source, and the reliability of the methodology used. Articles that met all of these criteria were selected for further analysis.

Data Analysis

The analysis stage was carried out by grouping and reviewing the selected literature thematically. The analysis focused on the relationship patterns between variables, the consistency of research results, and the differences in findings influenced by the industrial sector context and company characteristics. A thematic approach was used to identify the contribution of each study in explaining the influence of green innovation and carbon emission disclosure on financial performance.

Reporting and Synthesis

The synthesis stage aims to present a comprehensive overview of the relationship between green innovation practices, carbon emission disclosure, and corporate financial performance, taking into account the moderating role of gender diversity. This process is carried out by integrating the main findings from various studies to explain the theoretical and practical implications related to sustainability, corporate governance, and long-term financial performance improvement strategies.

Next, data analysis was conducted using the SPIDER (Sample, Phenomenon of Interest, Design, Evaluation, Research Type) approach, which serves to group and analyze literature in a more focused and in-depth manner. The SPIDER approach allows researchers to filter sources

that are more relevant to the focus of qualitative research. Through a more specific structure, SPIDER helps ensure that the literature used is truly relevant to the context and objectives of the research. By dividing the analysis process into five main elements, namely sample, phenomenon under study, research design, evaluation, and type of research, researchers can design a more systematic and organized literature search strategy, thereby increasing the efficiency of the analysis process (Hasanah and Syahrin 2025).

The implementation of Systematic Literature Review (SLR) in this study involved several main stages, including determining the feasibility of the study, identifying data sources, selecting articles, and establishing inclusion and exclusion criteria. The SLR method allows for the systematic compilation and synthesis of information based on these criteria. The literature search process was conducted by searching for relevant scientific articles using the keywords green innovation, carbon emission disclosure, financial performance, gender diversity, and corporate sustainability in publications published between 2021 and 2025. The advanced screening stage was carried out by reviewing the titles, abstracts, and full texts of the articles to ensure the suitability of the topics and the methodological quality of the research used (Alamsyah, Inayati, and Rahman 2022).

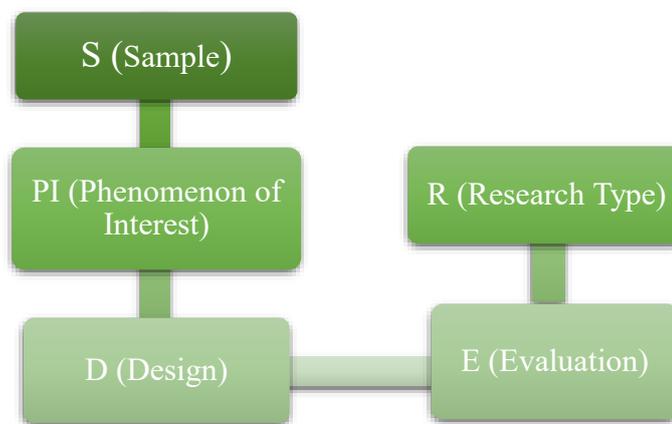


Figure 2. Data Analysis Process Using SPIDER.

- 1) **S (Sample)** : The sample analyzed in this study consists of companies listed on the Indonesia Stock Exchange as discussed in selected literature, particularly studies examining green innovation practices, carbon emission disclosure, financial performance, and board characteristics, including gender diversity.
- 2) **PI (Phenomenon of Interest)** : The main phenomena examined in this study are the implementation of green innovation and carbon emission disclosure and their effects on company financial performance, taking into account the moderating role of gender diversity in the board of directors' structure.

- 3) **D (*Design*)** : This study uses the Systematic Literature Review (SLR) method with a qualitative approach, which integrates empirical and conceptual studies related to sustainability practices, corporate governance, and their implications for financial performance.
- 4) **E (*Evaluation*)** : The evaluation was conducted by examining the extent to which green innovation and carbon emission disclosure contribute to improving corporate financial performance, as well as how gender diversity on the board of directors affects the effectiveness of implementing sustainability practices and environmental reporting.
- 5) **R (*Research Type*)** : This type of research is qualitative research with a descriptive-analytical approach, which aims to synthesize literature findings and draw theoretical and practical implications for companies, stakeholders, and policy makers in the field of sustainability and corporate governance.

