

ROLE OF VARIOUS REPORTS IN ENVIRONMENTAL SUSTAINABILITY IN THE BUSINESS CONTEXT

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Abstract

The concept of environmental sustainability is gaining more importance all over the globe. As per opinion of the environmentalist, the rising of global temperature, melting of ice-berg and glaciers in the polar region and rising of the sea level, etc. are the continued phenomenon which will bring severe hazards in the life of the coming generation. This life threatening problem has arisen mainly due to the malpractices of the businessmen by putting undue pressure on the environment because of lack of awareness of them about the tolerance power of the environment and due to their self-centred attitude which is the starting point of unsustainability. Therefore, different steps had been taken at international level through different conventions for example, Stockholm Convention (1972), Montreal Protocol (1987), Kyoto protocol (1993), etc. and at national level appropriate bodies have been established for framing and implementing different environmental laws to control the activities leading to environmental unsustainability. Accounting guidelines has also been framed by different accounting bodies for the disclosure of the effect of business activities relating to environment. In spite of that, environmental imbalance is a recurring feature which is severely threatening the lives of the future generation as global temperature is increasing day by day though ozone layer depletion is gradually decreasing. Therefore, the effectiveness of these treaties and accounting guidelines is a matter of question. Obviously, the provisions of these treaties or accounting guidelines have been In the above backdrop, the researcher taken an interesting yet risky venture, to unveil how far the reports play the pivotal role to control and prevent activities of the businessmen leading to unsustainability of the environment and to make them compelled to follow green business practices as a holistic approach.

Key words: Environment, sustainability, green business practices, report, ethics.

1. Introduction

Human life and environment are closely interrelated. But since the dawn of industrial revolution in 1860s human beings have tortured the environment to a great extent through the application of modern technologies and as a result, the homeostatic mechanism has failed to compensate the adverse effects on the environment. It has seen that environmental degradation is a continuous process which is exhibited through global warming, rising of sea level, melting of ice and glaciers in the polar region and so on. This environmental imbalance, obviously, will create hazards in the life of the coming generations to live in the world with sound health which induces the question of environmental sustainability. Considering the adverse effect on the life of the coming generations different protocols and treaties have been accepted by most of the countries in different convention and adequate guidelines for environmental and social accounting have also been introduced at corporate level by different countries as they were thought of as a solution to this problem. This life threatening problem has arisen mainly due to the malpractices of the businessmen by putting undue pressure on the environment because of lack of awareness of them about the tolerance power of the environment and due to their self-centred profiteering attitude which requires a thread bearing discussion. The effect of all business activities are presented through various reports, financial and non-financial, prepared for

different purposes including pertinent information for the interested parties. But, since a long, over the globe, we are coming across so much of business fraud which raises the question of fair business practices because most reports were prepared following the word of the law not the spirit behind it. These reports are to be intensively used because the guidelines are to be followed at micro level by the business sectors and it will vary from business to business and region to region. At any cost, activities leading to environmental degradation are to be stopped and everyone should be alert about this matter.

Considering its immense importance to the lives of the planet in near future, the Apex Court of our country delivered a judgement in 1991 directing every University of the country to include “Environment Studies” in their curriculum. In the above backdrop, the researcher undertook an interesting yet risky venture, to unveil the story relating to the awareness of the business concerns about the use of environment and the resultant effect in the light of sustainability. Thus, the present paper seeks to disclose in details the role of the report and its possible consequences in different circumstances of reporting in relation only to sustainability of environment.

2. Review of literature

While finding the appropriate research gap for the study and while searching for the appropriate research questions, the researcher gone through the following available literatures.

Mondal (2000): Focussed on urban pollution in different places of India and pointed out the misuse of plastic intensively used by the businessman and public for packing the goods purchased or sold. According to him, “Back home, there is no evidence of any concerted move to check the menace. It is, therefore, not unrealistic to visualise a time a decade or two hence, when the earth will contain layers of plastic.”

Savindra Singh (2011): Explained the causes of environmental degradation and the role of human beings. According to him, industrial revolution started since 1860 is mainly responsible for environmental degradation.

Jawahar Lal (2006): Expressed elaborately the concept of financial reporting and its objectives from different angles. Besides that his opinion about qualities of financial reporting information is of too much acceptable.

Porwal (2007): It is a nice representation of conceptual framework of accounting and reporting of different elements of financial statement where he has pointed out that no accounting theory acceptable to all users exists at present.

