



## Environmental accounting disclosure and its impact on the comprehensive financial performance of economic institutions - A descriptive and analytical study

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### Abstract:

The aim of this research paper is to analyze and evaluate the effectiveness of environmental performance disclosure, which raises questions about the extent of the application of environmental accounting and its relationship to the overall financial performance of institutions and the hypotheses were formulated following the descriptive analytical approach, to confirm the broad application of environmental accounting and this study concluded that despite the high costs incurred by institutions to preserve the environment, disclosure remains weak and therefore the inevitability of providing standards and measurement tools that aim to integrate the dimensions of environmental disclosure.

**Key words:** Environmental accounting, environmental costs, environmental disclosure, overall environmental performance.

**JEL Classification Codes:** M41, M490.

### **Introduction:**

Recently, governments around the world have taken the policy of sustainable development as a primary goal, seeking to improve the comprehensive financial performance of various economic sectors, by paying attention to the environmental, social and economic impacts. Hence, the process of disclosure in economic institutions, its financial aspect, went beyond to also include reports on the environmental and social aspects and other contemporary issues that would affect the objectives of economic activity and its results.

Hence, a new dimension emerged for the profession of accounting, which is represented in the trend towards adopting environmental accounting as a branch of its branches because of its importance in determining and measuring environmental costs on the one hand, and to consolidate the relationship with sustainable accounting in all its forms, as it has become necessary for economic institutions to pay attention to communicating the necessary information about its environmental performance, with the same degree of attention it attaches to financial information related to its financial and economic performance, which inevitably helps it achieve a competitive advantage on the one hand and increase the credibility of its financial statements on the other hand.

Based on the foregoing, the accounting disclosure of sustainable accounting tools in economic institutions has become extremely important, in view of its contribution to showing financial and non-financial data, which facilitates rational decision-making by users of financial reports, despite the lack of standards for measuring and reviewing environmental costs, which prompted many thinkers to discuss how to measure and disclose accounting environmental performance in financial statements and reports, which is the aim of our study.

#### **1. Research problem:**

The reason for the decline in the results of many institutions and their failure to continue to carry out their activities is due to the failure of traditional financial reports to disclose the effects of sustainable development, and thus the failure to show the

multiple dimensions of the value of economic institutions and their true accounting image, which led to irrational decisions on the part of Accordingly, the problem of the study lies in answering the following questions:

What is the extent to which environmental accounting is applied and disclosed in the reports and financial statements of the economic institutions? And what is the relationship of environmental accounting to the overall financial performance of economic institutions?

## **2. Research Hypotheses:**

Considering that, the disclosure of environmental information positively affects the credibility of the financial statements, it is assumed:

- A.** The contribution of environmental accounting to be effective in controlling the rationalization of economic decisions.
- B.** Due to its importance, environmental accounting has been widely applied in economic institutions around the world.
- C.** There is a close relationship between environmental accounting and the overall financial performance of economic institutions.

## **3. The importance of research:**

This research is of great importance in that it sheds light on the environmental accounting disclosure as an important element in defining the new strategies of economic institutions, which aim to rationalize the economic and administrative decisions of the users of the financial statements and management through making planning, control and comprehensive performance evaluation decisions.

## **4. Research objective:**

The main objective of this research paper is to try to highlight the most important concepts of environmental accounting and environmental accounting disclosure and its impact on the overall financial performance of economic institutions, as an important source of information and thus rationalizing the decisions taken by investors, by presenting the most important challenges faced by accounting disclosure.

Environmental current as well as future prospects, and make proposals that will improve the overall financial performance of economic institutions.

### **5. Research Methodology:**

In our research, we relied on the analytical descriptive approach, which is commensurate with the subject of our study, where previous studies related to the subject and theoretical literature were used when addressing the basic concepts related to environmental accounting, as well as measuring environmental information and disclosing environmental performance in order to reach the most important challenges facing the application of this type. From accounting in economic institutions and how to treat them in accordance with the requirements of current financial systems, as well as legislative texts approved by governments and various regulatory bodies.