Previous Research

This article was prepared through systematic literature search and selection from various scientific journals indexed by Google Scholar, Scopus, and SINTA. In the initial stage, 15,700 articles related to green innovation, carbon emission disclosure, corporate financial performance, and gender diversity on boards of directors were collected. Next, a selection process was carried out by reviewing the titles, abstracts, and contents of the articles based on predetermined inclusion and exclusion criteria, resulting in 34 articles that were deemed relevant and suitable for further analysis. The literature selection process was supported by the use of the PRISMA flow diagram (Preferred Reporting Items for Systematic Reviews and Meta-Analyses), which serves as a methodological tool to document and report each stage of literature selection in a systematic and transparent manner, from the identification, screening, and eligibility assessment processes to the determination of studies included in the final review. The application of the PRISMA approach not only ensures the regularity and validity of data management but also increases the credibility and reproducibility of research results through the presentation of clear and structured literature selection procedures (Tendean and Sunaryo 2022).

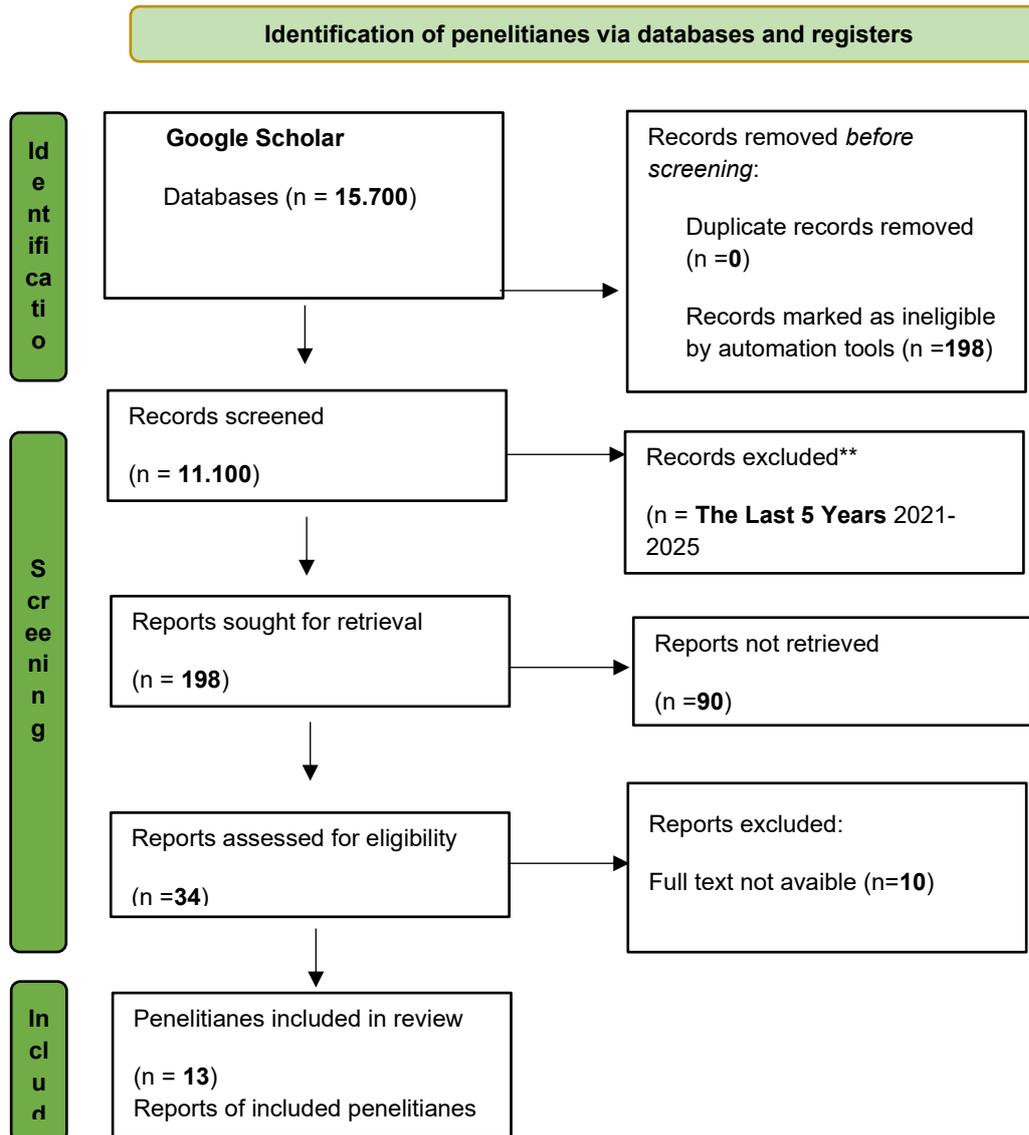


Figure 3. Identification of penelitanes via databases and registers.

After conducting a literature search and compiling 15,700 articles related to green innovation, carbon emission disclosure, corporate financial performance, and gender diversity on boards of directors, the author applied the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) approach to ensure that the literature selection and synthesis process was carried out systematically and transparently. PRISMA serves as a methodological guideline in maintaining scientific integrity through structured, consistent, and replicable research reporting. The PRISMA stages began with the identification of articles through a comprehensive search of various academic databases, followed by the removal of duplicate articles and initial selection based on the suitability of titles and abstracts to exclude literature that was not relevant to the focus of the study on sustainability practices and corporate financial performance.

