



## A Study On Influence of Green Accounting On CSR Activities of the Company-Managers Perspective

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### Abstract

The study is mainly concerned with investigating the influence of Green Accounting on the CSR activities of the company from the view point of Managers. Green accounting or environmental accounting is mainly concerned with managing and measuring the impact of environmental activities. This has been increasingly emerging in the recent years as a part of corporate sustainability efforts of the organisation. This study mainly analyses the awareness level of managers towards green accounting, effectiveness of green accounting in promoting Corporate Social responsibility initiatives and also examines the challenges of integrating green accounting on CSR activities of the organisation. In this era of undue importance given to organisations sustainability, understanding the influence of Green Accounting on CSR activities from manager's perspective becomes crucial.

**Keywords:** Green Accounting-CSR Initiatives-Managers Perspectives.

### 1. Introduction

The concept of sustainability is becoming increasingly prominent in today's business world. The organisations are understanding the importance of environmental sustainability in their operations. As an initiative to this, the organisations have started adopting green accounting practices in their annual reports. This aims to incorporate the environment related aspects or activities to financial reporting and decision making process. The main functions of green accounting includes the assessment and measurement of environmental costs, tracking the consumption of resources and measuring the environmental performance. It goes beyond the conventional accounting practices by taking into account environmental costs, benefits and risks to financial statements and performance evaluations. It plays a significant role for advancing sustainability goals. Due to the increasing response of public towards environmental pressures and to mitigate the effect of climate change, businesses are increasingly recognizing the importance of measuring the environmental impacts. The adoption of green accounting is depended by various factors like

regulatory requirements, expectation of stakeholders and pursuit of competitive advantage. It enables organisations to explore opportunities for improving efficiency, mitigating risk and innovation. The effectiveness of adoption of green accounting practices of the organisation will be hindered if employees are not willing to adapt to changes in accounting systems and cooperate with it. CSR is a promising response to globalization. It emerged from stake holders theory. The managers of the corporation are trustees and they are also the guardians of the investigation made by shareholders and companies should provide benefit to shareholders through their power. The interests of the shareholders should be considered but at the same time organisations should recognize their obligation for community, workers and consumers. In the current global market place, getting engaged in some level of social responsibility in the area of environmentalism, social accountability, employee health, safety etc. has become an important priority for the organisations.

### 2. Literature Review

There is a positive relationship between company



size and the level of social and environmental disclosure (Brammer and Pavelin 2006; Cowen et al. 1987; Gray et al. 1995; Hackston and Milne 1996; Patten 2002, Patten 1992; Zeng et al. 2012). These studies opined that larger firms are visible and very much exposed because of their size and image [1]. Larger firms will be more willing to disclose environmental information for pleasing their enormous stakeholders. Moreover, they will raise capital externally and so disclose environmental information to alter societal perception. Again bigger firms will disclose more environmental information than smaller firms to avoid punishments and fines from regulators and reduce risk of regulation (Burgwal and Vieira 2014) [2]. Brammer and Pavelin (2008) study quality of voluntary disclosures in UK's industrial sector and analysed that the determinants of Previous literature has attempted to explain the reason of firm size directly related to environmental disclosure. The first justification discusses cost of producing environmental information. It is argued that the cost of reporting environmental information is high, and small firms cannot afford them from their limited resource (da Silva Monteiro and Aibar-Guzmán 2010). Therefore, larger companies will have enormous resources to afford the cost of reporting information for the users of their annual reports. Secondly, agency cost is much higher for large firms to report on their environmental activities because their shareholders are widely scattered (Watts and Zimmerman 1983; Christ and Burritt 2013; Zeng et al. 2012) [3]. Thus, disclosing more information reduces the potential agency cost. Thirdly, extant literature suggest that larger companies tend to disclose more environmental information than smaller companies in their annual reports due to their competitive cost advantage (Lang and Lundholm 1993; Lobo and Zhou 2001; Kolk 2003) [4].

