

# Chapter 15

## Environmental Accounting Implementation and Stimulation of National Business Global Competitiveness: The Case of Thailand

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### ABSTRACT

*Today's system of accounting does not contain sufficient volumes of information about environmental incomes and losses of organizations; therefore, it is nearly impossible to evaluate precisely the efficiency of environmental actions taken and environmental protection systems being implemented in order to maintain and/or increase the environmental balance. One of the key elements in the mechanism increasing the quality of economic performance is the system of environmental accounting. This chapter explains both theory and methodology of environmental accounting and also determines its role and place within the system of existing types of accounting and reporting in accordance with the IFRS requirements and also the Kyoto Protocol. The presented organizational economic mechanism of environmental accounting allows implementing the latter at concrete enterprises to promote and support more efficient managerial decision making.*

### INTRODUCTION

Human activity has rather significant impact on the processes of global warming all over the planet. Researchers today are not questioning climate change anymore – they are discussing already what can be and must be done so that to stop these processes or at least hinder them. The most acute problem at the contemporary stage of the environmental policies' development worldwide is the determination of

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key principles and mechanisms in overcoming the greenhouse effects so that to guarantee safety for both today's and future generations on this planet, in full accordance with the Kyoto Protocol implementation.

Thailand today is ranked 21st in the world by the volume of atmosphere pollution (Environmental Performance Index, 2016), the country is also 91st in the world ranking of environmental efficiency (also 2016 data). One of the causes for such a situation is Thailand's loss of economic potential in the course of environmental reforms' implementation in the country as well as changes in the strategic vision of the kingdom – from the priority of dynamic industrial growth to the formation of a sustainable economic system which would not only guarantee Thailand a favourable rank in the overall global structure of labor distribution but would also provide more comfortable life conditions for local population (inter alia, including environmental conditions and nature protection).

Despite the global nature of nearly all environmental problems and the volume of the negative impacts on the whole humankind, up to truly catastrophic consequences, as of today neither Thailand separately, nor the ASEAN region overall, do not have available the well thought-out strategies for further development of economies and societies which would have taken into account the factors of so needed environmental balance and minimization of pollution.

This is why today pressing become the issues related to taking action on environmentalization of carbon dioxide emissions and certification for lower emissions etc. The key instrument to solve this task at the level of a separate enterprise is actually environmental accounting, in its development and further implementation.

As of today environmental aspects in accounting and reporting regulation are present, however, they are displayed sporadically, moreover, there is no precise explanation concerning the all related accounting terminology, neither there is any methodology for further environmentalization of accounting, nor specific requirements on how to present environmental information in accounting documents. Thus, there arises the necessity to consider the environmental elements of the financial/accounting system as a component of accounting process overall, on the level of enterprises and organizations.

In today's conditions of Thai economy national enterprises simply must develop own environmental policies and also their own comprehensive programs and plans for these policies' further actual implementation. And if they would also have a forecast component in their policies and programs, this would only increase the overall level of environmental safety in the country. Moreover, ideally enterprise-level environmental policy and program must have not only forecast and actual implementation parts – but also certain space must be dedicated to the analysis of the results, their control and audit.

The purpose of the research is to develop, after analyzing the results of the survey of both professionals and researchers in the accounting field, a methodology covering all vital theoretical, organizational and methodological issues so that to create and implement a system of environmental accounting which would help promote and maintain the environmental balance.

Under this wider objective we would like also to outline the following objectives:

- To develop comprehensive methodological grounds for introducing environmental accounting into a larger accounting analytical system.
- To explain in detail the theoretical fundamental of environmental balance as a notion and under conditions of world economy globalization specifically.
- To develop and provide methodological grounds for “green investment flows” modelling as applied to environmental accounting.
- To develop methodological grounds for organization of environmentally oriented accounting.

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