The next stage involved assessing eligibility by reviewing the full text of the articles, so that only studies that met the inclusion criteria were retained for further analysis. In the final stage, 34 articles were selected for in-depth analysis. The application of the PRISMA method not only provided a clear framework for the literature selection process, but also contributed to increasing the validity of the study results by reducing potential selection bias. Thus, the results of the literature review obtained can be used as a basis for comprehensive and reliable analysis in examining the influence of green innovation and carbon emission disclosure on corporate financial performance, taking into account the moderating role of gender diversity on the board of directors, while also contributing to the development of literature related to sustainability, corporate governance, and financial performance.

4. RESULTS AND DISCUSSION

The Impact of Green Innovation on Financial Performance

Green innovation is innovation that focuses on reducing environmental impact through the development of more environmentally friendly products, processes, or technologies. The application of green innovation has been proven to contribute positively to a company's financial performance. Green innovation helps improve cost efficiency. By using energy-efficient technologies and minimizing waste, companies can reduce their operating expenses. This efficiency has a direct impact on increased profitability. Green innovation also improves product and process quality. The resulting products are safer, higher quality, and more in line with the needs of consumers who are increasingly concerned about environmental issues (Nareswari & Winarsih, 2024).

This improvement in quality drives customer satisfaction, which in turn leads to increased sales and revenue for the company. Companies that implement environmentally friendly innovations build a positive reputation in the eyes of the public, government, and investors. The image of being an environmentally conscious company provides added value and increases public trust, thereby strengthening the company's position in the market. Companies that implement green innovation are considered more responsible and environmentally conscious. Increased Revenue and Company Value Green innovation helps companies produce products that have added value because they meet market demand for safer and more sustainable goods (Khusnah & Khoiriyah, 2025). Green innovation has also been shown to have a negative and significant impact on financial performance (Collins et al., 2021).

This is because the implementation of environmentally friendly production processes requires considerable initial investment, such as technological upgrades, the use of efficient

machinery, and better waste management. These high initial expenditures cause company profits to decline in the short term, resulting in weaker financial performance before the long-term benefits are felt. Green innovation has been found to have no significant impact on financial performance. Although environmentally friendly products have added value, the costs of research, development, and more expensive raw materials mean that the financial results are not immediately apparent. In addition, not all consumers are willing to pay more for green products, so the impact on company revenues is not immediately apparent (Collins et al., 2021).

The Impact of Carbon Emissions on Financial Performance

Carbon emissions are carbon released into the air in the form of CO₂ gas as a result of corporate activities and industrial processes. This increases the greenhouse effect, accelerates global warming, and causes climate change (Indah Sukmawati & Deliza Henny, 2024). The disclosure of information on carbon emissions is an element of environmental disclosure included in annual reports or sustainability reports. This process requires companies to allocate time and costs in order to present quantitative data on carbon emissions. In addition, this disclosure also supports the government in achieving accounting objectives and improving performance in sustainability (Izzania et al., 2024). The effect of carbon emission disclosure on financial performance is that carbon emissions have a positive and significant impact on financial performance (Lina & Adelia, 2024).

This positive effect indicates that companies with higher levels of carbon emissions disclosure tend to have better profit performance. In addition, the test also shows that company characteristics, especially sales growth, are very important in increasing the effect of carbon emissions disclosure on financial performance (Lina & Adelia, 2024). Transparent reporting builds public trust, strengthens the company's image and reputation, and minimizes information uncertainty, which in turn has the potential to improve financial performance. By proactively communicating its environmental commitments and initiatives, the company has a greater chance of gaining the trust of investors on an ongoing basis, gaining easier access to funding, and strengthening long-term business relationships (Ayu et al., 2025).

Carbon emissions can increase investor and consumer confidence, thereby driving improved financial performance. Companies that demonstrate greater transparency in carbon emissions reporting and implement green innovations generally have higher company values. In addition, the study emphasizes that sustainability integrated into business strategy plays an important role in increasing investor confidence and strengthening competitiveness in the global market. Sustainability efforts not only serve as a basis for decision-making, but also influence stakeholders' perceptions of company value. Thus, the higher the level of carbon

emissions disclosure, the greater the tendency for an increase in company value (Rahmawati & Inawati, 2024).