Vincent N. Onyebuchi (2011): Stated that to face the challenges in both business and in professional environments pressure for more ethical behaviour is growing and government passes different laws time to time in tune of it.

Fernanda (2015): Some idea of application of ethics in different aspects of business such as globalization and business ethics, ethics in consumer protection, environmental ethics, etc. are explained in depth.

Andrew Crane and Dirk Matten (2010): Some idea of business ethics can also be had from his writing. He has described in details ethics in relation to different stakeholders of the business.

William Lillie (1999): Focussed on the philosophical aspect of ethics in details about how to develop morality. He presented the classification of “Theories of the moral standards.” Other different aspects have also been presented by him in relating to ethics.

Hersey, Blanchard and Johnson (2001): Some idea of human behaviour can also be had from their writing. They have presented the theory of motivation and behaviour and properly explained motive behind doing any activity of any one.

3. Objectives

In this discourse, the streamlined objectives are:

1. To have a minute study of the relevant and available literature in the study area and to find out the pin-pointed research gap.
2. To explain environmental sustainability and environment policy at global level.
3. To analyze green business practices as a tool of establishing environmental sustainability.
4. To describe different style of reporting in the light of ethics and their impact on the environmental sustainability.
5. To explain the reasons of absence of ethics in reporting.
6. To suggest remedial measures for ensuring environmental sustainability.

4. Methodology

A survey has been made in Asansol Market, and around ISP Burnpur, Sponge Iron Factory at Madhukunda and DSP, Durgapur to take a measure of environmental pollution. The discussion is based on the real fact of the society over the years. Therefore, only secondary data have been used collecting from websites for simple analysis. In addition to that different kinds of reports and their consequences have been presented with the help of a geometric graph which will try to explain the comparative relationship among report, reporting, ethics and their joint effect on environment sustainability.

5. Environmental sustainability and environment policy at global and national levels

Environmental sustainability indicates protection of the lives of the planet in future from environmental degradation like rising of global temperature, melting of ice berg and glaciers in the polar region and rising of the sea level, etc. Therefore, it is the responsibility of the Corporates, for the protection of environment as the lives of the planet, at present and in future, is depending on it to a large extent. As per opinion of the environmentalist, this life-threatening phenomenon has arisen and come to the face as the effect of long ignorance about the tolerance power of the environment since the day of industrialisation. Rapid industrialisation with the help of enormous technological progress, urbanisation, use of heavy chemical in agriculture and in factories to cope up with the increasing demand caused by over-population are mainly responsible for environmental degradation. This problem has arisen due to lack of awareness of the people about environment and due to a psychological factor. It is the starting point of unsustainability about any matter. Now time has come to control and change this phenomenon to save the lives of the planet. Mainly the business practices need to be conducted at present or in future by putting preference on environmental sustainability first and then on anything else. For that reason, since 1972 different Conventions has been held at international level and Indian government has signed more than 130 treaties to resolve this life threatening problem. Some of them are presented below:

TABLE 1
Different Conventions at International Level

S. No	Year	Name of the Assembly	Place
1	1954	International Convention for the prevention of pollution of the sea by oil	London
2	1958	Convention of the continental shelf	Geneva
3.	1958	Convention of the high seas	Geneva
4	1963	Nuclear weapon Test ban Treaty	Moscow
5	1968	Treaty on Non-proliferation of Nuclear Weapons	Geneva
6	1969	International convention on civil liability for oil pollution damage	Brussels
7	1972	The United Nations General Assembly	Stockholm (Sweden)
8	1973	Convention on International trade in endangered species of wild fauna and flora	Washington
9	1985	Vienna Convention on Protection of Ozone Layer	
10	1989	Montreal Protocol on Total Elimination of Ozone Depleting Substances	
11	1989	Basal Convention on Control of Trans-boundary Movements of Hazardous waste	
12	1990	Geneva Convention on Technology and financial help to Developing Countries	
13	1992	UN Convention on Climate Change	New York
14	1992	Bio-diversity Convention on Preservation of Earth's Bio-diversity	Nairobi
15	1992	UN Conference on Environment and Development (Earth Summit) Rio de Janeiro,(Environment and Sustainable Development)	Brazil

16	1997	Kyoto Protocol on Stabilization of Green House Gases	
17	2002	World Summit on Sustainable Development	Johannesburg
18	2009	Copenhagen Summit on Road map for Post-Kyoto treaties	
19	2012	United Nations Climate Change Conference	Doha, Qatar
20	2016	Paris Agreement	

