ENVIRONMENTAL ACCOUNTING – A TOOL FOR SUSTAINABLE DEVELOPMENT

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Abstract

This study examined the level of environmental accounting practice of listed firms in Nigeria. This was with a view to providing information on how environmental accounting could be employed to enhance sustainability economic development. Secondary source of data collection was employed for the study. Purposive sampling technique was used to select a sample of 50 firms listed on the main board of the Nigerian Stock Exchange based on availability of their annual reports from 2005 to 2012. Qualitative data were sourced. Data collected were analysed with the aid of descriptive statistics. Based on Global Reporting Initiative and Global Environmental Management Initiative vis-à-vis separate environmental report; environmental protection measures; eco-efficiency indicators; policy, programmes, activities and certifications; environmental & social research & development; environmental report audit; compliance with environmental regulation; social and environmental provisions; government & other incentives related to environmental protection received; details of social and environmental liabilities & contingent socio-environmental liabilities; award received; and emissions trading. The study found that in aggregate the selected companies reporting for 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012 is 8.8%, 10.8%, 19.6%, 22.1%, 25.4%, 28.8%, 33.3% and 37% respectively. Despite the commitment through the Kyoto Protocol that by 2005, nations should have made demonstrable progress to promote sustainable economic development, the aggregate value of disclosure is approaching average, this highlight a gap that need to be filled to ensure sustainable development. The study recommends that government and business should consolidate on their efforts that enhance environmental sustainability and companies should take corrective measures where their activities devalue the environmental.

Keywords: Environmental Accounting; Sustainability Development; Nigeria.

1. INTRODUCTION

The social and environmental sensitivity of firms was as a result of increase global social and environmental awareness and the campaign for sustainable economic development. This has captured the interest of the public, business organization and global community in the recent years. It became one of the foremost issues on the agenda of nations and business earlier in the 1990s and the reasons for this were varied emanating from both within and outside of the firm and particularly at the global level (Okoye and Ngwakwe, 2004).

Corporate public reporting of financial statements dates back to the 1850s, (ACCA, 2004). At that time, reporting on social and environmental issues were not so embedded in the corporate financial report. The presentation of financial statement information by management only included financial accounting aspect of the entity. According to Rajapakse and Abeygunasekera (2006), the traditional approaches to accounting by corporate entities only focused on their economic operations, with their main activities affecting the economy through operations in the market.

However, the concept of social and environmental reporting was added by the corporate entities to their public reports from the mid-1980s (Campbell, 2009). Campbell, (2009) stated that this was the period when the concept of social and environmental accounting began and civil societies vehemently argued that there was a moral case for organizations to report and account for impact of their activities on social and natural environments. This was as a result of the quest for sustainability; to avert pending crises on natural capital; a desire to create, maintain or repair the entity's societal legitimacy (Uwuigbe and Olayinka, 2011); a responsibility of management complying with regulatory requirements and to legitimize various aspects of their respective organisations (Basamalah and Jermias, 2005); to attract investment funds and to comply with borrowing requirements as well as meeting community expectations (Deegan & Blomquist, 2006); to gain competitive advantage and to be socially responsible (Hasnas 1998); and to manage powerful stakeholder groups (Ullman, 1985).

Social and environmental accounting is the process of communicating the social and environmental effects of the organizations' economic actions to particular interest groups within society, and society at large. It is also commonly referred to as corporate social responsibility reporting (Deegan, 2007). It can also be defined as an environmental management strategy to communicate with stakeholders, hence corporate social and environmental reporting (CSER). The critical role of accounting becomes complex when corporations are the means to inform stakeholders on firm social and environmental responsibilities. Accounting and reporting system is also challenged by various regulatory environment and globalization perspectives under multiplicity of social, legal, political and cultural values. Accordingly, companies need to strive to aim for both economic and societal goals. The issues of social and environmental accountability of this paper contributes to the wider literature on corporate governance, accountability, transparency and responsibility in that it provides a way to think about the role of environmental accounting in developing economics.

