

Accounting Considerations in Plastic Waste Reduction: Implications for Environmental Management

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Abstract

When it comes to environmental management, green accounting is a very significant factor to take into consideration, specifically the elimination of waste plastic. The environmental charges that are included in the company's financial statements are utilised in order to reduce the amount of pollution created by plastic trash that is caused by factory waste. In order to demonstrate its corporate responsibility toward the environment, the firm takes into consideration environmental costs in a methodical and measurable manner. In addition, environmental information is designed to serve the company's internal as well as external interests. Because of the costs associated with the environment, a number of businesses have begun using environmentally friendly shopping bags and have reduced the amount of plastic packaging.

Keywords: Environmental management, Plastic waste, shopping bags.

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Introduction

A growing number of people all across the world are getting concerned about environmental issues. Pollution of the environment, particularly that which is brought on by waste plastics, is seen as a very critical problem. The accumulation of garbage in the stomachs of marine animals, such as whales, turtles, and other species, has been documented in a number of instances as a direct consequence of the use of plastics. These instances stand out (Abdi, 2019). Waste management issues in the factory are typically to blame for incidents such as this one. Muharram Atha Rasyadi, a campaigner for Urban Greenpeace Indonesia, claims that plastic garbage that winds up in the water has the ability to contaminate the environment and disrupt the equilibrium of the ecosystem that is found in the sea. This claim is supported by evidence. Plastic garbage that has piled up over time cannot be recycled; instead, its production must be cut back (reduction). A significant number of businesses have adopted environmental accounting, which involves including an organization's environmental expenses in the company's financial accounts. The plastic garbage problem is getting worse, despite the fact that the corporation has begun charging additional fees for environmental damage in an effort to safeguard the environment from contamination.

Companies that use an accounting method that is both quantitative and methodical should take waste management of plastic products into consideration (Suartana, 2010). A reexamination of the measurement, evaluation, disclosure, and presentation of information about the cost-benefit analysis of the treatment of waste plastic is also required

(Suartana, 2010). Through the use of environmental financial accounting, the firm provides information about the environment not only to the parties that are internal to the company, but also to parties that are external to the company, also known as stakeholders (Burrit, 2002; Xiaomei, 2004). According to Burhany (2014), accounting has the potential to contribute to the environmental responsibility of corporations. The government also released Law no. 32 article 2 in 2009, which controls the conservation and management of the environment, which is carried out based on participatory principles and local wisdom. This law was passed by the government in 2009. This indicates that they have been given the directive to safeguard, safeguard, and care for the environment in and around the organisation, particularly the environment within the company.

There is still a significant burden placed on businesses as a result of the implementation of environmental accounting. This is due to the fact that costs associated with the environment will only serve to lower corporation profitability (Riyadi, 2018). Because of this, management will have to reconsider how environmental expenditures should be allocated to the corporation. The utilisation of environmental costing works toward the goal of achieving company transparency through the revelation of environmental information during the course of the execution of the company's commercial endeavours (Kartikasari, 2012: 1 in Hati, 2018). Accounting standards have not yet controlled environmental accounting, which means that the voluntary inclusion of environmental costs in a company's financial statements will continue for the foreseeable future (Hadi, 2012:15 in Ratulangi et al., 2018). In paragraph 9 of PSAK No. 1 of 2014, it is stated that businesses have the ability to give extra information, such as reports on the environment, which may include the costs and benefits associated with the environment.

Accounting for the environment is a branch of the field of accounting that takes into account the actual costs of the various processes and inputs. Accounting for the environment also determines cost efficiency and quantifies how much it costs to maintain a certain level of product or service quality. The Directorate General of Waste Management, Hazardous Waste and Toxic Materials of the Ministry of Environment and Forestry has issued SE.8/PSLB3/PS/PLB.0/5/2016 regarding the reduction of plastic waste through the implementation of non-free single-use plastic shopping bags in an effort to cut down on the amount of waste generated by plastic products. This makes it a reference for business actors to sell shopping bags that are friendly to the environment, even though it is possible to determine, if the company has implemented environmental costs, that the shopping bags can become the company's responsibility. This makes selling environmentally friendly shopping bags a reference for business actors. To put it simply, environmental accounting demands businesses or other participants in the business world to be conscious of the need to safeguard the environment. In point of fact, the benefits obtained by the company will have an effect on the development of the company's business as well as its overall advancement. Because of this, it is essential for businesses and other types of organisations to give consideration to the preservation of the natural environment in an environmentally responsible manner in order to ensure the continuity of their operations (Ikhsan, 2008:11). However, in the real world, a large number of businesses have not been successful in putting environmental accounting itself into reality. The majority of these businesses, whether or not they are aware of it, place a higher priority on the rate of development rather than the potential for environmental damage. According to the preliminary findings, the majority of businesses and commercial actors are still making use of plastic bags in their commercial activities. This is notably true in retail locations where products are still supplied in plastic wrapping. As a result, this study was carried out to investigate how businesses and business actors lessen their reliance on plastic waste in line with recommendations made by the government, as well as to determine whether businesses and business actors practise environmental accounting by including a breakdown of the costs associated with environmental management in their financial statements with the intention of better managing the environment.

