Conclusion

Worldwide business and academics agree regarding the benefits of sustainable development. To improve reputation and branding, as well as to increase revenues by reducing costs are the primary strategic objectives of any entity. *Green Accounting: Initiatives and Strategies for Sustainable Development* comprise the results of a decade research work within an interdisciplinary team of academics, all concern about the global crises. Accounting being the team background, the research has been focused on providing useful accounting information, to guide and assist the decision-making process in a complex environment crises dominated. The 21st century corporations must apply the principle of balanced development through disclosing economic, environmental and social combined aspects, attentive to the Triple Bottom Line theory. The response to the current needs of society is the multidimensional approach of the simultaneous development of the economic, environmental and social joint features. It is obvious that professional bodies should carry out the most important task for the future as it is happening today with the financial reporting. Sustainability reporting has the potential to provide critical information for business analysis that is normally absent from financial reports. The prime role of green accounting is to confront the social environmental problems and to reach sustainable development by amending the company’s behavior in defying social and environmental responsibility issues. The most recent research on sustainability reporting under the TBL performance assessments, sustain the status quo of earning profit, even if profit is only a means near the lofty objective of humankind.

Traditional accounting has lost its instrumental ability of entailing the informational dimensions requested in the process of comprehending the phenomenon of identifying and reporting entity’s activity in the context of sustainable development. Integrating corporate social and environmental reporting into traditional corporate reporting, has not gained an overall acceptance at the company’s level, as it is a voluntary process, but more and more entities tend to disclose such information in order to give confidence to stakeholders. Financial accounting and reporting are meant to deliver relevant and reliable information on an economic entity or another organization to external interested parties. The main reporting instruments contain reliable data as they report on the past. This orientation to the past reduces their forecasting power whereas actual and potential stakeholders need future-oriented data to be able to prepare their decisions. The corporate social responsible movements seem to be associated with shareholder value. A long-term economic value of such actions, as well as an increasing systemic risk of shareholding caused by activities perceived as irresponsible, may diminish shareholder value. Transparency and accountability, along with a close working relationship with the stakeholders will grow the business, serve the shareholders’ interests and create a better business environment. Given the
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studies included in the study database, one might consider that environmental and social reporting is a researchable work field. The concern of integrating social and environmental factors into traditional financial reporting is gaining acceptance nowadays. Accounting role would be more effective when it incorporated the environment, society and economic impacts into corporate accounting and reporting.

The most used social and environmental reporting standards are analyzed and debated, as resulting from companies’ activity. The way social and environmental information published by an entity is identified and quantified in order to be included into financial statements is addressed in this book. The theoretical findings are correlated with practical appliance of corporate disclosure and assurance requirements in terms of social and environmental approaches. Results show that there are significant differences in voluntarily application of guidelines, principles, certification, and assurance standards.

An in-depth analysis of the current approach of global crises reveals an obvious tendency to use nature as a resource rather than a stakeholder of human activities. At a planetary level, environmental problems are clear; the solutions are global and have environmental protection as a foremost objective. The accounting literature has demonstrated an important concern for sustainability issues by challenging the role of accounting, justifying the alleged belief in the sustainability of business operations, and developing alternative accounting technologies that might offer different meaning structures of nature, society and business success. The harshness of climate change requires entities to be aware of their external effects and to disclose them in order to create comprehensive accounting information for decision-making process designed to remove the unexpected and undesired effects. The book authors propose a Full Cost Accounting-type model - Sustainable Cost Accounting (SCA) - as accounting technology for the absorption of eco-costs and externalities. SCA aims to (1) identify all external costs and benefits associated with an activity, (2) recognize the costs of reducing the destructive impact on the environment and (3) incorporate the resulted information in the decision-making process. The model is based on the assumption that, by incorporating eco-costs and externalities into full costs, society will be better informed in order to identify the optimal decisions and to achieve the objectives of sustainability. The purpose of the design stage consists of the formulation of a general costing model, indicating potential areas of implementation, identifying and, where possible, proactive solving of any implementation issues.

Visible researchers in this area have started to explore accounting for sustainability through the multiple lenses of sustainability science drawn to consider the social and environmental risks and uncertainty. There are two conceivable accounting expansions inside a sustainability science approach, namely, full cost accounting and sustainable consumption and production. Disclosure and assessment into evolutive accounting represent the communication form between the factors acting into the economic, environmental and social equilibrium on the different complexity levels of the informational field. Through the development of the quantifiable indicators system of the eco-efficiency, that describes the entities behavior, we intent to develop an eco-equilibrated corporate management system from the perspective conceptual complex modeling of the socioeconomics and environmental relationships on the communication structures with theoretical support.

