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Green Accounting: Cost Measures

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ABSTRACT

In the past, environmental issues were often ignored by both, large companies and small medium enterprises. However, accounting for the environment or the acronym "Green accounting" is receiving increased attention in the recent times. Many companies, particularly small medium enterprises (SMEs) are now interested in being "green", as many investors place a high value on environmental responsibility. Many environmental costs can be significantly reduced or eliminated as a result of business decisions, ranging from operational and housekeeping changes, to investment in greener process technology to redesign processes or products. Industry and the green movement are tilting towards consensus on the pivotal concept of sustainable development. Better natural resource and green accounts would provide valuable insights into the interaction between the environment and the economy. However, implementing green accounting in organization such as SMEs in Malaysia, results in resistance or ignored due to some reasons such as lack of awareness, lack of ethical education, etc. This paper highlights the issues surrounding the firms green accounting in financial reporting. The key goal of this paper is to outline a set of green accounting measures that are to be addressed in environmental management accounting system of a firm.

KEYWORDS

Green Accounting; Environmental Accounting; Green Costs; SMEs in Malaysia

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