Meanwhile, the quest for sustainability has caused the corporate body to realize that the world is on the brink of a potential crisis as a result of social and environmental damages. This has caused the emergence of many global institutions such as the United Nations' Protocols and Agreement on Environment, the Kyoto Protocol to the United Nations Framework on Climate Change with some of its offshoot, the EU Directive on Environmental Issues. Establishing various rules and policies that guide human interaction with the natural environment. All these have sought to provide a legal foundation for environmental disclosures (Enahoro, 2009).

There is growing realization that all economic activity is either directly or indirectly linked to the environment, and all aspects of business are ultimately linked to and influenced by the environment, this highlights a risk to business, which could ultimately lead to business failure. In 2012, the Canadian gold mining company, Infinito Gold, lost permission to develop a mine as a result of the potentially significant impacts on agriculture, forests and endangered species. This led to a decrease in share value of 50%. In Nigeria, the proximate cause of the armed confrontation in the Niger Delta area is nexus with irresponsible socio-environmental practice of oil companies.

Several studies have been carried out on the existence and the contents of social and environmental disclosure (e.g. Belkoui & Karpik, 1989; Cahan, 1992; Cahan et al., 1997; Crumbley, 2003; Ness & Mirza, 1991; Deegan, 2007). The position is that financial information through financial numbers are a lagging indicator of where a firm has been and should not be substituted for non-financial numbers as leading indicators of where the firm is going.

Disclosure of social and environmental information though not mandatory is regarded as best practice. However, any deviation from the best practice may give a bad signal to the society and the market because it implies a poor management of corporate social responsibility and impacts of the firm on the natural environment. Firms that intend to build a good image need to prove her shelf to be socially responsible by ensure that best practices are observed.

In Nigeria, the implementation and acknowledgement of corporate social and environmental reporting is relatively new and it has become more popular in recent time. The concept has also made popular due to the notorious environmental incidents in Nigeria, such as, an attempt in 1997 by a foreign company, acting through an agent, to dump toxic waste in the Niger Delta region. This event shocked the Federal Government of Nigeria and highlighted the gap in Nigerian environmental regulation. This led to the promulgation of Decree no. 42 of 1988 by the then Military Government. Hence, the decree made it a criminal offence for anyone to carry or dump any harmful waste within the entire land mass and waters of the Federal Republic of Nigeria. Also, the birth of agencies such as the Federal Environmental Protection Agency (FEPA) in 1988 and the National Environmental Standards and Regulation Enforcement Agency (NESREA) in 2007 strengthen environmental regulations in Nigerian. (Collins, 2009)

With reporting being such a central issue, this paper takes the essential desirability of social and environmental reporting as a crucial element in any well-functioning democracy. Hence, disclosure of social and environmental information is regarded as a powerful tool to re-educate society and business organization towards more sustainable modes of behaviour. It is in this context that this paper seeks to explore the level of social and environmental accounting in Nigeria. However, prior studies such as Belkaoui and Karpic (1989), Hackston and Milne (1996) Cormier and Magnan (2010) and examined the determinants of social and environmental disclosure in developed countries. To the best of our knowledge, none of the previous studies in Nigeria have examined the level of environmental accounting of quoted companies in Nigeria, hence, this study is aim at examine the level of environmental accounting of quoted companies in Nigeria.

2 LITERATURE REVIEW

2.1 Underlying Theory

This study uses the risk society theory as a theoretical background to develop an empirical framework for examining the level of social and environmental accounting of listed companies in Nigeria. Risk society theory stated that corporate activities pose great risk to the society; hence organization should device risk management mechanism for reducing anxiety, nurturing trust and engaging with stakeholders. Unerman and O'Dwyer (2004) and Solomon (2005) portrayed 'a society faced with high consequence Social, Ethical and Environmental (SEE) risks'. Solomon (2005), views this as another lens view to explain voluntary social and environmental reporting (SER). He explains that Giddens' (1990) and Lupton's (1999) works explain that 'society was becoming characterized increasingly by a decline in trust in institutions and organizations in general'.

