



Received: 04-03-2024
Accepted: 14-04-2024

International Journal of Advanced Multidisciplinary Research and Studies

ISSN: 2583-049X

Green Accounting and Related Issues when Applied in Vietnam

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Abstract

In the current context of globalization, developing and applying green accounting has become an inevitable need for countries, including Vietnam. Green accounting can be understood as a modern and comprehensive accounting system that fully reflects the contents of assets, liabilities, investment capital, revenues and expenditures for the country's green environment. Green accounting involves systematically identifying, quantifying, allocating and reporting environmental costs related to activities, products and services. 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. The article provides information about green accounting, its importance as well as comments on the advantages and difficulties that businesses encounter when applying green accounting in Vietnam. From there, we recommend some solutions to improve green accounting and aim to successfully apply green accounting in Vietnam.

Keywords: Green Accounting, Advantages, Difficulties, Solutions

1. Introduction

According to research around the world, green accounting is considered an important tool related to the impact of the natural environment on the economy and is considered a transformation towards sustainable development. Sustainable, towards developing a green economy. In addition to providing information and examining businesses' profits, revenues and environmental costs, green accounting is also a field that provides environmental impact accounting, some of the factors that can cause problems. Beneficial for a business or organization, thereby helping policy makers and business administrators have reasonable ways to deal with and resolve problems. In recent years, green accounting has been seen as a useful tool to provide environmental information in addition to information about the production and business situation of enterprises, as a basis for environmental protection obligations. Environmental protection of businesses. As a result, it will help reduce environmental risks, as well as public health risks, while improving management accounting and environmental finance at the enterprise level. For the purpose of rapid, sustainable economic development, good environmental protection and harmonious settlement of economic, environmental and social issues, the Vietnamese Government has recently issued many policies to limit overexploitation of natural resources for socio-economic development, minimizing violations, environmental destruction, and environmental pollution. At the same time, businesses and investors are required to conduct environmental impact assessments and propose or deploy environmental treatment solutions before implementing projects. In that context, applying green accounting is essential for every business. Implementing green accounting in Vietnam has many advantages but also faces many difficulties and challenges. The article provides information about green accounting, its importance as well as comments on the advantages and difficulties that businesses encounter when applying green accounting in Vietnam. From there, we recommend some solutions to improve green accounting and aim to successfully apply green accounting in Vietnam.

2. Research overview

2.1 Green accounting

According to Bebbington *et al.* (2017) ^[4], green accounting is the process of identifying, quantifying and reporting environmental costs related to an organization's activities, products or services. External environmental impacts. Vandna (2018) ^[12] believes that green accounting includes estimating environmental costs, identifying liabilities and payable costs related to handling environmental issues. N Kumar (2020) ^[8] states that green accounting involves quantifying the stocks and

changes in resources such as land, forests, water and minerals that provide ecosystem services. Gray *et al* (2019) said that green accounting is a tool to calculate an organization's emissions, allowing them to track, report and potentially earn carbon credits to reduce emissions at a wide range of levels. vi 1, 2 and 3. Meanwhile, Rikhardsson *et al* (2002) explain how green accounting expands traditional costing to consider all direct and indirect social and environmental costs associated with related to products and services throughout their entire life cycle. According to Schaltegger & Burritt (2018) ^[10], green accounting is an internal accounting method that supports managers in identifying the causes of environmental costs, evaluating investments to improve ecological efficiency, and following track savings from cleaner technology. Additionally, Gray (2010) ^[7] describes it as an integrated reporting approach that evaluates economic, environmental, and social impacts to provide a comprehensive view of an organization's performance and impact. Loyd John Pereira (2017) ^[9] defines green accounting as a modern and comprehensive accounting system that fully reflects the contents of assets, liabilities, investment capital, revenues and expenses. For the nation's green environment.

