

Study the Awareness Level on Environment Accounting and Disclosure Practices

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Abstract

This research was conducted to have a better understanding of the state of environmental accounting disclosure in India and the steps that may be done to enhance its quality. The purpose of this article is to examine Environmental Accounting from a business perspective and highlight its significance. It has been noted that India does not have a uniform approach to the presentation of information related to environmental accounting. Tech Mahindra was evaluated on a number of fronts. Although environmental reporting has been included into corporate reporting, the absence of comparability and verifiability, two defining characteristics of accounting data, is evident from the examined sample units. Public annual reports of environmentally conscious Indian enterprises were gathered for 2018-2019 in order to analyze their environmental disclosure policies. The yearly reports were subjected to a content examination.

Keywords : Environmental accounting disclosure, corporate level, disclosure practices,

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Introduction

Environmental accounting is becoming a growing priority for countries and moral corporate leaders. It became a major issue for governments and businesses throughout the globe in the early 1990s for a variety of reasons, some of which came from inside the organization and others from beyond. Governments in many nations have made environmental preservation a priority; Nigeria is just now starting to catch up. Once people became conscious of the need to conserve the environment, various pieces of legislation have been created, including the Environmental Impact Assessment Act, 1992. These rules require corporations to consider the potential environmental consequences of their conduct whenever significant choices are made.

Businesses in the early days of accounting employed a variety of accounting techniques, including financial accounting, cost accounting, management accounting, and tax accounting, but today every firm needs a more sophisticated system of accounting because of the impact it has on profits. Every company out there is doing an analysis For the same reason that it boosts profits and provides shareholders and investors with full information, non-monetary transactions are encouraged. Investments in areas including education, the environment, historical preservation, rural revitalization, urban renewal, and slum improvement are all examples of corporate social responsibility (CSR) operations. All organizations must participate in corporate social responsibility (CSR) initiatives, which are outside of the ordinary operations of a company. Both environmental accounting and sustainability reporting are essential to a successful business. Investors benefit from the wealth of information provided, and GDP and NNP are boosted as a result.

Literature Review

Ali Abdo Dhaif Allah (2021) In light of international accounting standards, this research seeks to establish what kind of environmental data must be included in a company's financial statements, how much of that data is included in the financial statements of the sample companies, and how much of an impact that data has on the decision-making process when it comes to protecting and sustaining the environment. The example firms, which include an industrial and forestry company, were chosen because they operate in industries that are both ecologically sensitive and highly impactful, and their annual reports serve as a repository for all the parts of natural wealth. The research's primary measurement tool will be content analysis, and the disclosure scale will be constructed in a manner analogous to that of the scale (1982, Wiseman) using the same method. This scale comprises 18 axes of environmental disclosure organized under 6 main axes, and it covers every aspect of a company's environmental performance. The study found that industrial and strategic companies in Yemen did not pay enough attention to environmental accounting applications, as evidenced by the fact that the sample companies' disclosure is limited by what is imposed by the standard accounting system with regard to fuel or production waste. This is due to the fact that industrial companies in Yemen are not well-aware of their responsibilities and make only a small contribution toward shouldering them. This study lays the groundwork for understanding environmental accounting and reporting by conducting a comprehensive assessment of environmental accounting and analyzing the environmental disclosures made by industrial and extractive firms in Yemen. This research finds that industrial and extractive companies seldom include environmental impacts in their annual reports, suggesting that most Yemeni businesses aren't aware of their social and environmental obligations.

Mousa Saleh et.al (2020) This research aims to assess the extent to which the management of tourism and hotel firms traded on the Amman Stock Exchange are concerned with environmental issues, the effectiveness with which this concern is reflected in the companies' disclosure practices, and the effect this transparency has on investors' confidence in the firms in question. To reach this objective, we choose a random sample of the management of hotels and tourist attractions (12 finance managers and a major accountant in these businesses) and the investors in these industrial companies (47 investors). All of the hospitality companies and the investors who back them are asked to fill out a questionnaire. The survey's findings show that the vast majority of CEOs are concerned about protecting the planet. Yet, there is hesitance to implement environmental accounting disclosure due to doubts about the need and benefits of doing so and a lack of accountants who are trained to utilize such disclosures. The research demonstrates that environmental laws indeed exist, but that there is a significant gap in their implementation.