Source: Collection through Google Search

Adequate measures have also been taken at statutory level by Indian government through the enactment of different environmental legislations. Some of them are presented below:

TABLE 2
Environmental Legislation by Government of India

S. No	Year	Name
1	1897	The Indian Fisheries Act
2	1927	Indian Forest Act
3	1948	The Factories Act
4	1954	The Prevention of Food Adulteration Act
5	1962	The Atomic Energy Act
6	1968	The Insecticides Act
7	1972	The Wild life (Protection) Act
8	1974	The Water (prevention and Control of Pollution) Act
9	1977	The Water (prevention and Control of Pollution) Cess Act
10	1980	The forest (Conservation) Act
11	1981	Air (Prevention and Control of Pollution) Act
12	1986	Environment (Protection) Act
13	1987	The Factories Act (Amended)
14	1988	Motor Vehicle Act
15	1989	Hazardous Waste Handling and Management Act
16	2000	Noise Pollution Act
17	2001	Protection of Plant Varieties and Farmers' Rights Act
18	2002	Biological Diversity Act
19	2002	Wild Life (Protection) Amendment Act
20	2010	National Green Tribunal Act

Source: Collection through Google Search

6. Green business practices and its effectiveness

Green business practices have been thought as a solution to the problem of environmental unsustainability. Green business practices mean a socially responsible, economically viable and environmentally conscious business. Profit or wealth or the value maximisation of the business may be the objective of the business but it is confined in micro sense when the issue of environment or the society or the

economy of any country is considered as most vital to the lives of the planet. What an individual cannot harm the environment, a group of individual can do more comparatively due to state of synergy. The creation of modern capitalism and big business was essentially the story of manufacturing firm growing large by employing enormous amount of fossil fuels; the railroad industry; the oil industry; the electric industry, the chemical industry, the car industry and others. Fossil fuels and natural resource depletion have been crucial components of both the past two centuries of economic expansion, and today's current environmental crisis. Therefore, the concept of green business practices is gaining due importance to the management of any concern in depth. Few examples of frauds whose consequential effects, sometimes even causing collapse of the concerns are presented below:

TABLE 3
Failure of Companies due to Unethical Reporting

Company	Year	Country	Sector	Irregularities
Ahold	2003	Netherlands	Supermarket retailing	Accounting manipulation
Enron	2001	U.S.A	Energy	Accounting manipulation
Waste Management	1998	U.S.A	Waste Management	Accounting manipulation
Livent Inc	1998	Canada	Entertainment	Accounting manipulation
Tyco	2002	U.S.A	Blue- Chip Security	Accounting manipulation
World Com	2002	U.S.A	Telecommunication	Accounting manipulation
Xerox	2002	U.S.A	Optical Imaging	Accounting manipulation
Health South	2003	U.S.A	Health Care	Accounting manipulation
Lehman Brothers	2008	New York, USA	Investment Bank	Accounting manipulation
Satyam Inf.	2009	India	I.T	Accounting manipulation

