

GREEN ACCOUNTING VS SUSTAINABLE DEVELOPMENT

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Abstract

In the knowledge society, sustainable development can be understood as a way of development that can meet the needs of the present without compromising the ability of future generations to achieve their demands. Sustainable development is not restricted to economic development, but is the glue between economic growth and environmental protection.

Samuelson believes that "the task of saving the environment must become and will become the central organizing principle of the world after the Cold War." Therefore accounting tries to regroup and consider systematically the facts related to the protection and restoration of the natural environment by respecting the traditional role of accounting to account the flows and risks related to natural environment in order to notify users of accounting information a true and fair view of the company.

A serious problem that persists in every country is finding solutions in order to use natural resources in a sustainable way. Green accounting is based on the concept that the real assessment of a nation's wealth should take into account the contributions of all economic sectors and their impact on degradation and natural resources use and requires both natural assets and the economic and environmental costs related to the degradation of these natural assets to be incorporated into the National system of Accounts.

Green accounting considers the repercussions of not only the accounting firms' activities on the natural environment after they have already been produced, but also managing the actions taken by the company to prevent such problems. The new form of accounting has to be considered a true management tool used to improve the performance in relation to the environment, management and cost control, efficient investment in cleaner technologies, promotion of production processes and products less pollutant and is dedicated both to external users and internal management of any company. In this study, the authors try to present and explain the concept of green accounting in relation with viable development.

Key words: green accounting, resources, sustainable development, natural assets, environment

Viable development can be seen as a response to the ecological crisis due to strong industrial exploitation of resources, the continuous degradation of the environment. Viable development promotes the idea of conciliation between economic and social progress without endangering the natural balance of the planet.

In Brundtland report, World Commission on Environment and Development considers that "the viable, sustainable development address the growing needs of the present without compromising the ability of future generations to satisfy their own needs."

Sustainable development is defined by a series of aspects such as:

- Compatibility between anthropogenic environment and natural environment;
- Equality between generations that coexist and succeed in time and space;
- Placing the ecological security on top of profit maximizing;

- Compatibility of national development strategies with the requirements of geo and environmental interdependencies expansion plans;

- Provide general welfare focusing on quality of economic growth;

- Organic integration of natural and human capital, in a global category that is redefining its economic and social objectives and expand their horizons coverage in time and space;

- Switching to a new natural and human strategy, with the objectives of economic and social development being subject to both human development and the recovery of environment.

When we think of "environmental problems", we aim initiatives to prevent, reduce and remedy environmental damage caused or recyclable resource conservation. The negative aspects of the environment may influence financial statements prepared in accounting. Introducing regulations and environmental rules may lead to impairment of assets and thus need to reduce their

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carrying amount. Breach of legal regulations on environmental issues such as environmental pollution or changes in legislation retroactive can bring environmental remediation costs, costs of environmental damage compensation or other costs required by law relating to the environment.

Green accounting has appeared and developed with the emergence of sustainable development, between 1960 – 1970, first in theory due to signal alarm pulled by a large number of specialists who have joined forces to find viable solutions to solve the planet's current needs without compromising the needs of future generations.

MATERIAL AND METHOD

The present paper is the result of processing carefully the information gathered after taking into consideration a series of works acknowledged as relevant for the chosen topic, as well as the careful examination of the role of green accounting. Specialty materials have been studied, resorting to methods of comparison, analysis, quantitative and qualitative methods.

RESULTS AND DISCUSSIONS

Green accounting is a method of measuring the performance of any type of organization in relation to the environment in economic terms also. At the organizational level, green accounting may be used in order to identify management measures that promote sustainable development. If we consider accounting an art, the primary objective pursued is the true image, that clear and complete picture of the financial position and financial performance.

When the traditional accounting system of an entity fails to reflect the true picture of the environmental impact, green accounting, through mechanisms and instruments used, eliminates the weaknesses of this system and displays a clear and complete image on the environmental impact of the entity.

When we look at accounting as a social fundamental and applied science, it is a creation of the human being, reflecting events, activities and real specific social facts (including the entity's impact on the environment) and addresses of user groups, influencing their behavior.

European Environmental Agency (EPA7, 1995) defines environmental accounting in different contexts.

In the context of national accounting, green accounting refers to the accounting of natural resources and needs to retrieve the measurement and consumption statistics, the quality and value of

natural resources, either renewable or non-renewable within a nation or region.

In the context of financial accounting (at entity level), green accounting refers to the development of financial and environmental reports, for external accounting information users, using generally accepted accounting principles or other frameworks for sustainability reporting.