The Great Theory

The Theory of Concessions

Fundamentally, businesses are able to grow as a result of concessions or privileges that are offered by the state (Deegan, 2004: 193). Therefore, in order for the firm to be able to operate its business, the state grants the enterprise certain privileges or concessions. One of the consequences of the powers that the state bestows on corporations is that the interests of some persons or groups are pushed to the back burner in favour of the general public's best interests. This has an impact on the duty of the corporation. In addition to being responsible to its owners and its creditors, the corporation is also responsible to the general public.

The Theory of Agency

Companies are made up of a number of different interested parties who have joined forces in accordance with an agreement. In this particular instance, the persons that have an interest cannot be distinguished from the entity. This is the effect that must be taken into account as a consequence of the obligations that must be met by the company. When considering an entity's obligation, the company's internal and external stakeholders' interests need to be taken into consideration.

Research Design

The method that will be used in this investigation is a qualitative method. The objective of the study is to find ways to cut down on the amount of waste plastic that is produced by businesses or other business actors through the utilisation of shopping bags that are friendly to the environment, and to investigate this topic from the point of view of accounting as it relates to environmental management. It is considered that the firm will not grow if there is no regard for the environment in the activities that it engages in as part of its business. The observations were carried out in the environment of a retail complex in Denpasar.

In this study, a descriptive qualitative analysis is used, in which the researcher describes his findings derived from the data collected through the observation process in the object of research, which will then be compared theoretically with the method of applying environmental accounting. Ultimately, this study will investigate how environmental accounting is applied. After that, the researchers evaluated the various stages of the application of environmental accounting to different environmental cost accounting techniques in order to conduct an analysis of the appropriateness of environmental cost accounting methods. The researcher provides a more in-depth narrative of his discoveries before moving on to describe the conclusions of the study. The technique for analysing the data is carried out initially on the information that was gathered. The necessary study results were obtained by a series of methodical procedures, which included the execution of a number of data analysis procedures. The following procedures were used to analyse the data collected for this study (Source: Ratulangi et al., 2018): 1. The data that has been collected is analysed from the processes of definition, recognition, measurement, assessment, presentation, and disclosure. This is done by comparing the observed data with the documentation data provided by the company, which comes in the form of data from the company's financial report as well as policy guidelines to reduce the amount of plastic waste produced by the company.

Comparisons of the data gathered from the various types of research (observations, document analysis, etc.) allowed for the data to be checked for accuracy. This stage's objective is to discover and figure out what the expenses incurred by the company are, as well as what the accounting treatment of environmental costs entails, so that the next step may be properly carried out. 2. The findings of the investigation will be compared with PSAK No. 33 of 2014, which addresses the recording of environmental cost accounting, as well as with supporting laws that address the significance of preserving the natural world. The purpose of this investigation is to determine whether or not the

practice that is currently being followed conforms to the standards that are currently in effect. 3. Draw a conclusion regarding the outcomes of the conversation. If the findings of the investigation show that there are still significant discrepancies with the current norms and laws, the researcher will provide the appropriate comments or advice. This action will help further establish the practice of environmental cost accounting treatment in the company in accordance with the standards and legislation that support it at this time. This is the goal of this step.

