

## LITERATURE REVIEW: IMPLEMENTATION AND BENEFITS OF ENVIRONMENTAL ACCOUNTING

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### ABSTRACT

This study presents an in-depth review of the implementation and benefits of environmental accounting through a qualitative literature study approach. Using text analysis methods, this research explores recent developments in environmental accounting practices and their impact on organizational sustainability and performance. The analysis identifies patterns and trends in related research, providing a better understanding of how environmental accounting can be applied and yield significant benefits for companies. The findings highlight the importance of transparent and accountable environmental information disclosure to enhance stakeholder trust and strengthen corporate reputation. This study also delves into the practical and theoretical implications of implementing environmental accounting in the context of evolving regulations and societal demands for corporate social responsibility. This research makes a significant contribution to the environmental accounting literature by identifying the challenges and opportunities in adopting sustainable and environmentally responsive accounting practices.

**Keywords:** environmental accounting, implementation, benefits, literature review.

### INTRODUCTION

The increasing awareness of environmental issues has driven companies to consider the environmental impact of their business activities. In this context, environmental accounting has become increasingly important as a tool to measure, manage, and report information related to the environmental aspects of corporate activities. Despite the growing interest in this field, there is significant variation in the practices and approaches used by companies to integrate environmental accounting into their systems (Carolina, Martusa, & Meythi, 2011). In recent years, research has shown significant developments in the theory and practice of environmental accounting. However, there remains a knowledge gap regarding the implementation of environmental accounting across different industry sectors and countries. Furthermore, the benefits derived from the application of environmental accounting are not yet fully understood (Chairia, Ginting, Ramles, & Ginting, 2022).

As societal, governmental, and stakeholder pressures increase, companies are increasingly faced with demands to consider environmental aspects in their decision-making processes. Environmental accounting has become a crucial tool in facilitating sustainable decision-making by providing relevant and accurate information about the environmental impacts of business activities. Despite the growing awareness of the importance of environmental accounting, challenges remain in effectively measuring and reporting environmental aspects within the context of existing financial accounting frameworks (Nandiroh, 2022). The implementation of environmental accounting also faces various obstacles, including a lack of clear guidelines, the complexity of measuring environmental impacts, and internal resistance within organizations. Therefore, a literature review focused on the implementation of environmental accounting will help identify the factors influencing the adoption of this accounting practice in various organizations. With a better understanding of

the barriers and challenges faced, companies can develop more effective strategies to integrate environmental accounting into their business practices (Widodo, 2020).

In addition to discussing implementation, the literature review will also explore the benefits derived from the use of environmental accounting. In an era where sustainability has become a primary focus for many organizations, it is crucial to understand how environmental accounting can enhance financial performance, corporate reputation, and stakeholder relationships (Martini, 2016). This literature review will provide valuable insights into the role and contribution of environmental accounting in achieving organizational sustainability goals amidst increasingly complex environmental challenges. Furthermore, the global business paradigm shift towards greater environmental awareness has prompted companies to adopt environmental accounting practices as an integral part of their sustainability strategies. With growing demands from investors, consumers, and regulators for environmental transparency and accountability, companies are faced with the need to develop accounting systems capable of measuring and reporting environmental impacts in a timely and relevant manner (Pitaloka, 2020).

However, the implementation of environmental accounting is not always smooth. Various internal and external factors can influence the adoption and use of environmental accounting practices within organizations. These factors include organizational culture, resource availability, management support, and external pressures from stakeholders and regulators. Understanding the dynamics that affect the implementation of environmental accounting is crucial for designing effective strategies to overcome obstacles and maximize its benefits. From a practical perspective, the literature review will also investigate the theoretical aspects of environmental accounting, including the conceptual frameworks used to measure and report environmental impacts, as well as recent developments in sustainability accounting theory (Sayidah, 2012). By deepening this theoretical understanding, the research will provide a stronger foundation for further advancements in the field of environmental accounting and its contribution to overall corporate sustainability.

The aim of this research is to provide a deep understanding of the implementation and benefits of environmental accounting through a qualitative literature study approach. This study seeks to identify patterns, trends, and challenges in environmental accounting practices, as well as to explore its impact on organizational sustainability and performance. Consequently, this research aims to contribute to our understanding of the role and relevance of environmental accounting in the context of sustainable and environmentally responsive business practices.

## RESEARCH METHOD

The research method used in this study is a qualitative literature review approach. This approach enables the researcher to investigate and analyze various relevant literature sources, such as scholarly journals, textbooks, research reports, and other official documents related to the implementation and benefits of environmental accounting. The initial step in this research method is data collection, where the researcher conducts a systematic search through academic databases and digital libraries to identify literature pertinent to the research topic. Following this, the researcher selects relevant and high-quality literature based on specific inclusion criteria, such as recency, credibility, and relevance to the research objectives (Abdussamad, 2021).

After collecting the appropriate literature, the next step is data analysis. The researcher employs a text analysis approach to identify patterns, themes, and trends that emerge from the selected literature. This involves reading and cross-referencing data from various sources to develop a deep understanding of the research topic. During the analysis process, the researcher

also notes key findings and synthesizes the literature adequately. Subsequently, the researcher organizes the analysis results into a systematic and comprehensive report or article. This research will include a summary of findings, interpretation of results, as well as practical and theoretical implications for the field of environmental accounting. Finally, the researcher formulates conclusions and provides recommendations for future research directions or possible policy implications. By using this qualitative literature review approach, the study aims to provide valuable insights into the implementation and benefits of environmental accounting within the context of sustainable business practices (Pahleviannur, 2022).