Martins Abu et.al (2020) Companies are able to conduct vital research and implement standard improvements in environmental accounting disclosure standards because to the increased focus on the topic of environmental concern. With an eye toward finding gaps and advancing suggestions for policy-makers and future research, the authors of this study set out to conduct a systematic analysis of the influence that corporations' environmental accounting disclosure methods have on the firm's sustainability goals. Design/methodology/approach

Seventy-eight peer-reviewed publications were retrieved from seven high-impact academic databases and analyzed critically using the Systematic Quantitative Assessment Method (SQAT). The publications mostly consisted of empirical investigations. Conclusions The corporation experienced both internal and external demands to implement sustainable policies. Yet, the imposed changes did not always result in a more effective organization. Foreign partners, audit pressure, and shareholder claims were the primary catalysts for reform, and each received careful consideration due to the importance of the company's image. Furthermore, the conversation offers academics with a critical perspective on the topic, highlighting researchable gaps that will help policymakers throughout the world put in place the required legislative framework and disclosure requirements to confront environmental concerns. In practice, this means that there has to be a clear legal framework, more direct contact with enterprises, and a focus on the needs of local communities if the actions of concerned corporations are to have any hope of being sustainable. This study contributes to the academic canon by developing a method of conducting a systematic review of the literature on the topic of corporate environmental responsibility.

Yumin Xiao (2019) More urgent action is needed to address environmental problems brought on by the present economic boom. Air pollution has emerged as a key danger to the long-term health of the economy, with smog and carbon emissions as two primary culprits. In light of this, governments have placed a greater emphasis on environmental accounting information disclosure inside businesses, seeing it as a key means by which to acquire companies' environmental operations. The essay begins with a scientific explanation of environmental accounting, then moves on to discuss the relationship between sustainable development and environmental accounting information disclosure, and then concludes by elaborating on the significance of that connection. Finally, the research ends with suggestions for improving the openness and precision of corporate environmental reporting.

Nithesh R et.al (2018) In the early 1970s, accountants began using environmental impact statements to tell stakeholders about their clients' operations' effects on the environment. Norway was an early leader in this area, and other countries quickly followed. The Global Reporting Initiative has provided a standard for environmental reporting that is recognized across the world (GRI). This article emphasizes the importance of reporting the present situation of the environment by analyzing responses from a survey sent to all 30 companies on the BSE Sensex and a compilation of their annual reports for the 2017-18 fiscal year. Doing a Content Analysis. - The purpose of this piece is to delve into the BSE Sensex's environmental reporting and disclosure practices. IBM SPSS Statistics 23 was used for our statistical analyses. Seventy-five percent of companies issued environmental impact statements using more than 400 words, according to the study. Directors' Statement and Sustainability Reports were found to be the most frequently utilized sections in the annual reports. Businesses provide little quantitative data on their impact on the environment, and disclosure practices vary greatly. Companies' total cash outflow may be divided into two types: capital expenditures and operating expenses.

Methods

This study is totally exploratory and relies only on secondary sources for its data. Using the internet and the sustainability reports of corporations like Larsen & Toubro and Tech Mahindra, the data was gathered over the course of five years. We analyzed the reports' environmental accounting procedures and used a variety of statistical tools to evaluate the reports' findings. This categorization was attempted since stakeholders can't get a whole picture of a company's environmental performance by looking at a few isolated factors.

