JIMUPB Jurnal Ilmiah Manajemen
E-issn:2549-9491 P-issn:2337-3350

JIM UPB
Jurnal Program Studi Manajemen
Universitas Putera Batam Vol.13 No.1

GREEN ACCOUNTING: IMPLEMENTATION IN INDONESIA, INDIA & YORDANIA

Anggun Permata Husda[1], Muhammad Haldy[2], Asron Saputra[3]
[1]Accounting Study Program, Putera Batam University, [2,3] Management Study Program, Putera Batam University
Email: ndunpermata@gmail.com

Abstract

Understanding the actual environmental impact of businesses and assisting in the implementation of corrective measures to enhance societal value are two major advantages that green accounting offers to the idea of economic welfare. A comparative study is used as the research approach to compare how green accounting is being implemented in India, Jordan, and Indonesia. Comparative results of the adoption of green accounting in Indonesia India & Jordan were obtained through data analysis conducted through a literature study. These results indicate that the three countries are at varying stages of progress. For example, (1) India: More advanced in the implementation of green accounting, with many large companies adopting this practice and strong government support. (2) Indonesia: Still in the early stages of development, with a number of big businesses implementing green accounting and government regulations in place. (3) Jordan: The application of green accounting is still in its infancy, and numerous obstacles need to be addressed.

Keywords: Green Accounting;Comparative

INTRODUCTION

The importance of environmental issues is increasing due to the continuous degradation of the environment and the increasing environmental disasters. Lafontaine (2002) argues that to involve environmental issues in normal life, it is important to consider them in relation to economic, legal, accounting, financial and technical levels. Considering environmental aspects in economic terms such as the cost of services and products, organizations can reduce the consumption of natural resources leading to greater savings and meeting consumer health requirements and environmental compliance. In order for an entity to carry out its responsibilities, it must consider the law on the risks in the environment. The main source of such responsibility is due to failure to comply with environmental laws and regulations which result in administrative sanctions. Betianu (2008) suggests that job performance can be measured by documenting environmental costs and identifying environmental costs in relation to accounting and financial perspectives and their relationship to financial disclosure.

JIMUPB Jurnal Ilmiah Manajemen
E-issn:2549-9491 P-issn:2337-3350

Green Accounting is considered as an important tool to understand the environmental aspects of nature that affect the economy. The data and information provided by environmental accounting are determined with regard to the involvement of natural resources in economic development and the costs incurred due to pollution or degradation of resources. The advantages of corporate environmental accounting initiatives are identified as the ability to determine and create awareness about the costs associated with the environment, which in turn helps in identifying techniques to reduce and avoid such costs. Due to these beneficial features, environmental performance is also enhanced. Environmental costs incurred due to the financial results of a company's operations can be determined through green accounting tools. The operational performance of an organization can be determined with the help of certain processes such as documentation and reporting of greenhouse gas (GHG) emissions. However, conventional accounting systems are determined not to consider the demand for new or existing natural resources. This demand for natural resources can disrupt the stability of economic performance and growth, depletion of natural capital, environmental degradation as a social cost of economic activities and also the accounting of non-market goods in the gross domestic product (GDP).

Therefore, in the modern business world, the application of green accounting is considered an important factor. This application plays a role in saving the environment and developing the economy, thus becoming a challenge for developing countries. At the same time, companies from all business sectors are assumed to implement green accounting to some extent in the coming years. This study is limited to several problems, namely comparing the development of green accounting in several countries such as Indonesia, India and Jordan.

The importance of green accounting has been well recognized in a company's business. According to Hendratno (2016), the idea of green accounting is to achieve sustainable development, pursue an efficient and effective environment, and manage good relations with society as a whole. Green accounting is generally viewed as a form of accounting that adds environmental costs to its financial operating results.

According to Solanki's research (2016), green accounting is any benefit and cost arising from any modification to the company's offerings and processes, where the changes also involve significant impacts on environmental impacts. According to the same research, the type of accounting procedures followed in green accounting enables organizations to determine the costs of environmental conservation in the normal course of business, realize the benefits derived from such activities, and offer the best possible means of quantitative evaluation in physical units or monetary values, and also support the communication of the results. Similarly, a study conducted by Agarwal & Agarwal (2018), argues that green accounting promises to help organizations develop more effective and proactive environmental planning through reducing environmental costs, which ultimately increases the overall profitability of the organization. According to Adediran & Alade (2013), the production activities carried out by various organizations have led to environmental degradation and resource depletion. Therefore, the growing concerns regarding resource depletion, environmental degradation, and sustainability of economic activities have made green reporting and accounting an important area of

JIMUPB Jurnal Ilmiah Manajemen
E-issn:2549-9491 P-issn:2337-3350

interest among different businesses (Bartelmus, 2009). In this regard, most organizations have increased their focus on reporting the impact of consumption and production on the environment in their financial statements, as many stakeholders and investors demand such information from companies. As mentioned in Ma & Ma's (2019) study, investors force companies to do so by disclosing their environmental performance, so the implementation of environmentally friendly reporting has become important for companies operating in different industries.

