GREEN ACCOUNTING AN EMPIRICAL STUDY ON ENVIRONMENTAL MANAGEMENT PRACTICES

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ABSTRACT
Green accounting, which incorporates environmental costs into the financial practices of organizations, is critical for effective environmental management and decision-making. This empirical study investigates the environmental management practices of companies, particularly focusing on the role of green accounting in enhancing corporate governance, transparency, and financial performance. The study reveals that companies engaging in comprehensive green accounting practices not only improve their environmental performance but also achieve better financial outcomes. Additionally, the study underscores the importance of voluntary environmental reporting and the growing trend of using digital platforms for environmental disclosures. It concludes with recommendations for standardized reporting guidelines and the integration of digital tools to improve the quality and accessibility of environmental information.
***Keywords**: Green accounting, environmental management, corporate governance, transparency, financial performance, environmental reporting, digital platforms, standardized reporting guidelines.*

INTRODUCTION

Accounting for environment helps in accurate assessment of costs and benefits of environmental preservation measures of companies (Schaltegger, 2000). It provides a common framework for organizations to identify and account for past, present and future environmental costs to support managerial decision-making, control and public disclosure (KPMG & UNEP, 2006). The severity of environmental problems as a global phenomenon has its adverse impact on the quality of our life. Measures are being taken both at the national and international level to reduce, prevent and mitigate its impact on social, economic and political spheres (GRI, 2002; GR1, 2006). The emergence of corporate environmental reporting (CER) in India has been an important development, both for better environmental management and overall corporate governance (Banerjee, 2002). Global awareness of stakeholders on corporate environmental performance has already made traditional reporting redundant. Corporate houses run into the risk of loss of faith of their stakeholders, if in future, environmental performance information is not included in their main stream reporting (Swift, 2001).

Simple adherence to mandatory environmental reporting is insufficient to meet the environmental disclosure expectation of stakeholders. Mandatory reporting is nothing but a minimum prescribed reporting requirement. Companies around the world aspire consciously for improved transparency in disclosure as their core competence (Williams, 2000). Environmental disclosure through internet would be the future of scientific reporting. A number of recent national and international surveys have identified increase in growth of companies reporting on internet (Isenmann, 2004).

Environmental reporting of Indian companies can be broadly categorized into two types' mandatory disclosure and voluntary disclosure. Preliminary investigation of this study shows that Indian companies practice more of voluntary environmental reporting in the form of satellite reporting, sustainability reporting, GRI reporting and internet reporting. Accounting within business operati.

LITERATURE REVIEW

Over the past decades companies have recognized the benefits of environmental reporting. As a result, there was dramatic increase in the number of companies reporting in numerous ways. Early reporters are quick to realize that environmental disclosure is more of a governance and strategic issue than a simple reporting tool (Roome, 1992; Parker, 1997; Parker, 2000a). Regardless of the medium of reporting, companies are bound to satisfy country specific/ international reporting standards and requirements. It is important to understand as to how far standard setting improves credibility in reporting through major surveys. However, most studies are based on content analysis of annual reports. Firstly, a survey by International accountancy firm KPMG (2005) shows that there is not just an increase in the number of corporate responsibility (CR) information in annual (financial) reports but also on the assurance.

There are standards available for assurance on non -financial information like the International Standard for Assurance Engagements (ISAE) 3000, and Accountability's AA1000 Assurance Standard. In 2005 survey number of companies issuing corporate responsibility reports is approximately 80% representing 21 nations in comparison to 2002 survey with only 50% companies in the reporting arena. This result supports the widespread understanding that multinational corporations publish more CR than other national companies. Prior research on internet based environmental disclosure concludes that multinational corporations of developed nations prefer digital reporting over print medium (Craven & Otsrnani, 1999, UNEP, 1999; Williams, 2000).

METHOD

Data collection

The research followed the analytical descriptive approach, and was based in the theoretical framework on books, references and previous studies. On the practical side, the data was collected via a questionnaire based on previous studies, and the questionnaire was judged through academics to guarantee its apparent soundly, and distributed randomly to the research sample of people related to the subject matter of the research and whose decisions affect the environmental performance of the company. Likert Scale was utilized by the current study, and also we used SPSS was analyze data. A sample of the study consists of fifty-five Iraqi industrial companies; the questionnaire was randomly distributed to a sample of the research community of fifty questionnaires. Forty-five of them have been recovered for statistical analysis.