Stakeholder theory stated that 'the corporations continued existence requires the support of the stakeholders and their approval must be sought and the activities of the corporation adjusted to gain that approval (Chan, 1996). Stakeholder approach has been applied and relied in many accounting, management and finance literatures including Ullman (1985), Roberts (1992) and Gray, Owen and Maunders, (1987). The more powerful the stakeholders, the more company must adapt. Social disclosure is thus seen as part of the dialogue between the company and its stakeholders' (Gray, Kouhy and Lavers, 1995).

Gray, Owen and Maunders (1987) assert that stakeholders have the right to specific information for certain decision and they should be provided relevant information including environmental information. Stakeholders have the ability to control or affect the resources of corporations. This elucidates their power through their level of control they have over the resources. Stakeholder-corporation power relationship is not generic across corporations (Deegan, 2000). He also argued that power may take the form of command over limited resources such as finances and labour, access to influential media, ability to legislate against corporations or ability to influence corporations' consumption of goods and services. Thus, the more critical the stakeholders' control is, the more likely companies will satisfy stakeholders' demand (Ullman, 1985).

Legitimacy theory implies that a corporation's activities must be legitimate in the eyes of society to allow it to continue. Legitimacy theory argues that organizations seek to ensure that they operate within the bounds and norms of society (Gray, Kouhy and Lavers, 1995; Tilt, 1999; Suchman, 1995). Companies require the support of stakeholders for its continue existence. If the company loses its legitimacy, then it will cease to exist.

Concisely, the accountability role on the right to receive information and the duty to supply it can help mitigate the risk that corporate activities pose to the environment. This study aims at examining the level of environmental accounting as one of the most powerful mechanisms in sustainable economic development.

2.2 Prior Research

The issue of environmental accounting has been strongly debated in the context of developed countries. It is only recently that attention turned to the study of social and environmental accounting in emerging countries. Porter and Linde (1995) found legal regulation as a factor that engenders corporate innovation among firms in their bid to remain environmentally sustainable according to regulation.

Johnston and Rock (2005) investigate whether companies identified as potentially responsible parties under the Comprehensive Environmental Response. Compensation and Liability Act (more commonly known as Superfund) appear to manipulate earnings to minimise their exposure to Superfund clean-up and transaction costs.

Deegan and Blomquist (2006) explore the influence of an initiative of WWF-Australia on the environmental reporting practices of the Australian minerals industry. Buhr (2001) uses the highly politicized passage of the North American Free Trade Agreement (NAFTA) and its environmental side agreement as a venue to explore the nature of accountability and environmental disclosure.

Turban and Greening (1997) examined the effect of corporate social performance on organizational attractiveness to prospective employees. Their finding shows that qualified employees are influenced by the social responsibility habits of their potential employers. This finding has positive implications for job satisfaction and productivity and should serve as a warning to companies in the present competitive labour market wherein the quality of a company's employees forms a vital part of its value and competitive strategy as well. Mackinlay (1997) finds no strong relationship between economic performance and corporate social and environmental investment. While some companies may start reaping benefits within a short period, others may experience economic gain only after a long period.

Lars and Henrik (2005) investigated the effect of environmental information on the market value of listed companies in Sweden using a residual income valuation model. The results show that environmental responsibility as disclosed by sampled companies has value relevance, since it is expected to affect the future earnings of the listed companies. Their finding has implications for companies that pollute the environment – their future solvency may be eroded with gradual depletion in earnings.

Clause and Richardson (2008) studied the effect of environmental investment on investment decisions. The results suggest that environmental information disclosure influences investment allocation decisions. This finding imply that companies that are apathetic to their environmental responsibility might experience eventual crashes on their stock price if their investors are rational in considering the future value of the firm based on its present state of environmental responsibility.

Murray (2010) studies companies' social and environmental activity: social disclosure, social performance and financial performance of the UK's largest companies, findings of this study revealed that social and environmental issues are of limited interest to markets except where they can be identified as relevant in terms of risk or governance. It also confirmed that there is a strong Public Relation motivation in releasing social and environmental reports, which has little to do with improving performance.