### **2.1.Statement of the Problem**

Irrespective of increasing emphasis on environmental sustainability in the organisation, there is a gap in understanding the INFLUENCE OF GREEN ACCOUNTING ON CSR ACTIVITIES OF THE COMPANY-MANAGERS PERSPECTIVE [5]. The Green Accounting helps to integrate environmental

considerations into financial reporting and decision making. The employees should develop a positive mind set up towards this and sufficient awareness and training should be given to employees regarding the benefits that can be availed by adopting green accounting practices. It helps organisations to address the challenges and leverage opportunities to foster a culture of environmental stewardship. It enables the organisations to enhance the success of their sustainability initiatives and contribute to long term environmental stewardship and corporate responsibility. The study enables the organisations to integrate environmental sustainability into their corporate practices effectively [6].

### **3. Objectives of the Study**

- To understand the level of awareness of directors regarding the concepts and objectives of green accounting
- To analyse the effectiveness of green accounting in promoting CSR initiatives
- To study the challenges faced by organisation in effectively implementing green accounting practices to promote CSR Initiatives

#### **3.1.Significance of the Study**

The managers are integral stakeholders in driving organizational sustainability efforts. The study helps to provide insight into the willingness of employees to participate in environmental initiatives which has a positive impact on the success and increasing effectiveness of sustainability programs within the organisation. Green accounting plays a pivotal role in shaping corporate social responsibility initiatives of an organisation. By integrating environmental accounting into CSR, companies can assess and disclose their environmental impacts, foster transparency and accountability. This transparency helps to identify the areas that require improvement and development of more sustainable business practices, which are central to CSR efforts. It helps to improve stakeholder engagement by demonstrating commitment of the company towards environmental stewardship. It is a sign of economic performance with environmental responsibility, driving positive social and environmental outcomes.

### **4. Research Methodology**

- **Nature of the Study:** The study is descriptive



and analytical.

- **Sources of Data:** The study focuses on both primary and secondary data. Primary data has been collected using a well-structured questionnaire. Secondary data is collected from the journals, books, magazines and websites.
- **Population of the Study:** Managers working in Automobile sector in Thrissur district
- **Sampling frame:** Managers from selected municipalities in Thrissur district
- **Sample unit:** Each manager in the sample frame.
- **Sample size:** Sample of 60 respondents was taken for the purpose of study.
- **Sampling method:** Convenience sampling method was used.
- **Tools of analysis:** The collected data has been analysed using various statistical tools such as Weighted Average Score, Ranking method and Percentage analysis.
- **Method of presentation:** The data was presented through tables, graphs and diagrams.
- **Scope of the Study**

The study is to find out the influence of Green Accounting on the CSR activities of the company from the view point of Managers in Thrissur district. There are 13 municipalities in Thrissur district. From among these Irinjalakuda and Chalakudy was selected. The dependent variable for the study is CSR initiatives and independent variables are green accounting age, gender, awareness level of managers etc. (Refer Tables 1 to 8)

## 5. Data Analysis

**Table 1 Gender Wise Classification**

Gender	Number of Managers	Percentage
Female	15	25
Male	45	75
Others	0	0
<b>Total</b>	<b>60</b>	<b>100</b>

Source: Primary Data

**Table 2 Age Wise Classification**

Age	Number of Managers	Percentage
15-30	54	90
30-45	4	6
45-60	1	2
Above 60	1	2
<b>Total</b>	<b>60</b>	<b>100</b>

Source: Primary Data

**Table 3 Educational Level Classification**

Educational Level	Number of Managers	Percentage
Diploma holders	10	17
Under Graduates	7	12
Post Graduates	19	36
Professionals	24	35
<b>Total</b>	<b>60</b>	<b>100</b>

Source: Primary Data

**Table 4 Income Level Classification**

Annual income( INR lakhs)	Number of Managers	Percentage
Below 10 lakhs	54	90
10 lakhs to 20 lakhs	6	10
20 lakhs to 30 lakhs	0	0
Above 30 lakhs	0	0
<b>Total</b>	<b>60</b>	<b>100</b>

