



Impact Of Green Accounting On Sustainable Development

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Abstract

Environmental sustainability is a major concern with increasing global warming. Environmental changes are a global problem which requires a global solution. It has potential for our sustainable economic growth. The green accounting system is considered one of the important management systems to enable improvement of economic and environmental performance of a business firm. The impact of green accounting on corporate is studied in the present paper. This research was a casual study which aimed to find an answer to the question whether green accounting is important for corporate and has green accounting maintained a balance between industrial goals and environmental goals. Green accounting plays an important role in the economy towards environmental welfare and sustainable development. Hence this articles attempt to know the green practices in shivamogga city.

Keywords: Sustainable development, environmental performance, economic welfare etc.

Introduction

Green accounting is a type of accounting that attempts to factor environmental costs into the financial results of operations. Green accounting is a growing field that identifies resource use, measure and communicate costs of a company or the national economy actual or potential impact on the environment. The global consensus at present is to promote sustainable development, among which corporate social responsibility (CSR) is most closely associated with business. Many countries around the world have mandated enterprise to establish green accounting and to disclose environmental information for the reference of interested parties.

Green accounting – The conceptual model / process

The study developed a model which specifies six aspects to be covered in environmental accounting in order to measure the ultimate environmental performance of the organization. The aim of this model is to present a novel view of the different activities to be undertaken by organizations to facilitate environmental accounting and reporting.

Chart No.1 Green Accounting Model

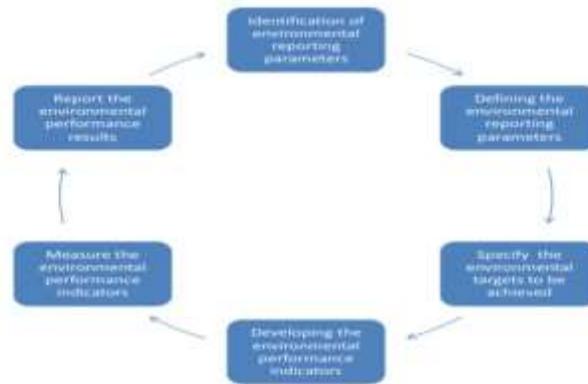


Figure 2
Green Accounting Model

Review of Literature

Rakesh Kumar, Dev Raj and Shilpi Sharma, towards green accounting: effective tool for sustainable development, they stated that, it measure environmental and economic impact of business. Corporate prepare a firm environmental policy, take steps for pollution control, comply with the related rules and regulations.

Kanaka Raju, Green accounting practices, he stated that, 20.6% of variation in measure the environment performance was explained by the various parameters of green accounting. Cost benefit analysis followed by the managing environmental costs, life cycle costing, flow cost accounting, total quality environmental management and calculation of carbon credit.

Statement of the Problem

Green accounting provides the data relating to the contribution of corporate sector to environment and cost imposed by pollution or resource degradation. Business houses are using a natural resource to run their business. The industries should focus and set aside a part of their profit for environment protection. But the major issue for corporate is practicing and presentation of green accounting and its a challenging task for professional Cost Accountants also. However this study made an attempt to understand the Green accounting practices in India.

Objectives of the Study

- To study green accounting and sustainability practices in India
- To analyse the issues and challenges in presentation of green accounting by accounting professionals.
- To give some suggestions for effective green accounting practices and presentation.

Scope of the Study

- The scope of the study is restricted to know about the challenges accountants face to practice the green accounting and the geographical area for this study is restricted to Shivamogga city.

Sources of data

The required data for this study collected through primary and secondary sources. Primary data has been collected through questionnaire method. The Google questionnaires are sent to respondents (Chartered accountant, Cost accountant) and requested them to fill it. The secondary data has been collected through the government reports, books, journals, magazine, internet etc.,.

Sample Design

Sample size: The sample size for this study is 30 respondents.

Sampling: To carry out this project convenient sample technique has been used.

Respondents: Chartered accountants, ICWA are selected as respondents of this study.

Analysis and Interpretation

Table 1: Socio-economic Profile and Opinion of Respondents

Particular	No. of respondents	Percentage (%)
Age		
20-30 years	26	86.67%
31-40 years	4	13.33%
41-50 Years	0	0
Above 50 years	0	0
Total	30	100
Gender		
Male	17	56.67
Female	13	43.33
Total	30	100

Education qualification		
Up to SSLC	05	16.67
PUC	10	33.33
Graduate	05	16.67
Post graduate	10	33.33
Total	30	100
Occupation		
CA	29	96.67
ICWA	1	3.33
Post-graduation	0	0
If any other specify	0	0
Total	30	100
Awareness of Green Accounting		
Yes	22	73.33
No	8	26.67
Total	30	100
Sources through which respondents came to know about green accounting		
CA	10	33.33
Academic education	6	20
Media	2	6.67
Internet	11	36.67
If any other specify	1	3.33
Total	30	100
Monitoring green accounting report		
Management	11	36.67
Unions	3	10
Government	4	13.33
Social auditors	12	40
If any other specify	0	0
Total	30	100
parties responsible for an environmental accounting and reporting		
Internal accounts	10	33.33
Chartered accountants	8	26.67
CEO	2	6.67
Board of directors	7	23.33