Data Analysis

Environmental Accounting

To put it simply, environment refers to the surrounding conditions. The term "environment" is used to describe Earth's whole physical setting. Anything that is around us, whether it be items or situations. The amount an organization spends on its usage of natural resources is not easily determinable using just conventional accounting methods. Companies' environmental responsibility may be better understood with the use of data gathered through Environmental Accounting. A firm's contribution to ensuring the health and viability of the environment may be deduced via the use of Environmental Accounting. Accounting for environmental impacts and the costs associated with using natural resources is referred to as "Environmental Accounting," and it is a subfield of traditional accounting. Information about the company's economic impact and the costs it has spent in areas like pollution prevention and resource conservation are detailed.

Profile of Tech Mahindra Limited:

Table 1: Tech Mahindra Limited

Type	Public Limited
Trade as	BSE: 532755 NSE: TECHM BSE SENSEX Constituent NSE NIFTY 50 Constituent
Industry	Global IT services, IT consulting
Founded	24 October 1986
Headquarters	Pune, Maharashtra, India
Key people	Anand Mahindra - (Chairman) C.P. Gurnani - (MD & CEO)
Products	N/A
Services	Outsourcing, Consulting, Managed services
Revenue	₹38,060.10 crores (US\$5.3 billion) (2020)
Operating Income	₹5,063.30 crores (US\$710 million) (2020)
Net Income	₹4,033.00 crores (US\$570 million) (2020)
Total Assets	₹37,353.51 crores (US\$5.2 billion) (2020)
Owner	Shareholders
Number of employees	88,802 (31st March 2020)
Website	www.techmahindra.com

In the field of information technology (IT) and business process outsourcing, Tech Mahindra Ltd. is an Indian multinational corporation (BPO). Despite its official headquarters being in Mumbai, Tech Mahindra calls Pune home.

As of April 2020, Tech Mahindra has 125,236 workers across 90 countries and a market cap of US\$5.2 billion. In 2019, Fortune India placed the firm #47 overall and #5 among IT companies in India. Up to April of the following year, Tech Mahindra will have 973 active clients.

In 1986, British Telecom and Mahindra & Mahindra partnered to form an innovation redistribution company. At one point, British Telecom owned around 30% of Tech Mahindra. For Rs 451 crore in December 2010, British Telecom sold its 5.5% stake in Tech Mahindra to Mahindra & Mahindra. In August of 2012, British Telecom sold 14.1 percent of its shares to institutional investors for a total of about Rs 1,395 crore. In December 2012, British Telecom sold the remaining 9.1 percent of its shares to institutional financial professionals for a gross money consideration of Rs 1,011.4 crores. This deal marks the formal end of British Telecom's partnership with Tech Mahindra.

Table 2: Performance highlights of Tech Mahindra (Amount in million) Except EPS

YEAR	2015-16	2016-17	2017-18	2018-19	2019- 2020
Sales Turnover	209,698	231,653	236,611	272,196	292,254
Profit before tax	39,233	38,787	49,065	54,273	53,322
Profit after tax	32,200	30,473	39,993	43,804	45,345
Earnings per share	31.70	31.60	42.70	47.70	45.90

Environmental Policy of Tech Mahindra:

Tech Mahindra, being a technology firm, uses technology to lessen the environmental toll of its operations. They have made significant efforts to increase the efficiency of water usage, water recycling, the use of renewable energy sources, and the reduction of trash.

Tech Mahindra is committed to minimizing its impact on the environment while simultaneously expanding its company. In 2016–17, it was the first Indian corporation to provide an Integrated Report in accordance with the Integrated Reporting (IR) Framework. Tech Mahindra follows the standards set out by the Global Reporting Initiatives (GRI) for its Environmental Accounting Disclosure.

Electricity is the primary source of energy for the firm, and they buy this from the public power system. The firm has already begun the energy saving measures shown in the table below in an effort to minimize this use.

