Environmental management accounting and other environmental/sustainability related practices: An exploratory case study

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Environmental management accounting and other environmental/sustainability related practices: An exploratory case study

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ABSTRACT: Based on a single case study conducted in a Malaysian chemical company (denoted as Company X), the study explores whether environmental/sustainability practices, which include Environmental Management Accounting (EMA), are implemented in the case company. Data gathered from the review of documentations and in-depth interviews with 12 personnel comprising 10 top and middle level managers from Company X, one officer each from the Department of Environment (DOE) and Department of Safety and Health (DOSH) of Malaysia. Findings show that Company X has implemented a number of environmental/sustainability practices to some extent. Among the environmental-related practices that Company X has engaged with are: waste management, environmental safety, product stewardship, supply chain and distribution, recycling, cost-reduction programmes, carbon-footprint, and life cycle assessment. Findings also reveal that despite having good environmental/sustainability practices, the commitment towards a more systematic measurement and accounting of environmental information (monetary and non-monetary) is still minimal in Company X.

1 INTRODUCTION

In light of environmental issues that have resulted in, among other things, global warming, depletion of non-renewable resources, pollution of air, sea and rivers, noise and light pollution, acid rain and desertification, business corporations in all industries, in particular heavy industries and environmentally sensitive industries, have been urged to take more environmental responsibility to reduce their adverse environmental impacts. Through sustainable consumption, production, and management practices, the adoption of energy-efficient and low carbon buildings, transport, products, and services as well efficient waste management system will increase. This requires fundamental changes across every major dimension including how policy is determined, how institutions are regulated, how responsibilities are shared, and how people value their environment.

Due to poor environmental behaviour and management, companies may experience adverse environmental impacts on their business and finances. In this regard, companies require a more strategic approach of achieving corporate sustainability by enhancing their long-term economic, social, and environmental performance. However, many companies face difficulties in identifying and assessing their environmental and social costs and even more difficulties in identifying and assessing the benefits and savings from improved environmental performance. Therefore, environmental management accounting (EMA) has been developed to supply pertinent environmental cost information to aid corporate environmental management decisions. According to IFAC (2005, p. 3), "environmental issues—along with