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Improving the Efficiency of Green Accounting Implementation in Vietnamese Enterprises towards Sustainable Development

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Abstract

With the trend of green growth and green economic development globally, green accounting is increasingly popular in many countries. The requirement for sustainable development, limiting and minimizing the impact of the environment has made green accounting become a concern of policymakers, business administrators, researchers, and even people. Green accounting is considered an important tool related to aspects of the influence of the natural environment on the economy and is considered a

transformation towards sustainable development, towards developing a green economy. Implementing green accounting has become an inevitable need for Vietnamese businesses to move towards sustainable development. The article discusses the role of green accounting in connection with the sustainable development goals of businesses and the challenges businesses face when applying green accounting, thereby, we recommend some solutions to develop and apply green accounting in Vietnam.

Keywords: Green Accounting, Sustainable Development, Vietnam, Effective

1. Introduction

Sustainable development is becoming a common trend in the world, governments of countries are moving towards "greening" activities such as: Green growth, green bonds, green accounting. At that time, balancing economic growth with social progress and environmental protection became a common trend and goal of most countries in the world. According to research around the world, green accounting is considered an important tool related to aspects of the influence of the natural environment on the economy and is considered a direction for transformation towards sustainable development, towards developing a green economy. The United Nations requires countries and organizations around the world to implement an environmental accounting system, to record data related to business activities that impact the environment.

Not standing outside of the above context, the Government of Vietnam has a policy of implementing economic model innovation towards sustainable development, incorporating environmental protection and harmoniously solving economic - environmental - social issues. And implementing green accounting has become an inevitable need for Vietnamese businesses to move towards sustainable development. Green accounting provides useful information about the environment in addition to information about the production and business activities of enterprises, helping to reduce environmental risks, as well as public health risks, while improving Improve management accounting and environmental finance at the enterprise level. However, how to apply green accounting to achieve high efficiency is a question for each Vietnamese business in particular and the Vietnamese economy in general. The article discusses the role of green accounting in connection with the sustainable development goals of businesses, and the challenges businesses face when applying green accounting, thereby, we recommend some solutions to develop and apply green accounting in Vietnam in the current context.

2. The Role of Green Accounting Associated with Sustainable Development

Vietnam in particular and countries around the world in general are facing environmental degradation and crisis. The crisis caused many ecological and social disasters, strongly affecting sustainable development. Climate change and environmental degradation have created many natural disasters, social disasters and economic disasters. These disasters cause energy crises, resource scarcity, poverty, and social inequality. The above crises were triggered and fueled by the greed of economic actors to enhance economic growth and maximize profits. Since then, natural resources have been exhausted and led to environmental destruction (Gore, 2013) [3]. Many previous studies have shown that accounting is one of the factors accused of encouraging

bad behavior leading to socio-economic crises. According to Thornton (2013) ^[6], the recognition, measurement of value, recording and reporting of environmental accounting related to businesses tend to be overlooked by traditional accounting. The basic principles and standards of traditional accounting ignore the recording of social and environmental information in financial reports. Therefore, contents related to social and environmental responsibility as well as activities with non-economic benefits of environmental activities tend to be ignored.

With the global trend of green growth and green economy, green accounting is increasingly popular in many countries. Green accounting has also become a research topic for scholars around the world. The requirement for sustainable development, limitation and minimization of environmental impacts has made green accounting become a concern of policymakers, business administrators, and researchers. The United Nations Committee on Sustainable Development (2001) believes that green accounting provides immediate and forward-looking information. This is an information system that allows companies to manage economic and environmental information to implement environmental protection strategies. According to research by Lafontaine (2002) ^[4], when considering environmental aspects in economic activities such as product and service costs, businesses can reduce natural resource consumption to save to a greater extent and fulfill consumer environmental compliance requirements. Betianu (2010) ^[2] argues that the performance of production and business activities can be measured using environmental cost techniques and thereby, identify environmental costs related to accounting and finance, linking environmental information with financial disclosure. In a modern economy, implementing green accounting is considered an important factor. Limiting environmental impact and economic development is a challenging feature for developing countries. Businesses in the sector or related to energy-dependent manufacturers face more pressure when implementing green accounting. However, in the future, businesses from all business sectors need to implement green accounting as a tool towards sustainable development.