#### **The first axis : Previous studies and literature on the foundations of environmental accounting and disclosure of environmental performance:**

Due to the multiplicity of studies related to environmental accounting and the importance of disclosing environmental performance, we decided to summarize the most important of them as follows:

In a study conducted by "Nofan Hamed Muhammad Al-Alaimat, in 2010", aimed at measuring and analyzing social costs in Jordanian industrial establishments, and from the results of the practical study, it was concluded that there is no actual application (measurement and disclosure) of social accounting in the Jordan Petroleum Refinery Company, and that The current system of cost accounting in it is limited to counting and calculating the elements of social costs, which affects the results and cost data for the activity and then on decision-making. The Jordanian Refinery will install Walther air purification equipment instead of paying fees, in order to reduce pollution levels to the local allowable limit.

As for the study by Rabab Adnan Al-Rubaie and others, "Factors affecting the level of accounting disclosure of environmental information in the financial statements, an applied study on a sample of Iraqi industrial companies" in 2018, which aimed to

indicate the impact of factors related to the financial performance of industrial companies (company size, profitability, leverage financial) in the level of disclosure of environmental information and an indication of the level of disclosure in the financial statements of the study sample, using the content analysis index to measure the level of disclosure and to determine the paragraphs related to environmental information that were actually disclosed in these lists, and the study concluded that the level of general disclosure The environmental information in the financial statements is average, and there is a significant effect of the company's characteristics (size, profitability, financial leverage) on the level of disclosure.

As for the study of Abdul-Zahra Salman Al-Rawazek and others, which dealt with “the importance of disclosing environmental information and its impact on the sustainability of environmental assets, an applied study in the factories of Al-Najaf Governorate” during the year 2019, which aimed to determine the importance of disclosing environmental information and its relationship to the sustainability of public property. environment, and the need to update the unified accounting system in the Iraqi institutions, where the questionnaire method was followed by distributing a questionnaire to a sample of academics, accountants, administrators, and those interested in the environmental aspect in the institutions of the study sample, and the study concluded that there is insufficient interest in the environmental aspects in the study sample region, and the need Finding a percentage between the amount of production and the costs provided by the company to the environment helps not to waste in the consumption of those resources and maintain their sustainability.

As an extension of what has been presented in previous studies, our study is characterized by an attempt to highlight the readiness of economic institutions to adopt an effective strategy aimed at disclosing environmental information in accordance with environmental protection laws and legislations, and an attempt to highlight the most important challenges that hinder the application of environmental accounting while proposing solutions for evaluating and disclosing environmental information, which

helps economic institutions to improve comprehensive financial performance while rationalizing their economic decisions.

**The second axis : Concepts and theoretical foundations of environmental accounting and disclosure of environmental performance:**

As a result of the increasing interest in environmental issues in recent years, many governmental and private organizations and organizations have called for measuring cash flows related to the environmental dimension and the need to report on it within the various financial statements, and the following are some concepts and The foundations of environmental accounting and the importance of disclosing environmental performance:

**1.1 Definition of environmental accounting and its importance:**

The definitions of environmental accounting have been multiplied by the multiplicity of ideas of researchers and experts. We mention the most important of them as follows:

Environmental accounting is defined according to the International Federation of Accountants as "management of environmental and economic performance through the development and application of appropriate accounting systems and practices related to the environment. This matter may include making reports and auditing in some companies, and that environmental management accounting is related to life cycle costs, full cost accounting, and evaluation benefits, strategic planning for environmental management. (Remand, 2016)

It was considered, as a "mechanism for determining and measuring the costs of environmental activities and using that information in environmental management decision-making, with the aim of reducing and removing the negative environmental impacts of environmental activities and systems, in accordance with the principle of whoever pollutes pays. (Agency, 2000)

It is also a tool that provides beneficiaries with accounting information and decision makers with cost information related to environmental aspects to give a complete picture of the company's performance, as it includes data related to environmental performance along with data and information related to financial aspects, and it is an integral part of social accounting. (others, 2000)

It is also an "accounting system extended to the traditional accounting system, which is based on analyzing the results and causes of cost occurrence to determine and specify the impact of environmental costs caused by the economic enterprise". (Peter lemathe, 2000)

In general, it can be said that environmental accounting is a branch of financial accounting, concerned with measuring and analyzing the environmental protection costs incurred by institutions with the aim of reporting the size and value of activities that have been carried out in order to reduce negative environmental impacts in order to evaluate environmental performance, which improves the relationship of the institution with society. It enables it to rationalize its financial decisions, and it is based mainly on the support of officials from inside and outside the institution

The importance of environmental accounting is shown by focusing on two types of information that influence decision-making in the economic enterprise, namely:

- Physical information represented in the use and flow of energy as well as water and waste.
- Financial information represented in evaluating expenditures related to environmental protection.