The use of adapted managerial tools enables entities to extend the conventional accounting model of performance towards a sustainable/green performance. In this respect were highlighted the potential effects improved social and environmental performance would have on economic performance. As the need for sustainable practices in business becomes increasingly clear, the sustainability reporting provides real value to those who are responsible for the assessment of the corporate current financial condition and for the anticipation of future performance. Increasingly more entities should aim to achieve sustainable performance in order to ensure their continuity without eluding social and environmental require-
ments. Based on the above considerations an expanded conventional Balanced Scorecard is provided in respect of social and environmental issues that comply with the requirements of Global Reporting Initiative. This is, perhaps the best-known and most widely adopted framework for TBL performance reporting. It is important to note that certain environmental or social aspects can be subsumed under the four conventional BSC perspectives parallel to the introduction of a specific perspective for other strategically relevant environmental or social aspects. The book authors plead to think about sustainability as a common ground shared by business interests and the interests of nonfinancial stakeholders. This common ground, called the sustainability sweet spot is the place where the pursuit of profit blends with the pursuit of the common good. A business that occupies the sustainability sweet spot or that strives to fit as much of its activities into that zone should have real long-term advantages over its competitors. Sustainability requires us all to look at the world differently, to think in a cyclic rather than linear way. Sustainability in practice can be seen as the art of doing business in an interdependent world, operating a business in a way that causes minimal harm to living creatures and that does not deplete but rather restores and enriches the environment.

The niche of a narrow literature in the field inspires another core objective of the book which is to develop a coherent and eco-efficient outline for environmental audit in an integrated audit management system. The result is built on the management component of the continuous improvement and creates knowledge for a way of action to implement an environmental management system and environmental auditing and implicitly, to react to social corporate responsibility. The book contribute to the literature from the perspective of the effects and actions need to adapt to the climate change, as a substantiation to assess the current level of environmental management and to identify environmental and social elements that are relevant for entities to include in their corporate management. The disastrous effects, the greater risks and the difficulties in coping with climate change impacts reveal the adaptation science, designed to be more effective and influential for decision-making process and for managing the existing complex socio-ecological systems. The narrow literature comparing the current frameworks of Environmental Management Systems (EMS) determines the dispute on the effectiveness of improvement environmental performance under an EMS framework, either EMAS, or ISO 14001. Regarding the role that audit has to play in the new age of sustainability reporting it is obvious that focusing only on financial data is not enough anymore. Additionally, due to the audiences of company reports that entail more than simply financial data accounting certainly have to be changed. The current requests for changing in accounting have been catalyzed by the recent financial crisis.

Further, the subject of entity’s sustainable development from adaptive management perspective is debated. Managers use their professional knowledge to predict resource supply and spending levels for upcoming periods, and to calculate the expected future costs of products, services, and customers. In a permanent changing environment, an adaptive management is required. Jointly, the urgent need to update accounting methodologies in order to respond to the nonlinear progression of crises, as well as the need for real-time crises management, leads conventional accounting towards new thinking and measurement instruments. Therefore a management by thinking must be taken into account. By debating on a model of thinking in which managers’ and accountants’ learning on the job and their choices of professional services jointly affect performance, this book provides incentives for different managers to challenge the internal and external entity’s environment from total quality and environmental perspectives.

Relevant social and environmental risks and potential impacts should be considered in the process of corporate decision-making and sustainability policies implementation. A literature review of existing risks outlined by the main reporting frameworks is presented next in the book. It debates the influ-
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ience of social and environmental approach in corporate reporting models and develops an analysis of specific requirements regarding risks and uncertainties reported into the financial statements according to different financial reporting standards and their connection to social and environmental information that an entity should disclose. However, a formal framework has still not been established within which companies can operate when it comes to deciding which risks they should report how these risks should be quantified and where they should be presented.

Increased quality of information disclosed by companies is required by the new prospect that financial and non-financial reports are important communication tools which can ensure greater corporate transparency and can enable a better engagement with stakeholders. An empirical study contributes to research on how corporate reporting objective interacts with social and environmental factors in reconsidering traditional disclosure during crisis period. Possible associations, between the quality of social and environmental disclosure and the size of the company are tested. The results show that the impact of global crisis on reporting social and environmental information is extremely powerful. It signals an upward trend of pushing companies to provide to their stakeholders comprehensive, integrated, and certified information on sustainability of their activities. The stakeholders’ needs and requirements are the main determinants for companies to expand the unilateral reporting process, creating support for the development of dialogic communication, as a tool for knowledge transfer. A critical analysis for various aspects to which they address and a debate of those aspects in the context of usefulness to stakeholders are conducted. The findings of this research help promote corporate social and environmental reporting and thereby make companies more responsive to changes in the natural and social environments.

