

Influence of human resources development on green accounting performance

By Hsiu-Yu LEE^{a†} Mu-Chen HU^b
Yu-Sheng YAIN^c & Yu-Ting LIN^d

Abstract. The investors in the contemporary world consider environmental responsibility as one of the most vital elements. In this case; green accounting refers to the act of identifying, tracking, analyzing, and reporting the cost information and materials associated with an organization's environmental elements. It is an initiative that maintains the GA quality through its mandate of recruiting, compensating, developing, training, and advancing the company's human capital. Green accounting plays a primary role in tackling the underlying social and environmental challenges. Based on this consideration, the organizations often make investment decisions by comparing social and private costs with the social and private benefits. This conceptual paper discusses the influences of HRD on GA and offer implications for theory and practices.

Keywords. Human resources development, Green accounting, Social responsibility.

JEL. O10, O15, O19.

1. Introduction

Unlike in the past, green accounting (GA) currently receives a greater attention from both large and small Companies. The investors in the contemporary world consider environmental responsibility as one of the most vital elements. In this case; green accounting refers to the act of identifying, tracking, analyzing, and reporting the cost information and materials associated with an organization's environmental elements (Booth, Luckett & Mladenovic, 1999). It is an aspect that deals with the management and accounting of issues pertaining to social and environmental impacts, safety, restrictions, and regulations, as well as the economically viable and environmentally sound organizational production. It can also be defined as the management of economic and environmental performance through the implementation and development of essential environment-based accounting practices. This may involve the aspect of full cost accounting, life cycle costing, assessment of benefits, as well as strategic planning.

Green accounting plays a primary role in tackling the underlying social and environmental challenges. It, therefore, poses impacts on the achievement of a sustainable environment and development due to confrontation of environmental and social responsibility issues. The green accounts are regarded as significant elements of enhancing corporate social responsibility. It enables the organizations to compare the cost implications of preventing or avoiding environmental damage with the cost associated with remedial activities (Bennett & James, 2017). Based

^{a†}Department of Business Administration, Cheng Shiu University, Taiwan.

☎. +2348032712230

✉. leehsiuyu7533967@outlook.com

^bDepartment of Finance, Shih Chien University, Taiwan.

^cDepartment of Business Administration, Cheng Shiu University, Taiwan.

^dDepartment of Food & Beverage Management, Cheng Shiu University, Taiwan.

on this consideration, the organizations often make investment decisions by comparing social and private costs with the social and private benefits.

2. Importance of discussing human resource development on GA quality

The human resource development unit is responsible for establishing and coordinating the best practices and policies for the achievement of quality green accounting. The HR department recruits and manages a green workforce with the ability to understand and uphold the green culture or green accounting. It is an initiative that maintains the GA quality through its mandate of recruiting, compensating, developing, training, and advancing the company's human capital (Bennett & James, 2017). This clearly depicts its basic responsibility of establishing a sustainable environment. The human resource processes play an essential role in ensuring the practical application of the GA policies, especially in the accounting and auditing sections. The recruitment and selection processes, performance management systems, incentive compensation, training, and employee involvement are the core aspects of enhancing the company's green accounting. Based on this framework, the human resource development plays an instrumental role in the realization of organizational transformations aimed at enhancing the GA quality.

3. A brief literature review for green accounting

Green accounting is an aspect that plays a pivotal role in the promotion of environmental sanctity and corporate social responsibility in various organizations. It is deemed as an ethical component for corporate standardization and accountability of future environmental prospects and sustainability. In this case, green accounting involves an expansion framework that measures the environmental performance and integrates the business policy with environmental policy. The organizational strategy encompasses the act of responding to subsequent capital and cost-implications associated to control of pollution. It is enhanced by the rising public environmental concerns and the current government-led tendency to uphold incentive-based regulation (Booth *et al.*, 1999). Moreover, the environmental components of the organization's strategy tend to produce the necessary performance reports; while at the same time recognizing various skills required to compile, analyze, and measure the requisite data.

The elements of green accounting clearly depict the environmental roles in the economy. It is, therefore, the mandate of policy-makers to incorporate green accounting in the organizational models since the gross domestic product usually ignore the environmental aspect. Green accounting assists the firms in management and understanding of the potential disparity between the environmental goals and traditional economics goals (Cascino *et al.*, 2010). It enhances the availability of significant information for analyzing the underlying policy issues. Regardless of this significance, green accounting can also be viewed from a negative perspective as a controversial practice. For instance, the responsible authorities may factor depletion into the accounting framework for the extraction companies yet it might be arbitrary to account for such externalities. In such a case, it is imperative to establish a standard practice for it to regain its credibility.

4. A brief literature review for human resource development

Integration of green accounting with the Company's strategic development goals results in a valuable environmental management system. An organization's Human Resource Department plays a very important role in enhancing the firm's sustainability culture. The past scenarios show that the stronger the green accounting policies, the higher the company's intensity in adopting effective EMS (environment management systems). Bennett & James (2017) assert that the integration of significant environmental strategies and objectives into the

company's strategic development goals enhances the adoption of effective environmental management systems. The distinguished policies applied during recruitment, appraisal and performance management, employee development and training, the reward systems, as well as the employee relations are considered as the powerful tools that align employees with the organizational environmental strategy.