Thus, environmental accounting has an effective role in providing accounting information to the various levels of the organization's management to help them in making decisions related to environmental issues, based on the importance of developing the role of accounting to suit economic and social developments, so that it can play an important role in protecting the environment from the negative effects of the organization's activities. (Nawal, 2011)

Environmental accounting is also important in helping economic units, as follows: (Attia, 2000)

- Accounting derives its existence from society's recognition of its results through the functions of measuring and communicating financial and economic information to society and the continued demand for the services of the accounting and auditing profession, which requires meeting the growing needs for environmental and social information in addition to financial information.
- The fact that accounting is a social science requires it to interact with the problem of environmental pollution and depletion of its resources, because its delay will lead to the delay of this science compared to other sciences such as economics and management.
- Expanding the scope of the assessment and investment analysis process to include potential environmental impacts

#### A. Environmental Accounting Methods:

The environmental accounting methods include each of the activity analysis method, the environmental balance calculation method, and the environmental accounting method in monetary units, detailed as follows: (Ali, 2008)

- **Activity analysis method:** This method is considered one of the costing systems that are used as a means of control by accurately identifying the products and activities that cause them to occur. In addition, this method works to identify and describe the environmental activities and the number of individuals who perform them, and to determine the time required to perform the environmental activity and its value. It does not achieve value for the product, which helps the effectiveness of the product and its contribution to a rewarding return for the project, and the provision of raw materials necessary for production. This method also depends on the entrance to compare activities with the best similar environmental activities, which is called reference activities.

- **The method of calculating the environmental balance:** This method is called the ecological balance account, the green account, or the input-output analysis account. This method is considered one of the important methods in environmental accounting because it is a means of controlling environmental impacts. The application of this method leads to providing information related to examining and measuring the impact of environmental investments, identifying areas for development, and informing those interested in the results of the environmental performance of the institution and increasing interest and awareness of environmental practices.
- **The method of environmental accounting in monetary units:** This method is concerned with measuring all the environmental units of the organization, for the purpose of issuing various information that contributes to the decision-making process. It is also concerned with providing basic information for environmental management systems with regard to pricing decisions for final products or stock valuation, including its share of environmental costs.

This is in addition to : (Omar, 2002)

- **The environmental accounting method in in-kind units:** This is considered as a tool for assessing the environmental impact of existing and planned projects, as this method works to provide information to all parties interested in environmental affairs for the purposes of evaluating strategic environmental performance, which allows building reports that show indicators and criteria for quantitative strategic environmental measurement. And in kind, such as measuring air pollution, the amount of leaked radiation, the amount of solid production waste.
- **The method of accounting for the balance of resources:** This method uses resources according to the United Nations Sustainable Development Program, flow maps and process flows in tracking inputs and outputs, especially waste.

## 1.2 Types of environmental costs and justifications for caring for them:

Environmental costs are defined as: “the value of factors and efforts that must be exhausted to restore the environment to what it was before, after harming it materially and humanly, as a result of institutions, especially industrial ones, practicing their activities affecting the environment.” (Tahoun, 2005)

One of the task forces specialized in environmental costs defined them as: “includes both external and internal costs, costs of planning and control, in addition to those related to addressing and reducing environmental impacts”. (group, 2011)

There are many classifications of environmental costs, the most important of which, is what was stated by the International Federation of Accountants, which includes six types that we summarize in the following table:

### Types of environmental costs

Cost name	Illustration
Material costs for products and services	Costs of purchasing natural resources that are used to complete the production of products such as water and other materials.
Less tangible costs	Internal and external costs associated with items that are difficult to quantify (such as debt related to production settlement).
Expenses for research and development activity	All other costs associated with the activity.
Costs for damages and reducing emissions	The cost of dealing with damages, manufacturing, treatment and disposal, costs of reorganization and all costs of compliance with other standards.
Costs for prevention and environmental management	Includes costs of prevention activity such as cleaner production projects, systems planning and management costs, actions taken to communicate environmental information.
Costs for resources not used in the production process	Costs for purchasing or processing energy, water and other materials that are not lost through processing.

**Source:** M.D. Hassanein Hameed Al-Obeidi, “Treatment of proposed environmental costs in accordance with sustainability accounting standards (non-renewable sources)” Dinars Magazine, Issue 17, 2019, p. 425.