Source: Collection through Google Search

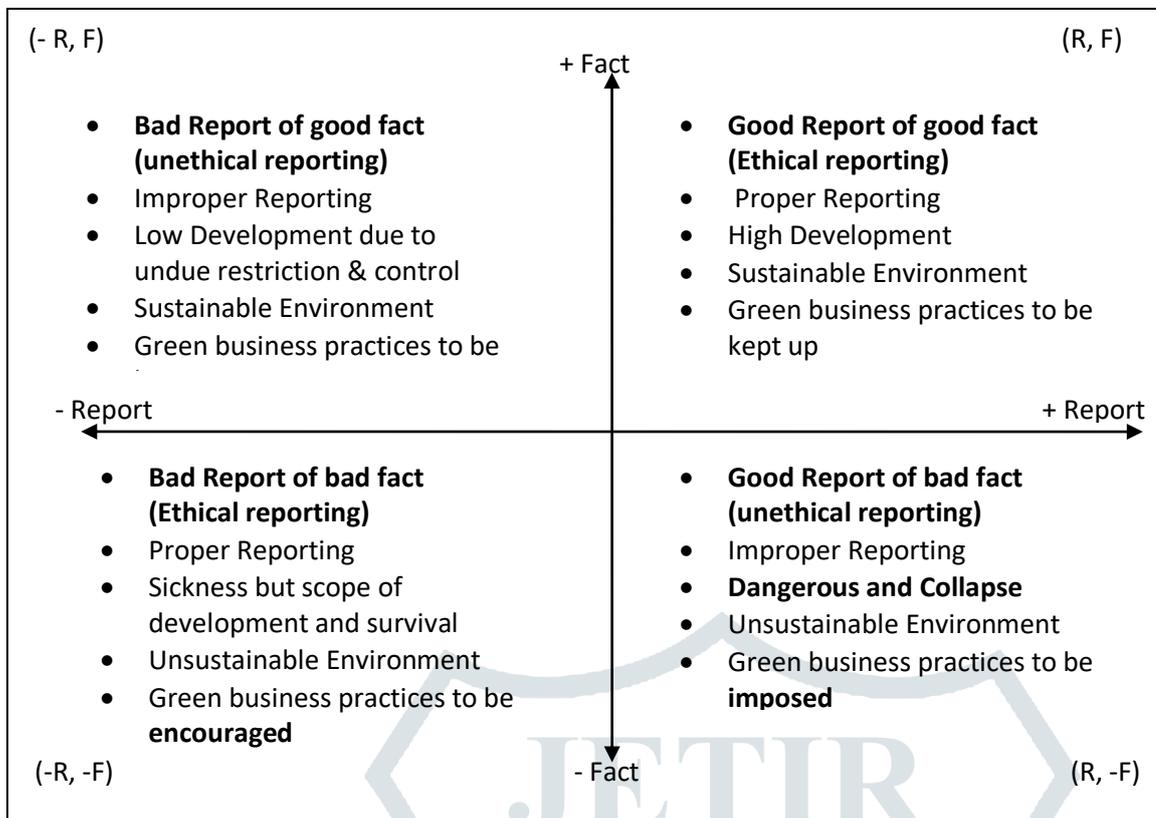
Hence, it is prove that the reports are prepared not on the basis of actual facts. Therefore, the reporting practices about the activities of business must be ethical. Otherwise, policies to be formulated time to time and to be shown as adopted but not to be followed in actual practice. To formulate guidelines as country wise and businesswise reports are required similarly reports of the business in relation to environmental matter is also required for pinpoint analysis of the activities of the business so that proper control can be exercised.

7. Role of reports and their effect on the environmental sustainability

A report prepared following ethics can act as the basis of bringing a positive change. But sometimes, the person engaged in preparing reports ignores ethics and cannot foresee the effect of it in future. Therefore, everyone is supposed to have a clear idea about this key factor which is explained below in nutshell:

Actually, ethics is an eternal sense of human being which guides him constantly to apply his conscience before doing any activity by judging right and wrong. The activities which are dependent on the desire (voluntary action) of any person are coming within the purview of ethics. But practically, any ethical activity means which is moral that is which is right and on the other hand immoral or unethical activity means which is in any way wrong. Satyam, Shivam (Kalyan i.e. well being of mankind) and Sundaram are the key words of our Indian philosophy. Ethics is related to Shivam which means well being of mankind. It is almost expected that ethics is to be followed in preparing report. Reporting activities should not be unfairly influenced by anything. It should be fact-based to pursue the objective of preparing the report. Therefore, the concept of report and reporting and their consequences on the environment and business aspect is presented below:

Report is nothing but a statement of facts of anything or of any activities. It may be prepared for different purposes by different entities. At macro level, it may be prepared by any country or even by UNO to control those activities carried on at micro level leading to jeopardise the lives of the planet. Report is also prepared at micro level mainly by the business houses to measure and disclose their operating result along with the position of assets and liabilities at the end of a certain period. They also prepare reports to disclose the effect of their production process on the environment or on the society. Different reports are prepared differently by the businesses but the report prepared in relation to environmental factor is not as important to them as it is not directly related to their profit making activities. According to Prof. Jawahar Lal, "Financial reporting is not an end in itself but is a means to certain objectives. The objectives of financial reporting and statement have been discussed for a long time. Besides that, FASB has presented in Statement No. 2 that, "Qualitative characteristics of Accounting Information" that 'Relevance' (Timeliness) and Reliability' (Verifiability, Representational Faithfulness) are the primary decision specific qualities which will ensure materiality. Thus, any report may be prepared differently which is presented below with their consequences through a mathematical graph:



- F = Unsustainable environment in reality

+ F = Sustainable environment in reality

- R = Report is bad (condition of environment is bad i.e. -F)

+ R = Report is good (condition of environment is good i.e. +F)

Note:

- i. Good Fact: It indicates that the condition is favourable for the attainment of environmental sustainability.
- ii. Bad Fact: It indicates that the condition is not favourable for the attainment of environmental sustainability.
- iii. Proper reporting: It means proper presentation of the real fact.
- iv. Improper Reporting: It means improper presentation of the real fact.