The administration has made it a goal to achieve carbon neutrality via a variety of environmental measures, with a focus on lowering greenhouse gas emissions. SBTi has given its approval to the company's plan to cut emissions in Scopes 1 and 2 by 22 percent by 2030 and by 50 percent by 2050. (Science Based Targets Initiative). Tech Mahindra is planning and investing to reduce these emissions. Tech Mahindra has streamlined its internal communication by using video and audio-conferencing technology. Green technologies such as "smart cities," "smart waste management," "electric car charging infrastructure," etc., are receiving funding.

The firm has effectively reduced paper use by around 45% from 2015-2016 levels by 2019-2020. In 2015–16, the business planted 4,414 seedlings; in 2019–20, they will have planted another 26,000. From the 2017–18 fiscal year, the business has implemented a food waste management program, resulting in a 5.8% decrease in food waste and the recycling and conversion of 49 tons of food into manure.

Disclosure on Environmental Policies and Initiatives

To better assess a company's environmental performance, the Environmental Disclosure Index groups comparable topics together into five broad categories. The existence of environmental policies and management systems, as well as whether or not sample firms have disclosed relevant data, is crucial knowledge. The following table displays which piece of data about policies and initiatives has received the most responses from businesses.

Table 3 Environment policy and Initiatives

	Items of disclosure S.No	Number of Companies	%
1	Environmental policies & Initiatives	50	100
2	Environmental management system	48	96
3	Plantation/ green belt / supporting forestatn	36	72
4	Awareness & Training	40	80
5	Voluntary Initiatives; web conf, paper redu	49	98

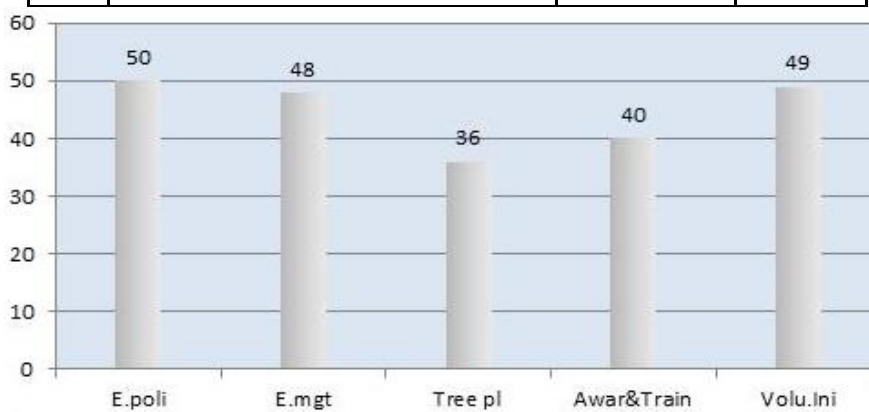


Fig. 1 Environment policy and Initiatives

Policies aimed at reducing greenhouse gas emissions and waste generation Biodiversity policy and green construction policy, 1) Planting trees, 2) Creating an environmental management committee, and outlining its duties, 3) Providing educational and training opportunities, and 4) cutting down on paper use via initiatives like "green" packaging and "eco-labeling"

(voluntary Initiatives). In terms of environmental reporting, all 50 companies have provided information on energy policy, green building policy, zero reduction policy, etc., 48 companies have disclosed on environmental management system, 36 companies provided information about tree plantation or green belt, 40 companies reported on awareness and training activities, and 49 sample companies disclosed on voluntary initiatives like web conferencing and meetings.

Conclusion

Tech Mahindra has always been a leader in water conservation and reuse. Tech Mahindra has effectively decreased its greenhouse gas emissions across the board. Standardized disclosure procedures are needed in India. The research shows that both organizations are transparent about their environmental accounting procedures in their annual sustainability reports. Environmental accounting reports may be presented in a variety of ways. Both firms are providing details on a variety of metrics. Analysis of representative units suggests that environmental reporting, now standard in corporate reporting, lacks the essential qualities of accounting information such as comparability and verifiability. New evidence suggests that different types of industries need different approaches to environmental reporting. Environmental accounting has rapidly grown in importance in recent years.

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