The most important reasons that led to the interest in measuring environmental costs and their role in improving the overall performance of economic institutions can be summarized as follows: (Peter Letmathe, 2000)

The increasing interest of government agencies in the need to implement environmental laws and the interest of many stakeholders in society in the steady increase in costs, which affects the price of the product and the return on investments;

- Increased interest in expected environmental costs for legal or legislative reasons, or social, cultural and other reasons due to the consumer or the institution;

This is in addition to:

- The expansion of the circle of trade exchanges and the intensification of competition, which affects the costs borne on products, including environmental costs; (.Freedman, 1995)
- Environmental accounting and the costs associated with it have a role in improving product quality, and work to improve and raise product efficiency is one of the strategies used for modern institutions through data and information provided by environmental accounting in relation to the environmental and financial aspects of the product and the suggestions it offers to improve and evaluate performance; (Dunk, 2002)
- Accounting for environmental costs has an impact on investors' decisions and attracts the attention of decision makers when choosing between commitment or non-compliance with environmental programs, which requires providing information related to the environmental costs of each decision alternative and the costs associated with the institution. (Vinten, 1993)

### **1.3 The concept and importance of disclosing environmental performance in economic institutions:**

The relevant parties have differed in the concept of disclosing the information that must be provided from the financial statements, and its limits, as the view of the institution's

management as the party responsible for preparing the financial statements is definitely different from the view of the auditor, and the same applies to the users of the financial statements, including investors, analysts, and community members. And others, but in general, the concept of environmental performance disclosure can be summarized as follows:

**A. Defining the disclosure of environmental performance:**

Environmental accounting disclosure is defined as “displaying data and information related to the environmental activities of the organization in the lists and periodic reports, and the clarifications attached to them, which facilitates the task of users of financial data and information when evaluating environmental performance, rationalizing decision-making related to it and judging the extent of the efficiency of management of environmental performance. (Hussein, 1999)

It was also, considered as "the method or method by which institutions can inform society with its various parties about their various activities with an environmental content, and the financial statements or reports are an appropriate tool to achieve this". (Al-Taher, 2011)

It is worth mentioning that many international, regional and local authorities forced institutions to disclose information related to environmental activities, which led to: (Attia, 2000)

- Evaluation of interest in the costs associated with environmental protection by governmental and private institutions, where environmental control has gone beyond its local scope to become a global issue.
- Holding several international, regional and local conferences to put pressure on the operating establishments to provide information on their environmental costs

**B. Environmental accounting information to be disclosed:**

The different desires of users regarding the environmental information that should be disclosed had a significant impact on the multiplicity of reporting models adopted in environmental disclosure, which resulted in the absence of a single reliable standard model in this field. Therefore, the different level of users' awareness of the information made the information appropriate. For a particular party, it is not necessarily appropriate for another party, which put the preparers of financial reports In front of one of two options: (Abdel-Sayed, 2003)

- The first: Preparing a single multi-purpose model that meets all the needs of the user,
- And the second: Preparing a form of reports, provided that each form serves a specific category.

From the foregoing, it can be said that the disclosure of environmental costs would contribute to clarifying the financial position of the institution, and giving credibility to the financial statements of economic institutions. On the other hand, economic thinkers and researchers believe that data related to environmental performance is of great importance in measuring Environmental risks, as the management of these risks is one of the issues that raise the concerns of investors and experts at the same time.

**C. The role of accounting standards in the field of environmental accounting disclosure:**

The United States of America is one of the country's most interested in measuring environmental costs, through efforts made by the US Stock Exchange Commission, where it issued bulletins to express environmental disclosure, especially the contents of the financial statements of companies and their disclosure of measuring environmental costs, in order to serve the parties benefiting from the information published in the financial statements, especially the future investors. Her contributions are summarized as follows: (Othman, 2003)

- The American Accounting Standards Board issued American Accounting Standard No. 05 entitled "Accounting for Contingency" through which it was alerted to the importance of measuring and disclosing environmental costs.
- The American Institute of Certified Public Accountants issued Standard No. 96/01 to address environmental liabilities, as this standard highlighted the importance of the growing role of the accounting and auditing profession in preparing environmental reports. This standard also focused on addressing environmental liabilities so that the budget includes fixed assets related to the treatment of environmental liabilities. The income statement includes environmental expenses during the period.