Financial department manager	3	10
Total	30	100
Constraints faced during adoption of environmental accounting		
Expensive	26	4
Time consuming	20	10
Not required by law	17	13
No accounting standard or guidelines	15	15
Difficult in measuring environmental cost and benefits	22	8
Medium of reporting environmental information		
Annual report	9	30
Corporate brochures	2	6.67
Separate environmental statement	1	3.33
Organization website	17	56.67
Newspaper/magazine	1	3.33
Total	30	100

Sources: Field survey

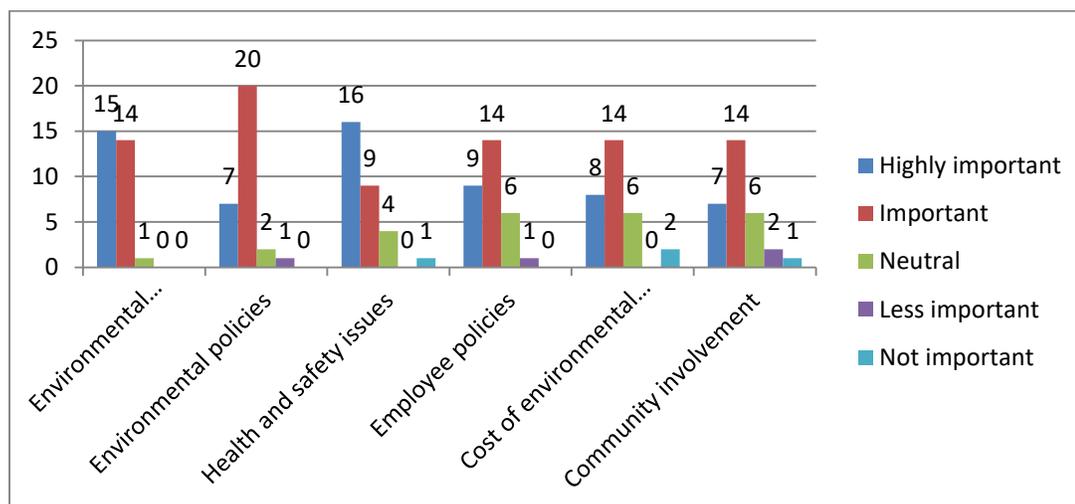
Table 2: Analysis of information expected from annual report

Particular	Highly important	Important	Neutral	Less important	Not important	Total
Environmental performance	15	14	1	0	0	30
Environmental policies	7	20	2	1	0	30
Health and safety issues	16	9	4	0	1	30
Employee policies	9	14	6	1	0	30
Cost of environmental compliance	8	14	6	0	2	30

Community involvement	7	14	6	2	1	30
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(Source:-Primary data)

Analysis of information expected from annual report.



Finding of the Study

- Majority of respondents are aware about green accounting.
- Majority of the respondents are known the green accounting from internet.
- Majority of respondent's opinion that adoption of environmental accounting is necessary in current scenario.
- From this study, respondents agreed with green accounting helps management in decision making.
- From this study is clear that green accounting is increase profitability.
- Majority of respondents are agreed with green accounting gives competitive advantage.
- Majority of respondents are agreed with green accounting helps in complying with environmental laws.
- Majority of respondents are agreed with environmental accounting is helps to stakeholders to take decision making.
- Majority of the respondents' opinion that management is monitoring environmental accounting and reporting.
- Majority of respondents' opinion is environmental accounting and reporting is necessary to Indian corporates.
- Majority of respondents opinion is environmental performance information expected from annual income is highly important.
- Majority of respondent's opinion that is environmental policies in annual report is important.

- Majority of respondents are agreed with graphical method is useful for disclosure of environmental accounting information.
- Majority of respondents agreed internal accounts parties responsible for an environmental accounting and reporting.
- Majority of respondents opinion that formal environmental accounting and reporting awareness training programme is necessary.
- Majority of the respondents opinion that on the job training is best for means of deliberation.
- Majority of the respondents are opinion that organization website is medium of reporting environmental information.
- Majority of the respondents are highly essential with accounting professional bodies need to give guidelines for disclosure.

Suggestions

- Environmental accounting practice should be made mandatory in India
- Creating awareness about green accounting is very important towards public and corporate.
- The government must take it mandatory for all the organization to impliment green accounting.
- The company must disclose the information regarding environmental accounting as a part of its annual report.
- Employee of the organization is must aware about the green accounting.
- Every company have a separate environmental department.
- Every company has prepared an environmental policy to control pollution, and mention a adequate details of environmental accounting..
- Professional bodies must create an accounting standard for environmental accounting and reporting practice. Reporting should be made compulsory for all industry.
- Company should adopt proper environmental policy and reserve a part of amount to environmental promotion.
- Accounting method is the best suitable pattern for disclosing companies environmental accounting information.
- A separate account should be opened for environmental expenditure. It will help to measure and report environmental expenditure and environmental performance of company as well as the whole sector.

Conclusion

Environmental accounting is in preliminary and developing stage in India. Rules and regulations with regards to the environmental protection, till now no clear policies are framed and formulated at the national, state or even at the company level, for ensuring the level of compliance to environmental norms. Green accounting helps to us to keep a track of it and how it can be used and what can be done for maximum utilization of it. The green accounting still faces a number of problems, such as the lack of support of information, specialized personal as well as the absence of proportional international accounting models.

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