According to Lako (2015) ^[5], green accounting aims to reduce costs, increase revenue, increase profits, and increase corporate assets; supporting business sustainability of enterprises; increase the value of the enterprise's shares; and encourage businesses to develop sustainably. Green accounting is using life cycle assessment to measure the environmental impact of a business's activities, promoting the adoption of clean production, applying total cost assessment and combining traditional accounting to publish environmental financial information of enterprises. The purpose is to promote businesses to carry out effective environmental activities and to achieve sustainable development. According to Varsha Agarwal & Kalpaja L (2018) ^[1], it is necessary to have standards and quantification to control business activities that pollute the environment before allowing an organization to operate production and business activities or require the organization to handle the pollution problems it causes. When a business considers the environmental aspects of its economic activities such as the cost of services and products in relation to environmental costs, the business may consider reducing the amount of natural resources used in production and business activities. Many studies have shown that green

accounting includes three main goals: Identify, collect, calculate and analyze materials and energy-related materials; Internal reporting and use of information on environmental costs; Provide other cost-related information in the decision-making process, with the aim of making effective decisions and contributing to environmental protection. Besides, many other researchers believe that green accounting is divided into many different angles, including five main contents: Environmental financial accounting; environmental management accounting; environmental finance; environmental law; ethics and relations with the social community.

According to the author, green accounting brings many benefits to businesses, through implementing green accounting is a way to guide businesses towards sustainable development. At the same time, it also increases the sustainability of the economy in general. On the business side, green accounting helps provide information, check the business's profits, revenue and environmental costs so that administrators can make production and business decisions. Through green accounting, businesses will increase their reputation and enhance their competitiveness in the industry.

3. Improve the Efficiency of Green Accounting Implementation in Vietnamese Enterprises towards Sustainable Development

Faced with environmental changes due to negative impacts from human activities such as depletion of natural resources, environmental pollution, and abnormal climate. At the same time, promoting corporate social responsibility in production and business activities towards sustainable development, many countries around the world require businesses to implement green accounting and disclose environmental information for interested parties. For Japan, accounting must quantitatively assess costs and benefits of environmental activities and must regulate a systematic reporting system of positive relationships between businesses and the ecosystem. In European countries, green accountants are required by law to disclose environmental information to national governments. Thus, green accounting has become a mainstream trend in the world and the promulgation of laws and regulations related to green accounting is necessary.

In Vietnam, the first Environmental Law was promulgated in 1993 and the Environmental Protection Law was amended in 2005. The Government issued Decree No. 67/2011/ND-CP dated August 8, 2011 regulating taxable subjects, tax bases, tax declaration, tax calculation, tax payment and environmental protection tax refund; The Ministry of Finance issued Circular No. 152/2011/TT-BTC dated November 11, 2011 guiding the implementation of Decree 67/2011/ND-CP; Circular No. 159/2012/TT-BTC dated September 28, 2012, amending and supplementing Circular No. 152/2011/TT-BTC... However, documents related to green accounting implementation in Vietnam have not received attention. The Government and Ministry of Finance have not issued documents to guide businesses in calculating and accounting operations related to green accounting. Therefore, businesses still encounter many difficulties in accessing and learning about green accounting. Furthermore, corporate managers' awareness of environmental protection is limited, and businesses themselves are carrying out environmental protection activities under coercive pressure from state management

agencies, rather than proactively managing production and business activities to ensure environmental protection.

To effectively implement green accounting in businesses and contribute to sustainable development, the author proposes the following measures: (1) State agencies need to issue guiding documents. How to apply green accounting, have policies to encourage businesses to research and apply green accounting; (2) The Ministry of Natural Resources and Environment needs to complete the development of a system of environmental performance assessment indicators. It is mandatory for businesses to submit environmental management reports to relevant agencies. This environmental management reporting system will provide environmental cost information related to the production and business activities of the enterprise. The report covers material topics and their coverage is sufficient to reflect significant economic, environmental and social impacts, allowing stakeholders to assess the organization's performance during the reporting period; (3) The Ministry of Finance needs to amend, supplement, build, and complete information on green accounting in accounting standards. In the trend of sustainable development that has spread globally and many countries choose to implement green growth strategies, by encouraging environmental protection activities with the principle of prevention rather than severely punishing activities that cause environmental pollution, the more information about environmental activities needs to be clearly shown on accounting standards and accounting regimes to guide businesses' implementation. It is necessary to reform and rebuild some conceptual frameworks of green accounting, such as understanding the goals and benefits of green accounting, green accounting principles, quality of green accounting information, purpose and objectives of green accounting reports, green accounting reporting and disclosure models; (4) Business administrators need to raise awareness of the importance of green accounting, focus on research, application and consider green accounting as a part of the accounting system in businesses. Reality shows that currently, businesses are not aware of the meaning and benefits of environmental protection activities in general and the application of green accounting in particular. Most businesses in Vietnam have not calculated environmental costs. In addition, many business administrators are not aware that the cost to calculate environmental costs is much smaller than the total costs incurred when they have to pay taxes, fees or fines from acts that harm the environment.

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