Result

The management of the business itself determines how decisions are made. The information derived from environmental cost information needs to be reviewed by businesses. Environmental costs are expenses incurred by the business to prevent environmental damage or expenses incurred after environmental damage has occurred. The company's viability can be maintained despite environmental costs. Observations were made to focus on the business's strategy for reducing the use of plastic products. Based on observations, the Ministry of Environment and Forestry's Circular, Directorate General of Waste Management, Hazardous Waste, and Toxic Materials, has been complied with by the majority of Denpasar's shopping malls. In order to make it simple and quick to reduce plastic waste, shopping centres have been particularly controlled for both plastic and non-plastic waste. However, some items sold in shopping malls continue to come in plastic packaging since there are some goods, particularly snacks, that come in plastic. This will serve as a starting point for manufacturers to develop in a greener way. Even though the majority of commercial actors have made an effort to limit plastic waste, some products, such as raw materials, are still packaged with plastic.

Business actors claim that raw materials such as these still lack a replacement for environmentally acceptable packaging. The adoption of environmental expenses is still voluntary because it is well recognised that they have not been adequately regulated. Clothing material retail malls are mostly responsible for this. One business owner claims that they willingly offer eco-friendly shopping bags in addition to doing so to protect the environment as a means to advertise. This is so that their logo may be seen on the shopping bags they give. The environmental costs of providing eco-friendly shopping bags have also been considered. According to PSAK No. 33 of 2014, only a tiny number of businesses have recorded environmental costs in compliance with PSAK, and shopping complexes continue to treat environmental costs as other expenses. Because the majority of corporate management is still focused on profit objectives, business actors are still considering how to voluntarily take into account environmental costs. This is consistent with agency theory, which holds that management is still focused on achieving profit goals while minimising expenses and maximising revenue. As a result, businesses or commercial actors offer compensated shopping bags. The company's other revenue streams will expand as a result of this stock of paid shopping bags. It is clear that these paid shopping bags are offered at various pricing points in various shopping malls. However, the circular states that single-use plastic bags should be paid for, not provided for free.

According to Utama's (2016) research, a company's ability to report environmental expenditures in its financial accounts has a favourable impact on growing sales. Profit-driven businesses believe that the environmental costs they must pay will cut into their earnings, yet this gives them a competitive edge. Observations show that preventing and finding plastic garbage can lessen environmental contamination. Businesses that offer paid eco-friendly shopping bags want to reduce plastic waste, but many others offer paid plastic bags that adhere to legal requirements. Because the paid plastic bags are so inexpensively priced, consumers don't mind purchasing them. The government and industry actors need to take note of this because it will be impossible to reduce plastic waste if many customers don't care.

In addition to stating clearly that customers should bring their own bags, businesses and business actors offer direct information to customers in order to encourage them to bring their own environmentally friendly bags the next

time they go shopping. Direct disclosure of this information occurs when customers pay at the cash register. Businesses or business actors anticipate customer support for government initiatives to cut down on plastic waste. According to Santoso's (2012) research, the corporation will willingly reveal the environmental expenses if the benefits outweigh the costs when presenting supplementary financial statements regarding the environment. According to the observations, customers value businesses that have disclosed their environmental costs more. If the firm or business actor offers free shopping bags, customers will feel more at ease. Customers assert that they may reuse these environmentally friendly shopping bags not only for subsequent purchases there, but also for purchases elsewhere.

Conclusion

Business actors are still working to reduce plastic waste. Even a public notice encouraging people to use eco-friendly shopping bags was produced. To safeguard and maintain the environment, many company actors do, nevertheless, voluntarily offer eco-friendly shopping bags. This is consistent with Suartana's (2010) research, which claims that accounting now includes environmental costs in its reporting and that corporate social responsibility is an investment in the long-term viability of the business. Additionally, the concession theory idea promotes business continuity when the state grants concessions and rights to businesses so they can conduct their operations and prevents business actors from continuing to pollute the environment, particularly with plastic waste, by removing any legal justification or pressure. If the use of environmental accounting is still viewed as a voluntary disclosure or just as an additional report in the financial statements, then clear guidelines about legal consequences that can be accepted need to be established in order to improve the consciousness of these business players.

Based on the aforementioned results, academics might advise that legislation addressing environmental costs be made explicit so that corporate actors have a foundation for categorising environmental expenses. It is also hoped that producers, particularly those of food and raw materials, will minimise their use of plastic packaging. Businesses or commercial actors that still offer paid single-use plastic bags are likewise urged to minimise or stop offering them. Additionally, it is intended that businesses or business actors would intentionally offer eco-friendly shopping bags, upholding both their corporate social responsibility and the environment's protection.

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