Thus, the concept of green accounting can be summarized as follows: Green accounting includes systematically identifying, quantifying, allocating and reporting environmental costs related to activities and products, service. It also assesses the depletion and degradation of natural assets that provide ecosystem services. Accounting for carbon emissions, comprehensive life cycle impacts and natural social capital aims to integrate sustainability into core accounting functions. In essence, green accounting expands the boundaries of financial accounting to consider the interrelationship between business and the environment, enabling more informed strategies, investments and disclosures to achieving economic prosperity alongside ecological protection and social justice.

2.2 The importance of green accounting

Andreas Lako (2018) ^[2] commented that environmental accounting issues are increasingly important due to serious problems of global environmental pollution and severe environmental disasters in recent years.

Asheim (1997) ^[3] believes that it is necessary to establish a green accounting or environmental accounting system to help prevent environmental pollution or limit damages caused by environmental pollution through recording environmental costs to have resources for implementing remedial measures. This accounting system also needs to consider economic measures that impact electricity production and consumption in terms of impact on the environment. Especially with the increasing impact of power plant processes on natural resources.

Andreas Lako (2017) ^[11] evaluated disasters caused by degradation of the earth's ecosystem, making recommendations on the responsibilities of businesses and the Government in protecting the living environment and handling pollution problems. Environment.

Varsha Agarwal & Kalpaja L (2018) ^[5], there is a need for standards and quantification to control business activities that pollute the environment before allowing an organization to operate production or business activities or forcing the organization to handle environmental pollution. Pollution problems caused by that organization. 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. Naturally used in its production and business activities, to maximize cost savings and ensure environmental compliance requirements. In the future, businesses will face challenges and requirements from authorities on establishing and implementing business strategies that must comply with requirements on accounting for environmental costs. Related to the business activities of the enterprise.

Betianu (2008), implementing green accounting is considered an important factor in business. Accounting for environmental costs in the production and business cost system can bring certain benefits to organizations and businesses.

Vandna (2018) ^[12] believes that green accounting can help overcome or reduce problems related to global warming and ensure sustainability in business development. Green accounting helps business managers identify factors in business operations that can have adverse impacts on the environment such as the use of alternative materials, methods of combining materials...

In short, green accounting helps businesses anticipate environmental impacts or some factors that can cause negative impacts on the environment, thereby helping policymakers and business administrators have ways to how to prevent and deal with those impacts. In other words, green accounting helps businesses demonstrate their social responsibility and business ethics. Thanks to that, it will also help businesses reduce environmental risks as well as health risks for the community, while improving management accounting and environmental financial accounting at the enterprise level. Many costs related to the environment such as waste treatment costs, purchases of equipment to reduce noise and dust... are generally reflected in the management cost accounts of businesses. Therefore, business managers cannot see the scale and nature of environmental costs. If businesses implement green accounting well, they will reduce the consumption of raw materials, fuel, and energy inputs in the production and business process. In addition, reducing the consumption of these input factors also helps businesses limit environmental pollutants, increase resource use efficiency, and increase competitive advantage by reducing production costs. In the context of increasingly deep international integration, the acceptance of green accounting in current business operations in particular and economic development in general demonstrates the commitment and social responsibility that a business or organization has. Moving towards a sustainable environment is essential.

3. Research methods

Information collection method: The article uses secondary information documents related to green accounting of businesses in Vietnam to analyze the advantages and disadvantages of applying green accounting and provide solutions to improve accounting applications of Vietnamese businesses.

4. Current status of green accounting application in Vietnamese enterprises

With the strong development of green accounting, Vietnamese businesses have begun to make changes in the

accounting process associated with environmental-related costs. After a period of applying green accounting in Vietnamese businesses, the author realized that there were results achieved and certain difficulties remaining. As follows:

4.1 Advantages

Applying green accounting to business management and accounting brings many outstanding results:

Firstly, meeting the issue of sustainable development and balancing economic growth with social progress and environmental protection. Changing the thinking, management style and perception of the responsibility to protect the environment and limit waste... of business administrators. By performing well in environmental protection, businesses create a good impression on State management agencies, from which the State has supportive and preferential policies in the process of sustainable development.