## RESULT AND DISCUSSION

### Challenges in the Implementation of Environmental Accounting

In a global context increasingly sensitive to environmental issues, organizations face significant challenges in implementing environmental accounting practices. One of the main challenges is the cultural barriers within the organization itself. Corporate cultures that do not prioritize sustainability or lack sufficient environmental awareness can hinder the effective adoption of environmental accounting practices. Lack of support from top management and insufficient awareness among employees about the importance of sustainability can also impede implementation efforts. Additionally, the lack of clear guidelines is a common challenge faced by organizations. While frameworks and standards are available to guide environmental accounting practices, their implementation often requires complex adjustments and interpretations. Inconsistent and inadequate guidelines can lead to uncertainty among environmental accounting practitioners and slow down the implementation process (Soesanto, 2022).

The complexity of measuring environmental impacts is also a significant challenge. Environmental impacts are often difficult to measure objectively and comprehensively due to the involvement of various factors. From economic and social aspects to ecological ones, measuring environmental impacts requires a holistic approach and can be difficult to integrate into standardized accounting frameworks. Internal resistance from various departments within an organization can also pose serious obstacles, especially when environmental accounting practices necessitate changes in operational processes or resource allocation. Departments affected by these changes may exhibit resistance. Difficulties in altering established mindsets and work cultures can thus be a significant barrier to adopting comprehensive environmental accounting practices (Maharsi, 2000).

In facing these challenges, organizations need to develop holistic and integrated strategies. This involves efforts to build a sustainability-oriented organizational culture, identify and develop relevant guidelines, enhance capabilities for measuring and reporting environmental impacts, and manage internal resistance through collaborative and stakeholder-oriented approaches. By addressing these challenges, organizations can enhance their likelihood of success in implementing sustainable environmental accounting practices that have a positive impact.

### Benefits of Implementing Environmental Accounting

The implementation of environmental accounting practices provides various significant benefits for companies across operational and strategic aspects. One of the primary benefits is the enhancement of environmental risk management. By integrating environmental aspects into accounting processes, companies can more effectively identify, assess, and manage environmental risks associated with their operational activities. This helps companies reduce the likelihood of incidents or negative impacts that could harm the environment and the company's reputation. Environmental accounting implementation can also lead to

improvements in operational efficiency. By monitoring and evaluating resource consumption and waste more comprehensively, companies can identify opportunities to enhance resource efficiency and reduce waste. This not only has a positive impact on the environment but can also reduce operational costs and enhance overall profitability of the company (Wara, Sudirman, & Rusli, 2023).

Another significant benefit of implementing environmental accounting is the improvement of corporate reputation. By providing transparent and accurate information about their sustainability practices, companies can strengthen their reputation as leaders in environmental responsibility. This enhances stakeholder trust, including consumers, investors, and the general public, which in turn can increase brand attractiveness and create new opportunities for business growth. Environmental accounting implementation can also enhance stakeholder engagement. By providing relevant and detailed information about the company's environmental performance, environmental accounting enables companies to communicate effectively with various stakeholders, including government entities, NGOs, and local communities. This helps build strong and mutually beneficial relationships and allows companies to gain further support in their efforts to achieve sustainability goals (Putrianingsih & Fitri, 2023).

The implementation of environmental accounting practices not only brings operational benefits but also strategic advantages for companies in achieving their sustainability goals. By effectively leveraging these tools, companies can strengthen their position as leaders in environmental responsibility and create long-term value for all stakeholders involved.

### **Theoretical and Practical Implications**

The theoretical and practical implications of the literature review on the implementation and benefits of environmental accounting are essential for expanding our understanding of the role and relevance of environmental accounting practices in an increasingly changing global context. Theoretically, this literature review not only provides a more comprehensive overview of the conceptual frameworks underlying environmental accounting but also helps develop new theories that enrich this discipline. By analyzing findings from various previous studies, this research can identify patterns, trends, and relationships that may not have been previously uncovered, providing deeper insights into how environmental accounting can be effectively integrated into organizational sustainability strategies.

From a practical standpoint, the implications of this literature review are crucial for practitioners and decision-makers within organizations. By studying the experiences and findings from previous research, organizations can identify challenges they may face in adopting environmental accounting practices and develop more effective strategies to address them. This includes developing appropriate internal guidelines, enhancing stakeholder engagement, and updating reporting systems to better encompass environmental aspects. By leveraging the findings from this literature review, organizations can improve their sustainability performance and have a greater positive impact on the environment.

Theoretical and practical implications from this literature review make a significant contribution to further developments in environmental accounting practices. By better understanding the theoretical frameworks underlying environmental accounting and learning from practical experiences documented in the literature, organizations can optimize the use of environmental accounting as a strategic tool to achieve their sustainability goals. Thus, this literature review not only enhances our understanding of environmental accounting as a field of study but also provides valuable guidance for practitioners and decision-makers in advancing environmental accounting practices in the future.

## CONCLUSION

Based on the literature review on the implementation and benefits of environmental accounting, as well as its theoretical and practical implications, it can be concluded that environmental accounting practices play a crucial role in helping organizations address increasingly complex environmental challenges and enhance their sustainability performance. Challenges such as cultural barriers, lack of clear guidelines, complexity in measuring environmental impacts, and internal resistance highlight the need for a holistic and integrated approach in implementing environmental accounting practices.

However, the benefits derived from implementing environmental accounting, such as improved environmental risk management, operational efficiency, enhanced corporate reputation, and stakeholder engagement, provide strong evidence of the strategic value of these practices in achieving organizational sustainability goals. The theoretical and practical implications from this literature review offer valuable guidance for organizations to optimize the use of environmental accounting as a strategic tool for sustainability.

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