**The third axis : Disclosure of environmental performance and its impact on the comprehensive performance of economic institutions:**

The disclosure of the environmental performance of economic institutions, seeks to provide financial data on the environmental costs that may be included in financial statements and reports and their interpretations, as they are of great importance to experts and investors because of what they indicate of the size of the environmental risks to which economic institutions are exposed and its implications for the sustainability of investment projects; and this will only be achieved by paying attention to evaluating environmental performance with the same degree of interest in evaluating the economic performance of economic institutions.

Disclosure of accounting information is the main element upon which investors rely when making their decisions in forming securities portfolios that reflect their tendencies in the stock market, and the Capital Market Authority has issued several executive regulations that include applicable accounting standards as well as information that registered companies must comply with. In the stock exchange, it is disclosed according to certain models that are in line with the needs and requirements of investors. (Shawky Fouda, 2018)

**1.1 Methods of accounting measurement of environmental performance:**

Some studies indicate that there are four basic methods for determining environmental costs, which we summarize as follows: (Ali Naji Saeed Al-Dhahabi, 2009)

- Method of adapting traditional accounting.
- Total cost method.
- Cost method based on linking activities related to the environment with the resulting costs.
- Estimating total costs, especially in investment decisions.

Despite the difficulties faced by the accounting profession in measuring all the costs that fall on the shoulders of economic institutions, especially environmental ones, due to several reasons, efforts have been made to devise three basic methods for measuring environmental costs, which we summarize as follows:

- A. Critical measurement method:** It expresses the basic method that is relied upon when estimating the areas of environmental performance, if possible, of course. (Ali Naji Saeed Al-Dhahabi, 2009)
- B. Descriptive measurement method:** It depends on describing the environmental activities carried out by the institution, and it is the simplest, most common, and least costly measurement method in the field of measuring environmental impacts, as it uses a description of the phenomenon or activity to be measured in a structured and descriptive manner, and thus provides information that may be useful to the institution in making decisions in some necessary cases where it is difficult to provide this information by other measurement methods, as in the case of measuring the value of the benefits achieved to society as a result of installing a pollution prevention device in the economic unit. (UN, 1996)
- C. The quantitative measurement method:** This method requires the disclosure of data that does not have a financial nature and "when it is not possible to obtain estimates expressed in monetary terms, the quantitative measurement method or

measurement in natural units is resorted to, especially in cases such as describing the polluted materials flowing into the environment". (Al-Hamdani, 2011)

### **1.2 The impact of accounting disclosure of environmental costs on the overall performance of economic institutions:**

The effects of applying environmental accounting on the overall performance of economic institutions are summarized as follows: (A.Hamid, 2002)

- A.** A more accurate measurement of the performance of industrial enterprises, whether in terms of income or wealth, and minimizing environmental risks.
- B.** Providing quantitative and financial accounting data for environmental operations and activities, which allows identifying the financial commitments necessary to achieve optimal management of the environment, expressing negative and positive effects in monetary form, and re-evaluating the accounting strategy and management practices.
- C.** Providing better information on environmental problems, enacting comprehensive management programs on risks, helping to achieve effective monitoring of environmental activities, and continually evaluating environmental performance.
- D.** Reducing environmental pressures by preparing accounting data in the form of units showing the quantities of produced materials, which can be used to reduce pressures on the environment and prevent or limit damages that lead to pollution.

### **1.3 Statistics on the adoption of environmental accounting in countries of the world:**

In a report of the United Nations Committee of Experts on Environmental and Economic Accounting, the statistics indicate, after conducting a survey of the extent to which environmental accounting is applied to all member countries in 2022, the following is shown: (NCAU, 2022)

- There are 92 countries that have adopted the practice of Environmental Accounting.
- Of these countries, 66 members (72%) publish at least one account regularly.
- 16 members publish about (17%) of their accounts on an ad hoc basis.

- 10 countries (11%) publish their accounts, but have not yet published their accounts.
- Of the ninety-two (92) member countries, almost all (91 out of 92 countries) compile accounts for the central framework of comprehensive environmental and economic accounting system.
- In addition, nearly half of these countries (41) are compiling Ecosystem Accounting for comprehensive environmental and economic accounting system.

While the same report indicates an increase in the number of countries implementing SEEA over the years, with the exception of a brief period of stagnation in implementation between 2020 and 2021 due to the COVID-19 pandemic.

It also notes that the vast majority of countries implementing SEEA have used the accounts to prepare reports on the Sustainable Development Goals and to inform national priorities.