Source: Primary Data

**Table 5 Classification on the basis of Level of Awareness about Green Accounting**

Level of awareness	Number of Managers	Percentage
Very high	11	18
High	30	50
Average	17	28
Low	2	4
Very low	0	0
<b>Total</b>	<b>60</b>	<b>100</b>

Source: Primary Data

**Table 6 Level of Awareness of managers towards adoption of Green Accounting-Weighted Average Method**

Level of awareness	F	Very high	High	Average	Low	Very low	Total	Weighted mean
	X	5	4	3	2	1		
I'm aware about the fact that green accounting helps in the reduction of pollution cost	F	14	24	17	4	1	60	3.77
	FX	70	96	51	8	1	226	
I'm aware that green accounting ensures long term survival of organisation	F	8	25	22	3	2	60	3.57
	FX	40	100	66	6	2	214	
I'm aware that green accounting helps to reduce adverse environmental impact	F	6	19	24	10	1	60	3.32
	FX	30	76	72	20	1	199	
I'm aware that green accounting improves accuracy of environmental reports	F	4	21	21	13	1	60	3.23
	FX	20	84	63	26	1	194	
I'm aware that adoption of green accounting will contribute to environmental sustainability	F	18	18	16	5	3	60	3.72
	FX	90	72	48	10	3	223	
I'm aware that the adoption of green accounting helps to improve quality and productivity of staff working in organisation	F	12	10	28	7	3	60	3.35
	FX	60	40	84	14	3	201	
I'm aware that green accounting helps management in decision making and improves profitability	F	9	20	23	7	1	60	3.48
	FX	45	80	69	14	1	209	
I'm aware that green accounting helps to attracts investors	F	8	13	28	9	2	60	3.27
	FX	40	52	84	18	2	196	
I'm aware that adoption of green accounting helps to improve CSR of the company	F	14	19	21	3	3	60	3.63
	FX	70	76	63	6	3	218	
I'm aware that green accounting helps to manage risk	F	10	17	19	12	2	60	3.35



**Table 7 Effectiveness of Green Accounting in promoting CSR Initiatives - Weighted Average Method**

Statements	F	S.A	A	N	D	S.D	Total	Weighted mean
	X	5	4	3	2	1		
Green Accounting practices significantly influenced the organization's CSR Agenda	F	17	31	11	1	0	60	4.07
	FX	85	124	33	2	0	244	
The integration of green accounting principles led to development of CSR Projects	F	20	24	16	0	0	60	4.07
	FX	100	96	48	0	0	244	
Integrating Green accounting into CSR strategies enhance reputation of the company	F	12	25	18	5	0	60	3.73
	FX	60	100	54	10	0	224	
CSR initiatives developed from green accounting has increased energy efficiency and reduced waste generation	F	15	26	15	4	0	60	3.87
	FX	75	104	45	8	0	232	
The integration of green accounting into CSR Initiatives drives innovations that enable organisation to act as leader in sustainability	F	13	24	18	2	3	60	3.7
	FX	65	96	54	4	3	222	
Environmental performance indicators derived from green accounting helped to take decisions relating to investment in CSR Projects	F	17	25	15	3	0	60	3.93
	FX	85	100	45	6	0	236	
The commitment of organisation towards social responsibility demonstrated by environmental disclosures valued by stakeholders	F	15	32	11	2	0	60	4
	FX	75	128	33	4	0	240	
Reporting on CSR activities influenced by green accounting helps to provide accurate and reliable information to stakeholders	F	12	26	19	2	1	60	3.77
	FX	60	104	57	4	1	226	

**Table 8 Challenges faced in effectively Implementing Green Accounting Practices to Promote CSR Initiatives Ranking Method**

Challenges	F	1st	2nd	3rd	4th	5th	Total	Weighed mean	Rank
	X								
Non availability of Environmental data	F	10	25	8	10	7	60	3.13	2
	FX	50	100	11	20	7	188		
Cost & Resource Constraints	F	23	10	12	8	7	60	3.57	1
	FX	115	40	36	16	7	214		
Difficult to meet stakeholders expectations	F	10	12	15	12	11	60	2.97	3
	FX	50	48	45	24	11	178		
Complexity in integration	F	8	8	14	18	12	60	2.7	4
	FX	40	32	42	36	12	162		
Regulatory compliance	F	9	5	11	12	23	60	2.42	5
	FX	45	20	33	24	23	145		