According to Bennett & James (2017), the implementation of an excellent green accounting framework necessitates promotion of effective management and technical skills. Others suggest that companies should focus on the establishment of innovative environmental management initiatives that will significantly influence their sustainability while at the same time promoting significant competitive advantage. Expansion of such a framework necessitates the incorporation of effective human resource development practices. This includes the presentation of stern recruitment strategies, reward, and appraisal systems that will embrace the implementation of effective sustainable measures and environmental awareness. The primary aim of these HRD dimensions is to facilitate the adoption of a new set of competencies and skills for enhancing the quality of green accounting.

5. The propositions that link the HRD factors/dimensions to the GA quality

The contemporary organizational operations and production necessitate the effective incorporation of the green accounting frameworks to curb the underlying aspects of environmental degradation. Companies have gone to an extent of budgeting substantial resources to enhance environmental sustainability. This is ascertained through the establishment of quality green accounting using significant human resource development frameworks. Unlike the past scenarios, there are various propositions that link the HRD dimensions to the GA quality. First and for most, the human resource department should put in place its mandates of incorporating effective technological advancements and innovations into the company's operational frameworks. This will assist in reducing the release of toxic pollutants into the environment and to create awareness amongst the company's employees and stakeholders. Innovation not only enhances the organization's profitability ratio but also boosts the environmental sustainability.

The human resource development processes of training, recruitment, and selection, rewarding, and performance management should be aligned in a manner that enhances the attainment of green accounting objectives. The objectives can be attained if the human resource departments make an effort to introduce efficient online operational platforms. This will assist in enhancing the employee online screening and creation of awareness on matters pertaining to green accounting or green environmental sustainability (Bennett & James, 2017). The main essence is to inspire, to empower and to create undue awareness amongst the employees. In our case, the main focus is on the auditing and accounting personnel since they are the primary staff members behind the implementation of green accounting policies and practices.

The green accounting initiatives can also be enhanced through the incorporation of effective management and technical skills with regards to conservation and preservation of organizational environmental sustainability. The environmental friendly human resource development initiatives should result in lower costs, greater efficiencies, as well as better employee retention and engagement. This will, in turn, help in building organizational sustainability and competitive advantages by not only focusing on the needs of the current consumers but also the needs of the future generation (Bennett & James, 2017). Therefore, based on the underlined HRD dimensions; a sustainable growth should comprise a business framework that establishes a significant value aligned with the long-term

conservation, preservation, and enhancement of environmental, financial and social capital.

The primary mode of enhancing green accounting is through the implementation of green human resource models. Any given firm should be in a position to conduct an energy audit, recycle, go paperless, and should motivate their workforce to embrace organizational sustainability and greener eco-efforts. An eco-savvy workforce is better placed to make inspired decisions that enhance the implementation of green accounting frameworks with minimal costs (Cascino *et. al.*, 2010). The approach put forth by the green human resource management demonstrates the manner in which sustainable development or green accounting is managed by organizations by initiating a sense of responsibility. The human resource managers are therefore endowed with the responsibility of incorporating the green accounting objectives into the underlying organizational goals.

The final aspect that links the human resource development dimensions to the green accounting quality is green staffing. This involves the act of upholding management and technical skills on matters of environmental sustainability and corporate social responsibility. The hired personnel will act as a source of inspiration for the entire employees and stakeholders through training and promotion of employee attitudes and morale (Bennett & James, 2017). As an element of green training and development, environmental sustainability or green accounting should set focus on developing the employee skills, attitudes, knowledge, and behaviors regarding the environmental initiatives and environmental conservation. The organization's budget should be designed in a manner that allows for the implementation of various environmental conservation frameworks. In such a case, the allocated resources will not only be used to curb the direct impacts of environmental pollution; but also help to prevent any other instance by training the employees and stakeholders how to reduce waste, to conserve energy, to enhance employee engagement in environmental conservation, as well as creation of environmental awareness.

6. Conclusion and implications

Even though the influence of human resource development on the green accounting quality is still in its infant stages, it has enhanced a growing awareness of the significance of environmental sustainability amongst the organizational employees and stakeholders. The human resource department has enhanced its environmental conservation initiatives through alignment of its core mandates with the economic, environmental, and social balance. The responsibility of the current generations and the human resource managers is to create awareness about the green movement and the establishment of a sustainable development. There is indeed a promising future for enhancing green accounting amongst the entire HRM stakeholders ranging from the employees to the academicians. The only suggestion is that green human resource management should broaden its scope within the academic arena. There is a dire necessity to seal the gap between research environmental management and the professional human resource development practices. Moreover, there is the need for more research on this topic in the near future. The research should make an in-depth analysis regarding the influence of HRD on the GA quality.

References

- Bennett, M., & James, P. (2017). *The Green Bottom Line: Environmental Accounting for Management: Current Practice and Future Trends*. Routledge.
- Booth, P., Lockett, P., & Mladenovic, R. (1999). The quality of learning in accounting education: the impact of approaches to learning on academic performance. *Accounting Education*, 8(4), 277-300. doi. [10.1080/096392899330801](https://doi.org/10.1080/096392899330801)
- Cascino, S., Pugliese, A., Mussolino, D., & Sansone, C. (2010). The influence of family ownership on the quality of accounting information. *Family Business Review*, 23(3), 246-265. doi. [10.1177/0894486510374302](https://doi.org/10.1177/0894486510374302)



Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal. This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by-nc/4.0>).