Second, green accounting not only through the traditional role of recording and reporting financial information, but also must demonstrate the role of accounting as an effective support tool for businesses. Managers in managing environmental issues within each economic unit.

Third, applying environmental protection measures and applying green accounting will help save costs of raw materials, energy, water, and waste treatment costs, helping businesses make informed decisions. Determine changes in technique, management organization system, product strategy towards green products, use of environmentally friendly materials, etc. From there, improve the efficiency of business operations. Business associated with the effectiveness of environmental protection.

Fourth, improve the business image, thereby enhancing the business's competitiveness with rivals. Because businesses with cleaner and better production ecosystems will produce products that are more environmentally friendly and of better quality.

4.2 Difficulties

Besides the advantages and achieved results, there are still many difficulties that need to be overcome

Firstly, although there have been Circulars and Decrees of the State and the Ministry of Finance to support businesses in green accounting and environmental accounting. However, when going into detail and specifically about each economic content, each cost incurred and how to account, the documents and regulations are not really complete. Therefore, tracking costs and separating costs related to the environment in production and business activities is still limited, and each business understands and accounts for it differently, causing difficulties. In management and in accordance with promulgated policies and regimes.

Second, the accounting for recording income and costs related to the environment has not been clearly presented and has not been specifically mentioned on relevant financial reports such as notes to the financial statements. Costs related to the environment such as troubleshooting and cleanup costs, environmental destruction, compensation costs... are also used in business management costs, therefore Monitoring and determining the responsibilities of businesses towards the environment are still limited.

Third, currently in Vietnam, the reality shows that training facilities do not pay much attention to green accounting and environmental accounting. The accounting team in the

environmental field is still small and has low expertise. Therefore, it greatly affects the accounting and bookkeeping work and the accurate determination of income and costs related to the environment. There are still few seminars and exchange of experience between businesses and professional associations and relevant agencies in the field of green accounting and environmental accounting. Therefore, there is no consistency in accounting records.

Fourth, although green accounting and environmental accounting have a great influence on the business activities of enterprises, they only stop at large-scale enterprises and corporations with large amounts of capital. For businesses with small and simple scales and fields, the concept of green accounting and environmental accounting is still really new. Some administrators' awareness of business and the environment has not yet been raised, and they have not seen the negative impact of business activities on the environment and the lives of surrounding people.

4.3 Solution

To further improve green accounting, given the difficulties still encountered in the implementation and implementation process, it is necessary to focus on overcoming the following points:

For the Government and management agencies: It is necessary to supplement more legal documents and regulations to further improve the organization of green accounting. Promulgating a user account system, clearly classifying costs and income related to the environment, how to record, account and reflect on relevant books, in order to improve financial reporting. Is of reasonable honesty. In addition, it is possible to issue written regulations on sanctions for each case related to the environment, better ensuring environmental protection control.

For educational institutions: Green accounting content needs to be taught in economics and accounting and auditing programs. Organize seminars, workshops, and training sessions between management agencies, business administrators, and schools to convey information, share experiences, and update new knowledge related to environment.

For business administrators: Need to be proactive, change perceptions and recognize the reality of how business activities affect the lives of surrounding people. To have better responsibility for the surrounding environment, thereby building an internal business apparatus including a complete and effective environmental accounting apparatus.

5. Conclusion

In an integrated economy, business activities of enterprises not only maximize profits but also operate with green goals towards a green environment. The application of green accounting in Vietnamese businesses is essential, bringing many benefits and positive values, demonstrating the social responsibility that businesses are aiming for. However, for successful application, there are still many difficulties and challenges. Therefore, each business needs to clearly identify and make positive changes in its business activities. In addition, the State needs to promulgate more policies and regimes to create conditions for businesses to effectively apply environmental accounting. Further improve the participation in environmental protection of all types of businesses operating in Vietnam.

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