## 6. Findings of the Study

- 75 percent of managers are males, 25 percent are females and none of them are others.
- 90 percent of respondents are from the age group of 15 to 30, 6 percent of them from the age group of 30 to 45, 2 percent of them belongs to the age group of 45 to 60, and 2 percent of them from the age group of above 60.
- 17 percent of managers are diploma holders, 12 percent of managers are under graduates, 36 percent of employees are post graduates and 35 percent of managers possess professional qualification.
- 54percent of managers have an annual income of below Rs.10 lakhs, and 10 percent of managers have an annual income in between Rs. 10 lakhs to Rs. 20 lakhs.
- It can be seen that, 18 percent of managers have very high level of awareness about green accounting, 50 percent have high level of awareness, 28 percent are neutral and 4 percent have low level of awareness towards green accounting.
- It is clear that most of the managers were aware about the fact that green accounting helps in the

reduction of pollution cost with a mean score of 3.77, followed by aware that adoption of green accounting will contribute to environmental sustainability with a mean score of 3.72, adoption of green accounting helps to improve CSR of the company with a mean score of 3.63, green accounting ensures long term survival of organisation with a mean score of 3.57, green accounting helps management in decision making and improves profitability with a mean score of 3.48, the adoption of green accounting helps to improve quality and productivity of staff working in organisation and green accounting helps to manage risk with a mean score of 3.35, green accounting helps to reduce adverse environmental impact with a mean score of 3.32, green accounting helps to attracts investors with a mean score of 3.27. Managers were least aware of the fact that green accounting improves accuracy of environmental reports with a mean score of 3.23.

- The table shows the effectiveness of Green Accounting in promoting CSR activities and that the Green Accounting practices significantly influenced the organization's CSR



Agenda and The integration of green accounting principles led to development of CSR Projects with a mean score of 4.07, followed by the commitment of organisation towards social responsibility demonstrated by environmental disclosures valued by stakeholders with a mean score of 4, Environmental performance indicators derived from green accounting helped to take decisions relating to investment in CSR Projects with a mean score of 3.93, CSR initiatives developed from green accounting has increased energy efficiency and reduced waste generation with a mean score of 3.87, Reporting on CSR activities influenced by green accounting helps to provide accurate and reliable information to stakeholders with a mean score of 3.77, followed by Green accounting helps to highlight the activities and Integrating Green accounting into CSR strategies enhance reputation of the company with a mean score of 3.73 and least attitude towards the fact that The integration of green accounting into CSR Initiatives drives innovations that enable organisation to act as leader in sustainability with a mean score of 3.7.

- The main challenge faced in effectively implementing green accounting to promote CSR activities is increased cost and inadequacy of resources. The second challenge is non availability of environmental data followed by difficulty in meeting stakeholder's expectations and complexities involved while integrating green accounting practices. The least challenge faced is strict government laws and regulations
- Suggestions
- Case studies of various organisations have to be analysed to know their experiences and challenges faced
- There should be a proper system for tracking environmental activities and costs and benefits associated with it
- Gather perspectives from a wide range of stakeholders namely employees, investors, customers etc.

## Conclusion

The study on the influence of green accounting on

CSR activities helps to provide a better understanding of how environmental considerations intersect with CSR. The adoption of green accounting has played a prominent role in shaping the CSR agenda of the organisation. It helped to improve decision making process of the organisation, there by development and implementation of CSR initiatives aimed at reducing environmental impact, enhance stakeholder engagement and thus helps in fostering a culture of sustainability. By maintaining a balance between sectoral analysis, global perspectives and stakeholder engagement, organisations can reduce the complexities of integrating green accounting into CSR initiatives of the organisation.

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