

Teaching and educational note

Green accounting: A primer [☆]

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Abstract

This article, intended as a collateral reading assignment for a principles or intermediate accounting course, explores the current state and future issues of environmental accounting and reporting. The primer is divided into two parts: (1) a brief rationale directed to accounting professors for allocating precious class time to environmental reporting, and (2) a much fuller exposition for students of the associated issues past, present, and future that will serve to generate classroom discussion. Accounting faculty can use the student portion of the primer to incorporate environmental accounting and reporting into their courses without the need for extensive advance preparation.

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1. An introduction to green accounting

Irrespective of the warnings about greenhouse gas emissions, global warming, and impending ecological disaster and despite a spate of literature suggesting how education can focus accountancy's contribution to solutions, forward progress toward changing corporate behavior has been slow. A number of suggestions have been advanced as to how "green accounting" may be introduced into the accounting curriculum, ranging from

[☆] We define "green accounting" as both an awareness of environmental issues on the part of business enterprises and the forthright disclosure, either in annual or stand-alone reports, of corporate performance in areas suggested by these issues.

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incorporating environmental accounting (EA)² across the curriculum (Gray, Collison, French, McPhail, & Stevenson, 2001; Sefcik, Suderstrom, & Stinson, 1997), to elective courses specific to the subject (Mathews, 2001; Grinnell & Hunt, 2000), to substantial components of a theory course (Gordon, 1996, 1998). Currently, accounting students receive little or no exposure to EA issues in most institutions of higher learning around the globe (Gray et al., 2001). This article urges and provides a primer for a modest introduction to EA for undergraduate accounting students.

This article is in two parts – an introduction for educators and a primer on green accounting for classroom use. The educators' introduction includes an overview of the recommendations of governmental and professional societies with respect to the inclusion of EA in accounting education. Additionally, we examine the academic research that has been done in the area of environmentalism and its relationship to education. Finally, we present the results of classroom testing of this primer.

The primer itself, intended for principles and intermediate accounting students, is a resource that affords instructors an opportunity to incorporate EA into their courses. Minimally, the primer provides students a significant, collateral reading assignment. There are also questions in [Appendix B](#) that may serve as the basis for in-class discussion and/or short writing assignments. Finally, the references that are provided, both to published materials and to internet sources, could support more extensive student research papers and projects.

While the education requirements for entry into the accounting profession, the proactivity of government in promoting environmental awareness, and the acceptability of environmental research on the part of accounting faculty vary widely between the US and the world at-large, the end result is, unfortunately, the same. Accounting education has not successfully communicated the message to students entering the profession, either as public or managerial accountants, that environmentalism is an ethical issue which requires them to consider the interface between the public interest and the well-being of the clients/stockholders they serve. Moreover, in the event that accounting professionals become more involved with environmental reporting, it will be necessary for the higher education system to begin the processes of creating a greater awareness of the issues and the additional expertise that may be required.

1.1. Environmentalism and education

Governments in Europe have encouraged attention to environmentalism through the education process. In 2002, the European Commission (EC) established the European Multi-Stakeholder Forum on Corporate Social Responsibility (CSR) (hereafter, the Forum). The Forum was charged with promoting CSR and was asked to submit by summer 2004 a report on its work, including a discussion of its conclusions and recommendations. The Forum adopted the EC's definition of CSR, "a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders..." In its final report, issued in June 2004, the [Forum \(2004, p. 14\)](#) noted, "business schools, universities and other education institutions have an important role to play in order to build the necessary capacity for relevant CSR strat-

² [Appendix A](#) contains a listing of all the acronyms used in this paper.

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