In terms of accounting management (at entity level), green accounting helps managers in making investment decisions, determining the costs, products and services details, performance measurement and a number of other business decisions.

Green accounting records, analyzes and reports financial impacts caused by the environment, but also the environmental impacts of an economic system to provide users a clear and complete picture of the environmental performance of that economic system.

Green accounting was developed simultaneously with the concept of sustainable development as a result of signal alarm pulled by a large number of specialists and envisages two of the pillars of sustainable development: environmental and economic aspects and the relationships between them. Green accounting consists in identifying, measuring and allocating environmental costs, and integrating these environmental costs in business decisions, and communicating this information to stakeholders.

At the organizational level, green accounting is used to identify management measures that promote the management of environment development (organizing the sustainable development).

With the help of green accounting we can find out information in annual financial situations regarding the natural environment by including the so-called green headings in the balance sheet, in the profit and loss account and in the appendices that can compile a report on the natural environment.

Green accounting addresses the shortcomings of national accounting and is based on the concept that the correct assessment of a country's income and wealth accounting requires contributions from all sectors activities and their impact on decreasing resources and degradation.

In recent decades, a growing number of entities give great importance to environmental issues and their reflection by accounting, either under the influence of administrative regulations or because of their information needs.

In certain circumstances, for certain fields, they can have a significant impact on the financial statements, and that of their users. Green

accounting has been around for two decades. As in all cases, environmental management accounting is a tool to inform managers about the environmental costs, to quantify the environmental effects of the entity.

To compile a report on the natural environment, the literature provides numerous rules and sources such as the Environmental Financial Accounting and Reporting at the Corporate; The CERES report formats for Environmental year, the Cefic Responsible Care / Health, Safety and Environmental Reporting Guidelines; The impact corporate reporting initiatives; Japanese Environmental Reporting Guidelines, Environmental Reporting Guidance for Publishing; CMA Management Accounting Guideline: Writing and Evaluating Sustainable Development and Environmental Reports.

The first step in developing a system of environmental accounting is connecting the environmental management to financial accounting. This is achieved by determining environmental aspects of the organization and the selection of which are considered significant for managers.

These represent the cost of the environment. Identification of significant environmental aspects for environmental accounting will depend largely on old systems of evaluation of environmental issues. Many organizations have, or are in progress to implement environmental management systems that emphasize environmental aspects of the company's activity and identifies resources and results obtained from the activities in question.

Green management accounting is a framework that combines general management accounting with environment management and pays attention to internal users of accounting information and considers the collection and monitoring of monetary and non-monetary information on the entity's impact on the environment.

Reports provided by the traditional financial system are insufficient to reflect a clear and complete picture of the entity's impact on the environment.

Based on a well structured environmental management accounting, mechanisms to supplement the lack of information in the financial accounting on environmental issues should be promoted. On national and international levels have been proposed mechanisms to provide a desirable balance of environmental information in accordance with the entity's economic performance.

The purpose of environmental financial statements is to collect in one annual report all the

costs and financial benefits that can be assigned to entity's programs and activities impacting the environment. This tool aims to demonstrate that environmental protection should not be regarded as an obstacle for the economic performance, because it can have positive contributions to the development of the entity.

The environmental financial statements have some new elements unlike traditional, such as "savings" (cost reductions from year to year), "costs avoided" (additional costs were avoided, but that would have been incurred if activities to reduce environmental impact had not occurred).

CONCLUSIONS

Applying the green and natural resources accounting system should be seen as an evolutionary process in highlighting the actual relationship between economy and environment, requiring replacement of the current system of accounting and quantifying economic, because it is based on a consideration of the environment and its resources as gifts of nature, and provides indicators of economic growth that ignores the overexploitation of natural capital and loss of natural environmental sustainability.

Unfortunately, traditional accounting methods do not provide the necessary information to identify all necessary information because it generally focuses on costs and resources used on aggregation without taking activities into account.

Because of this, many actual and potential costs related to the environment will be "lost" in indirect costs. For example, the cost of labor necessary to remedy an environmental incident may be included into an account of financial accounting, along with other costs of labor, without being allocated to specific activities that generated them.

If these costs were generated by correcting an environmental incident is more appropriate to identify and allocate responsibility criteria for their control.

Green accounting is a vital tool to assist management and operational costs and environmental risks at national level and in companies. An environmental accounting system will ensure the integration of environmental performance in financial processes.

Publishing the results in business documents will contribute to good corporate governance in terms of energy conservation, waste reduction and emissions of pollutants, an important factor being occupied by greenhouse gas.

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