Inference

(R, F): Due to proper reporting of good fact, no restriction will be imposed for maintaining environmental sustainability and prospective investors will employ their fund, stakeholders will be satisfied and development will be accelerated.

(-R, F): Due to improper reporting in spite of well condition of environmental restriction will be imposed for maintaining environmental sustainability and prospective investors will not be interested to employ their fund, stakeholders will be dissatisfied and development will be retarded. It is one type of conspiracy.

(-R, -F): Due to proper reporting of adverse environmental condition, though restriction will be imposed for maintaining environmental sustainability and prospective investors will not be interested to employ their fund in short-run but development is possible through the aid of government and by the help of green business practices it can overcome its sickness and survive.

(R, -F): Due to improper reporting of adverse environmental condition i.e., window dressing of the fact, sustainability of environment will be in jeopardy and it will lose its scope of survival and very soon it will be collapsed. It is dangerous for the lives of the planet.

It is evident from the review of different literatures available that endeavour has been made over the years to control environmental degradation at national and international level but the mission is not successful. Constitution of green business practices all over the world is thought off as the way to minimise the severity of this problem which is largely dependent on the reports in the style of (R,F) or (-R,-F). Over the globe, unethical reporting is a crucial problem. Therefore, every country is striving to resolve this problem at the earliest possible through the enactment of different statutory provisions and different accounting guidelines in the form of IFRS or IAS.

8. Findings

1. Pollution is continuously created from the garbage and lavatory in the market area. Plastic carry bags are freely in use.
2. Ash from the factory is covering the nearby areas including Burnpur Railway Station and road and market.
3. Green plants are seen as very dark and sick as the dusty leaves are unable to absorb sunlight for photosynthesis as carbon dioxide is emitted from the sponge iron plant. Too much dust is mixed with the air.

9. Recommendations

1. Each country should report their pollution level which is to be properly measured.
2. An environmentally cautious business house should incorporate the issues relating to the environment in their strategic plan and form policies considering its impact on environment.
3. The activities which harm the environment should be recognised and disclosed at any cost and not be adopted in even if it is profitable to the business.
4. The objectives of the business are profit/wealth/value maximisation but the objective of sustainability of the environment is clean and pollution-free environment for the future generation. There may be a tug of war between the two. If profit increases, sustainability decreases and vice versa. Therefore, both are to be properly measured and reported for proper decision relating to both.

5. All accounting reports should be free from fraud. For example, corporate governance approach was adopted by Satyam Computer Limited. But, it collapsed due to malpractice of reporting of untrue events.
6. Different awareness programmes should be held by the Government periodically on the adoption of environmental policies to be taken by both small and giant business houses under the same umbrella.
7. Trade licences are to be issued applying adequate conditions in this respect which will guide them to operate business activities properly.
8. A body to be formed at international level taking the members from all countries with adequate authority to review the process of controlling the activities of the businesses in this respect.
9. Different consciousness programmes should be circulated to the businessmen in the form of pamphlet or brochure or leaflet.
10. The Government of all countries should equally be interested about environmental sustainability and frame commensurate business policies for their own countries. The first and foremost thing to prevent unethical reporting is to control the mind from greediness.
11. Facts in relation to environmental imbalance and their causes are to be collected from all corners of the planet through difference conventions and adequate programme to be undertaken for cross verifications of the same and then reports are to be prepared on the basis of this facts and then adequate guidelines are to be framed by the competent authority as the stringent principles what will be implemented as a means of controlling and preventing this problem. Further, proper strategies are also required to be framed for the strict vigilance at micro level.

10. Conclusion

For sustainable development, green business practices are needed. To control the activities beyond the green business practices, report is the primary requirement which must be prepared ethically as all subsequent actions are taken on the basis of it. If it fails to provide accurate information all subsequent endeavours relating to sustainability will go in vein. Adequate measures to be taken collectively by the national and international bodies for the purpose of controlling this phenomenon. Reports are to be prepared country wise and businesswise fairly and ethically. Otherwise it would not be possible to ensure green business practices effectively. As per Dr. A. P. J. Abdul Kalam, “*Promote profit with integrity*” which includes all- the Government, employees, customer, suppliers, the community as a whole for their mutual benefit. We at present think more about our self and very little for others. It is the starting point of unsustainability in relation to environment. Therefore, a report generated by ethics is to be considered as the pillar of success of establishing environmental sustainability through green business practices which is the need of the hour.

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