METHODS

This study uses a literature review method, analyzed published research and data sources from Google Scholar. The study aims to analyze the comparison of green accounting implementation in Indonesia, India and Jordan.

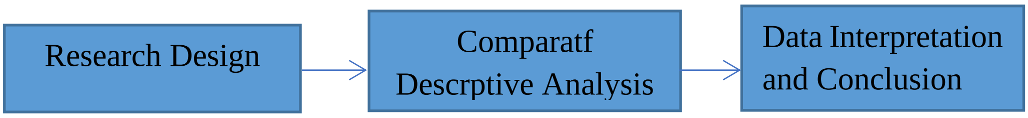

Figure 1. Research Model

RESULTS AND DISCUSSION

Implementation of Green Accounting in Indonesia

Table 1. Implementation of Green Accounting in Indonesia

Policy & Regulation	Implementation	Challenge	Practices
Indonesia has laws governing environmental management, such as Law Number 32 of 2009 concerning Environmental Protection and Management. The Indonesian Financial Services Authority (OJK) has issued guidelines for sustainability reporting for public companies.	The implementation of green accounting in Indonesia is still in the development stage. Several large companies have started implementing this practice, but many small and medium companies have not adopted it. There is increasing awareness and interest in green accounting among	The main challenges are the lack of understanding and expertise in green accounting among accountants and company management. Limitations in environmental impact reporting and measurement systems.	Several large companies in Indonesia have adopted sustainability reporting based on international standards such as GRI. Collaboration between government, private sector, and non-governmental organizations to promote green accounting and build capacity.

JIMUPB Jurnal Ilmiah Manajemen
E-issn:2549-9491 P-issn:2337-3350

	companies and the public..	Resistance to change from conventional accounting practices.	

Resource* : *Compilation of processed data by researchers

Implementation of Green Accounting in India

Table 2. Implementation of Green Accounting in India

Policy & Regulation	**Implementation**	**Challenge**	**Practices**
India has various environmental laws and regulations, such as the Environment Protection Act and the Companies Act, which require companies to report their environmental impact. The Indian government has launched several initiatives to encourage green accounting, including Corporate Social Responsibility (CSR) guidelines that encourage companies to invest in environmental projects.	Green accounting is more advanced in India compared to Jordan. Many large companies have adopted the practice and are reporting their environmental performance. There is a growing awareness of the importance of green accounting among companies and the public.	The main challenges are ensuring the consistency and quality of reported environmental data. Lack of uniform standards for green accounting reporting. Limited resources in small and medium-sized companies to implement green accounting.	Many companies in India have adopted sustainability reporting based on international guidelines such as the Global Reporting Initiative (GRI). Government initiatives such as the Swachh Bharat (Clean India) campaign have raised environmental awareness and encouraged companies to engage in green accounting practices.

Resource* : *Compilation of processed data by researchers

JIMUPB Jurnal Ilmiah Manajemen
E-issn:2549-9491 P-issn:2337-3350

Implementation of Green Accounting in Jordan

Table 3. Implementation of Green Accounting in Jordan

Policy & Regulation	Implementation	Challenge	Practices
Jordan has adopted several environmental policies and regulations, including a law requiring companies to consider the environmental impact of their operations. This regulation is administered by the Ministry of Environment. Green accounting is still in its infancy, and has not yet become a widely implemented requirement in the corporate sector.	The implementation of green accounting in Jordan is still in its early stages. Many companies have not fully adopted the practice and there is limited awareness of the importance of green accounting. The government and some non-governmental organizations are actively promoting environmental awareness and the importance of environmental reporting.	Lack of understanding and knowledge about green accounting among companies and accountants. Limited infrastructure and resources to support the implementation of green accounting. Resistance to change and adjustment in traditional accounting practices	Several multinational companies in Jordan have started implementing green accounting as part of their global policies. Collaboration with international organizations to raise awareness and capacity in green accounting

Resource* : *Compilation of processed data by researchers

CONCLUSION

Based on the results of data processing and data analysis that have been carried out, it is concluded that the comparison of the implementation of green accounting in Jordan, India, and Indonesia shows that the three countries are at different levels of progress.

India: More advanced in the implementation of green accounting, with many large companies that have adopted this practice and strong support from the government.

Indonesia: Currently in the development stage, with several large companies that have adopted green accounting and there are guidelines from the government.