#### **1.4 Challenges facing environmental accounting and disclosure of environmental performance:**

Environmental costs, in the view of many researchers, are among the new branches of accounting. Therefore, in their view, it requires developing a clear intellectual framework that deals with aspects of this new approach:

- A. According to the traditional approach, the pioneers of this trend believe that accounting for environmental costs is an extension and completion of financial accounting. The compilers of financial statements must measure and include the environmental dimension when preparing traditional financial statements. (Bada Hanan, 2003)
- B. According to the developed traditional approach: the pioneers of this trend believe that accounting for environmental costs is a new look at accounting, so it requires a reformulation of its concepts to take into account the viewpoint of society and the environment. (Othman M. A.-A., 2008)
- C. According to the modern approach: the pioneers of this trend see that accounting for environmental costs is a new branch in accounting, which has its own characteristics within the general framework of accounting, such as financial accounting, cost accounting, and management accounting... According to this trend,

the economic unit seeks to achieve a level that satisfies employees and Society, in addition to achieving the interests of the unit in maximizing profits in accordance with the applicable rules. (Allam, 1996)

In addition to the above, and according to the International Federation of Accountants, there are other challenges associated with accounting information systems that make it difficult to collect and retrieve environmental data and measure it in the appropriate manner, and the difference in cultures has a clear impact on the development of the relationship between accounting and other professions, so everyone must enjoy With extensive knowledge about the environment.

As for the last challenges, it relates to the lack of complete environmental data in a timely manner, which hinders the process of planning and making current and future decisions related to the most important investment projects, despite the importance of these decisions.

### **Conclusion:**

After conducting a survey of theoretical literature and field studies related to the subject of disclosure of environmental performance and its impact on the overall financial performance of economic institutions, we show the validity of the first hypothesis, where environmental accounting contributes positively to the success of the enterprise's strategy and its growth, and thus helps investors in rationalizing economic decisions. However, this type of accounting, despite its importance, is still not widely applied in economic institutions, according to recent statistics, which denies the validity of the second hypothesis.

While many theoretical and field studies have proven the existence of a strong relationship between environmental accounting and the overall financial

performance of economic institutions, which confirms the validity of the second hypothesis.

Based on the foregoing, the difficulties of evaluating environmental performance can be summarized in two main elements:

- A. The complexity of the processes of measuring environmental impacts and comparing them with the performance of economic institutions.
- B. Not officially recognizing methods for measuring environmental impacts, and thus not recognizing one accepted standard method for reporting on environmental performance.

Our study concluded with a set of results, the most important of which are as follows:

- Disclosure of environmental performance is considered one of the most important basics for the success of the comprehensive performance of economic institutions related to the mandatory protection of the environment, as it enables them to obtain significant competitive advantages that will bring partnership;
- The success of the environmental performance disclosure process can be summed up in five basic stages, as follows:

The first stage: it is concerned with optimal exploitation of natural resources;

The second stage: taking into account the environmental dimension in manufacturing processes;

The third stage: Trying to reduce the effects of environmental pollution and bear its costs.

The fourth stage: processing industrial waste and attempting to recycle;

The fifth stage: keenness to measure the size of the environmental costs and disclose them.

Based on the results of the study, the following recommendations can be made:

- Economic institutions must continue to disclose environmental performance in various ways, in accordance with the new environmental requirements imposed by the operational operations of the institution.
- Disclosure of environmental performance should not be considered a secondary issue, but rather it should prompt the concerns of the managers of economic enterprises because of its benefits to the overall performance of these institutions.
- Conducting applied courses for practitioners of the accounting profession, especially for those in charge of measuring environmental performance in economic institutions, in order to continuously improve their level;
- Take the necessary measures to identify the innovative methods used in cleaner manufacturing processes, by benefiting from successful experiences in the field of environmental protection;
- Work on creating a database that includes information related to disclosure, in addition to indicating or specifying the location of the disclosure of environmental performance in relation to the financial statements or other reports;
- Incentives or benefits can also be provided to economic institutions that disclose environmental costs, such as tax exemptions or reduced rates of fees and taxes subject to them;
- Issuing local accounting standards related to environmental performance measurement and disclosure;
- Attempting to find a means of linking economic institutions and university research laboratories for the purpose of benefiting from research and field studies in the field of environmental disclosure to determine the improvement of the overall financial performance of these institutions.

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