RESULTS AND DISCUSSION

RESULTS

The empirical study on environmental management practices through green accounting revealed several significant findings. Firstly, it was found that there is a positive correlation between the implementation of environmental management practices and the overall financial performance of companies. Companies that actively engaged in green accounting practices showed an increase in profitability, indicating that sustainable practices can lead to economic benefits. This supports the notion that investing in environmental sustainability is not only beneficial for the environment but also for the company's bottom line.

Secondly, the study highlighted that the level of environmental disclosure varies significantly among companies. Larger companies and those with more international exposure tend to have more comprehensive environmental reporting practices compared to smaller, locally-focused companies. This discrepancy suggests that market pressures and stakeholder expectations play a crucial role in determining the extent of environmental disclosure.

Additionally, the study found that mandatory environmental reporting requirements alone are insufficient to ensure high-quality environmental disclosures. Companies that went beyond the mandatory requirements and engaged in voluntary environmental reporting practices provided more detailed and useful information for stakeholders. This finding indicates that regulatory frameworks need to be complemented with initiatives that encourage voluntary disclosure to improve the overall quality of environmental reporting.

Lastly, the study observed that companies using digital platforms for environmental reporting, such as websites and online sustainability reports, were more effective in communicating their environmental performance to a wider audience. This trend aligns with the increasing use of digital media for corporate communications and suggests that leveraging technology can enhance the transparency and accessibility of environmental information.

DISCUSSION

The results of this study underscore the importance of integrating environmental management practices within the core business strategies of companies. The positive correlation between green accounting practices and financial performance indicates that companies can achieve a competitive advantage by adopting sustainable practices. This finding is significant as it challenges the traditional view that environmental sustainability and profitability are mutually exclusive goals.

The variation in the level of environmental disclosure among companies suggests that there is a need for a more standardized approach to environmental reporting. While larger companies and multinationals have the resources to engage in comprehensive environmental reporting, smaller companies may require additional support and incentives to improve their disclosure practices. Policymakers and regulatory bodies should consider developing guidelines that are scalable and applicable to companies of different sizes and sectors to ensure a more uniform approach to environmental reporting.

The study's finding that voluntary environmental reporting enhances the quality of disclosures highlights the role of corporate governance in promoting transparency. Companies that view environmental reporting as a strategic tool for stakeholder engagement are more likely to provide detailed and meaningful information. This suggests that fostering a corporate culture that values transparency and accountability can lead to better environmental management practices.

The increasing use of digital platforms for environmental reporting reflects the evolving landscape of corporate communications. Digital reporting not only allows companies to reach a broader audience but also facilitates real-time updates and interactive engagement with stakeholders. As technology continues to advance, companies should explore innovative ways to utilize digital tools for environmental reporting, such as integrating data analytics and visualization techniques to present environmental performance in a more compelling manner.

In conclusion, the study on green accounting and environmental management practices provides valuable insights into the benefits and challenges of environmental reporting. By adopting comprehensive and transparent environmental reporting practices, companies can not only enhance their financial performance but also contribute to sustainable development goals. The findings call for a collaborative effort between companies, regulators, and stakeholders to promote best practices in environmental reporting and ensure that environmental sustainability becomes an integral part of corporate governance.

CONCLUSION

As the main purpose of the study is to know how environmental or green accounting can be able to contribute for ensuring sustainable development. Scholars agreed on developing of ecosystem accounts by explaining of definition of ecosystem services in the context of accounting, allocation to institutional sectors; the treatment of degradation and rehabilitation, and valuing ecosystem services. It is also highlighted from the summary of literature for valuation of the effects of carbon dioxide is based on asset values rather than rental values. The study also found that the environmental accounting and sustainability are correlated and raise questions about how to evaluate environmental accounting interventions and emission trading mechanisms are essentials. Moreover, it has suggested that the development of multiple and conditional narratives no longer realist or totalizing, explicitly challenge the hegemonic claims of business movements in the arena of sustainability and sustainable development.

This study also revealed that most of the organizations often ignore or inadequately represent large but highly uncertain environmental costs and costs conditioned and it has agreed by the scholar's that the proper practice of green accounting promotes income sustainability. It has also noted that the accountants have undisputed authority in the field of financial reporting of rights and liabilities created under emissions trading schemes in financial carbon accounting. Finally, overall findings summarized from the review findings that proper practice of environmental accounting is a vital issue for sustainable development especially to concentrate on environmental taxes, environmental costs, valuing ecosystem services, costing of carbon dioxide, cost of water pollution and ensure income sustainability of leading in the way of sustainable development.

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