The Role of Gender Diversity Moderation in the Relationship between Green Innovation and Carbon Emission Disclosure on Financial Performance

Gender diversity is a cultural concept that describes the variation in behavior, mindset, and characteristics between men and women involved in organizational structures and managerial processes. Gender diversity plays a role in improving the quality of decision-making through the integration of broader perspectives, resulting in more objective and comprehensive assessments (Yuniarti et al. 2023). Green innovation and Carbon Emission Disclosure (CED) have been proven to make a positive and significant contribution to a company's financial performance. In addition, gender diversity in the board of directors acts as a moderating factor that strengthens the relationship between green innovation and CED with the level of profitability and corporate legitimacy (Putri et al. 2025).

From a stakeholder theory perspective, gender-diverse boards of directors tend to be more responsive to stakeholder demands for environmental transparency and social responsibility. The presence of women on the board of directors encourages more ethical, cautious, and long-term sustainability-focused decision-making. This strengthens the company's legitimacy in the eyes of investors, consumers, and regulators, so that green innovation and carbon emissions disclosure are not only seen as formal compliance but as a corporate strategy with economic value. Thus, gender diversity reinforces the positive signals that companies send to the market and has an impact on improving financial performance (Kyaw, Treepongkaruna, and Jiraporn 2022; Putri et al. 2025).

In relation to green innovation, gender diversity on the board of directors strengthens the effectiveness of implementing environmentally friendly innovations on financial performance. A gender-diverse board is able to evaluate green innovation investments more comprehensively by considering the risks, costs, and long-term benefits generated. Research by Mansour et al., (2025), shows that female leadership has a significant influence on increasing environmental innovation, especially in sectors with high carbon emissions. This indicates that the presence of women on the board of directors increases the company's ability to convert green innovation into operational efficiency, positive reputation, and sustainable competitive advantage, thereby positively impacting financial performance.

In addition to strengthening green innovation, gender diversity also plays an important role in improving the quality of carbon emission disclosure. Boards of directors with a higher proportion of women tend to encourage more transparent, accountable, and comprehensive

carbon emission reporting practices. Female leadership characteristics that are more sensitive to environmental issues and corporate reputation encourage more substantive information disclosure, thereby reducing information asymmetry between management and stakeholders. Better CED quality increases investor confidence, reduces reputational risk, and strengthens the company's relationship with stakeholders, which ultimately contributes to improved corporate financial performance (Julianto et al. 2025; Kyaw et al. 2022).

In the context of developing countries such as Indonesia, the role of gender diversity moderation is becoming increasingly relevant given that corporate sustainability practices still face various institutional and governance constraints. The presence of women on boards of directors serves as an internal governance mechanism that strengthens the integration of green innovation and carbon emission disclosure in a more substantial manner. Research by Putri et al., (2025), confirms that gender diversity can strengthen the relationship between sustainability practices and financial performance through increased social legitimacy, corporate reputation, and access to sustainable financing. Thus, gender diversity not only serves as a symbol of good governance, but also as a strategic factor in creating corporate value and long-term financial performance sustainability.

5. CONCLUSION AND RECOMMENDATIONS

Based on a synthesis of findings through a Systematic Literature Review approach, this study shows that the implementation of green innovation and carbon emission disclosure practices generally has a positive correlation with improved corporate financial performance. This contribution is reflected in improved operational efficiency, strengthened corporate reputation, and increased investor and stakeholder confidence. However, the positive effects are not always direct or consistent, given differences in industry characteristics, internal company conditions, and the amount of initial investment required to implement sustainability practices. Furthermore, gender diversity in the board of directors structure has been shown to function as a moderating factor that strengthens the relationship between green innovation and carbon emission disclosure on financial performance, particularly through more ethical, inclusive, and long-term sustainability-oriented decision-making processes.

These results indicate that integrating sustainability practices with inclusive corporate governance is a relevant strategy for supporting financial performance while maintaining corporate legitimacy, although the findings should be generalized with caution given that this study relies on a qualitative approach based on a literature review. In terms of practical implications, the results of this study emphasize the importance for companies to continuously

integrate green innovation and transparency in carbon emissions disclosure into their business strategy formulation in order to create long-term economic value and strengthen market confidence and social legitimacy. In addition, increasing the representation of women on boards of directors should be considered as part of corporate governance policy, given their role in improving the effectiveness of sustainability practices.

For regulators and policymakers, these findings can be used as a reference in formulating policies that encourage standardization of carbon emissions disclosure and strengthen green innovation and board diversity. However, this study has limitations because it uses a Systematic Literature Review method that does not involve direct empirical testing, making it impossible to quantitatively measure the magnitude of the influence between variables. Therefore, further research is recommended to adopt an empirical approach using panel or cross-sector data, considering other moderating and mediating variables, and expanding the context of the study to emerging markets in order to gain a deeper understanding of the relationship between sustainability practices, corporate governance, and financial performance.

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