Fractal approach in sustainability modeling is another theme debates within this book, that contributes to developing and understanding of conceptual modeling of sustainable performance designed to meet social and environmental accounting. The debate is based on successive qualitative-correlative approaches, of fractal type, for complex phenomena. Complex instruments, rather than linear approaches, are more adequate to describe sustainability mechanisms. Such instruments are centered on the relations between information flows and data or material accumulations presented throughout the models described in this chapter. The research method that focuses on appropriate tools for complex and dynamic relations between the economic entity, society and environment is used to develop new relationships and new entities. The most important result of the research is modeling sustainability by cyclic structures and commutative diagrams explaining the complexity mechanisms which engage and generate the state of balance or imbalance, analyzed, controlled and corrected through crisis management. This phenomenon implies a large scale conceptual innovation in the form of a multi-stage transition to a new perception of reality and also a transfer of the new perceptions into new conducts and technologies. The research is completed with behaviors generating sustainability that may be used in performance management.

In order to sustainably develop an entity, the long-term strategy and the value creation cannot be discussed in mere financial terms. Corporations have to comply with the principles of a balanced development, based on various aspects. The attempts for processes, not only for products, recognition and measurement involve qualitative and quantitative approaches. This tendency is progressively intensified as the actual crises become more acute and the present means of economic and accounting prediction no longer provide timely previsions, responding to phenomena evolution. Another step in developing the present research is the approach of GAIA theory as a model for a sustainable society. The objective is to propose technical tools for determining the functions that need to be transferred from the biological organism to the social organism, the relationships between organs and functions, the number of dimensions required for a well-balanced cultural organism. For answering the global economic needs, entities
must adopt a self-regulating environmental system with clear targets and indicators for developing and supporting a dynamic performance. It is certainly difficult to approach humanity as an organism and most people will contest this approach, but if it isn’t done at this moment in time, it is possible to be no future for GAIA, and implicitly for humanity. The depth of the actual crisis may be considered, that hardly finds any solution, but there is a perfect example of solutions for similar crises at the development of an embryo. Like many times before these solutions developed by the nature can be only followed and transposed in a different situation. People can do this if they renounce at their arrogance, limited perspectives, and at pure simplistic points of view.

Taking into account that the presented accounting systems do not do nor refer to the above mentioned aspects, it may be concluded that it is not surprising that managers do not know the entire potential of green production technologies for the maximization of eco-performance. The attempts for processes, not only for products, recognition and measurement involve qualitative and quantitative approaches. This tendency is progressively intensified as the actual crises become more acute and the present means of economic and accounting prediction no longer provide timely previsions, responding to phenomena evolution.

Based on literature review, on practical studies of specialized organizations or associations, and on authors’ previous studies, another step is made in this research, by developing a pilot questionnaire intended to capture the willingness of companies form an emerging country, to show interest in social responsibility disclosure. This helps to launch certain debates with regard to the principles, concepts and forms of social and environmental reporting. The pilot questionnaire was sent to a group of interested companies in Romania (the emerging country chosen for this study) and the reference points for discussions are developed based on their responses. The debates conducted on this exploratory study leads to the conclusion that while social and environmental involvement of entities is at an early stage, there is a basis for future development for emerging countries’ companies. A solution for such an evolution resides in the development and implementation of a general framework and of a set of policies regarding environmental and social impact reporting made by companies involved in social responsibility campaigns.

The urgent need to update accounting methodologies in order to respond to the nonlinear progression of crises, as well as the need for real-time crises management leads conventional accounting to new thinking and measurement instruments.

Future research developments that regard the application and theory of green accounting have to cover aspects as: the assessment of costs and risks that regard the natural environment in green accounting; the way of computing provisions that is tied to the natural environment and can be noted with green marks in the box of the balance sheet; the budgeting and supervision of green costs through the application of a budgeting procedure tied to the investments and consumption that regard the natural environment; financial reports that present information about the environmental policy and performance; or the Eco balance sheet allows the assessment of the impact that a product has throughout its life cycle on the environment.