Jordan: Still in the early stages, with many challenges that must be overcome to improve the implementation of green accounting.

JIMUPB Jurnal Ilmiah Manajemen
E-issn:2549-9491 P-issn:2337-3350

REFERENCES

Beţianu, L. (2009). *Calitate totală în contabilitatea mediului*. Universităţii, Alexandru Ioan Cuza, Publishing House, Iaşi.

Lafontaine, J. P. (2002). *Enseignement et management de l'information: le cas de la comptabilite environnementale.* XXIII congres de l' AFC, Toulouse.

Adediran, S. A., & Alade, S. O. (2013). The impact of environmental accounting on corporate performance in Nigeria. European Journal of Business and Management, 5(23), 141-151.

Agarwal, V., & Agarwal, V. K. (2018). Green accounting: A Desire, Desideratum and Demand of Today's Current Scenario. Journal of Commerce and Trade, April, 13, 1.

Bartelmus, P. (2009). The cost of natural capital consumption: Accounting for a sustainable world economy. Ecological Economics, 68(6), 1850-1857.

Dube, S., & Maroun, W. (2017). Corporate social responsibility reporting by South African mining companies: Evidence of legitimacy theory. South African Journal of Business Management, 48(1), 23-34.

Egbunike, A. P., & Okoro, G. E. (2018). Does green accounting matter to the profitability of firms? A canonical assessment. Ekonomski horizonti, 20(1), 17-26.

Fuzi, N. M., Habidin, N. F., Janudin, S. E., & Ong, S. Y. Y. (2019). Environmental management accounting practices, environmental management system and environmental performance for the Malaysian manufacturing industry. International Journal of Business Excellence, 18(1), 120-136.

Hendratno, S. P. (2016). Corporate point of view in green accounting. Binus Business Review, 7(3), 247-253.

Hummel, K., & Schlick, C. (2016). The relationship between sustainability performance and sustainability disclosure–Reconciling voluntary disclosure theory and legitimacy theory. Journal of Accounting and Public Policy, 35(5), 455- 476.

Lako, A. (2017). Ecological crisis and urgency of green accounting. Majalah Akuntan Indonesia, (July-August), 1-11.

Latan, H., Jabbour, C. J. C., de Sousa Jabbour, A. B. L., Wamba, S. F., & Shahbaz, M. (2018). Effects of environmental strategy, environmental uncertainty and top management's commitment on corporate environmental performance: The role of environmental management accounting. Journal of Cleaner Production, 180, 297-306.

Ma, J., & Ma, J. (2019, August). A Research Review of Corporate Green accounting Information Disclosure. In IOP Conference Series: Earth and Environmental Science (Vol. 310, No. 5, p. 052071). IOP Publishing.

Magablih, A. M. (2017). The Impact of Green accounting for Reducing the Environmental Cost in Production Companies. Journal of Modern Accounting and Auditing, 13(6), 249-265.

Medinaceli Baldivieso, A., Andersen, L., & Chuvileva, I. M. (2017). Global Green accounting 2017: An annotated bibliography of green national accounting efforts around the world (Vol. 1). Institute for Advanced Development Studies.

JIMUPB Jurnal Ilmiah Manajemen
E-issn:2549-9491 P-issn:2337-3350
Mustapha, I. B., Shamsuddin, S. M., & Hasan, S. (2019). A Preliminary Study on Learning Challenges in Machine Learning-based Flight Delay Prediction. International Journal of Innovative Computing, 9(1).

Ochotorena, F. R. (2017). Green accounting: Integrating Environmental Impact To Financial Reporting Framework. Devotio: Journal of Business and Economic Studies, 11(1), 43-54.

Serafini, K., Malin-Mayor, B., Nich, C., Hunkele, K., & Carroll, K. M. (2016). Psychometric properties of the Positive and Negative Affect Schedule (PANAS) in a heterogeneous sample of substance users. The American journal of drug and alcohol abuse, 42(2), 203-212.

Serrat, O. (2016). Environmental and natural resource accounting. UP [University of the Philippines] Research Digest (Philippines), 74(1), 97-139.

Solanki, A. (2016). A Study about Green accounting: Its Importance andConcept. Tanc, A., & Gokoglan, K. (2015). The impact of environmental accounting on strategic management accounting: A research on manufacturing companies. International Journal of Economics and Financial Issues, 5(2).

Zeng, L. X., He, P., & Shi, J. P. (2019). Problems and Countermeasures in Environmental Cost Accounting: A Case Study of China's Coal Industry. In E3S Web of Conferences (Vol. 83, p. 01013).

EDP Sciences. Zhou, Z., Ou, J., & Li, S. (2016). Ecological accounting: a research review and conceptual framework. Journal of Environmental Protection, 7(05), 643