Collins (2009) studied environmental responsibility and firm performance; it was found that sustainable practices of the 'responsible' firms are significantly related with firm performance. It was also found that, sustainable practices are inversely related with fines and penalties. It was concluded that, sustainability affects corporate performance and sustainability may be a possible tool for corporate conflict resolution as evidenced in the reduction of fines, penalties and compensations.

Cormier and Magnan (2010) studied the informational contribution of social and environmental disclosures for investors. They investigate whether social disclosure and environmental disclosure substitute or complement each other in reducing information asymmetry between managers and investors, taking into account a firm's environmental performance and governance attributes. They found that social disclosure and environmental disclosure substitute each other in reducing stock market asymmetry. Their results also shown that reduction in share price volatility is higher for economic (hard) environmental disclosure than for generic (soft) environmental disclosure.

Correa-Ruiz and Moneva-Abadía (2011) studied special issue on social responsibility accounting and reporting in times of 'sustainability Downturn/crisis' it was found that economic downturn and crisis could be further eroding social and environmental concerns and values, the notion of sustainability crisis provides an interesting starting point to reflect on the role of Social and Environmental Accounting Research. Lack of humanity and values, short term economic approach, institutional capture and misunderstanding and misuse of democracy, have all served as catalysts of sustainability downturn and crisis.

Faboyede (2011) examined environmental protection and sustainability reporting: It found that assurance about a company's financial projections and nonfinancial information (customer satisfaction, employee retention, or environmental reporting) and the integrity of the information through XBRL enhance the effectiveness and efficiency of resource allocation, increase income and welfare, as well as achieve the objective of an environmentally sound management which encompasses increasing eco-efficiency, reducing environmental impact, and increasing company value added. It recommends that Nigeria and the developing countries should embrace the XBRL technology as they cannot afford to be left behind by the fast spreading current worldwide future reporting standard.

Enyi (2012) studied environmental and social accounting as an alternative approach to conflict resolutions in a volatile and e-business environment, it stated that though profits and improvements in world social welfare are the main reasons for industrialization, as governments and business owners are striving to solve one social problem or the other, these same solution processes scoop up other problems along the line which inadvertently breed conflicts and confrontations between the host communities and the owners and operators of the organizations attempting the solution. It was found that a lot could be done to douse the resulting conflagration and pacify those directly affected by applying palliative and preventive remedies using the process of environmental and social accounting aspects of corporate social responsibility (CSR) policies as a tool.

Akinlo and Iredele (2014) examined the impact of environmental information disclosures on Market Value of fifty quoted companies in Nigeria for the period 2003-2011. The aggregate and individual impact of Corporate Environmental Disclosure (CED) were regressed on Market Value (Tobin's Q). Their empirical analysis revealed that CED has a significant positive impact on Market Value when considered in aggregate.

To the best of our knowledge, none of the previous studies in Nigeria have examined the level of environmental accounting on the quoted companies in Nigeria and this is the main emphasis of this study.

3 METHODOLOGY

3.1 Population and Sampling

From the total population of 75 manufacturing firms listed in the main board on the Nigerian Stock Exchange (NSE), a sample of 50 firms were purposively selected for analysis. The choice of manufacturing firms is base on the fact that their activities impact most on the environment. Companies, whose financial reports were not up to date or were delisted before December, 2013 were also excluded. As a result, the final sample set consists of 50 firms over a period of 8 years.

3.2 Data Collection Procedure

Secondary data were sourced for this study. Qualitative data were sourced from the Annual Reports of the selected quoted manufacturing companies in Nigeria. The combination of Global Reporting Initiative and Global Environmental Management Initiative vis-à-vis Separate environmental report; environmental protection measures; Eco-efficiency indicators; Policy, programmes, activities and certifications; Environmental & social research & development; Environmental report audit; Compliance with environmental regulation; Social and environmental Provisions; Government & other incentives related to environmental protection received; Details of social and environmental liabilities & contingent socio-environmental liabilities; Award received; and Emissions trading were used (disclosure and non disclosure was represented by 1 and 0 respectively). Data collected were analyzed using descriptive statistics.

4. DATA ANALYSIS

To evaluate the level of environmental practices in the manufacturing firms, content analysis was used and the result was scrutinized using descriptive vis-à-vis ratio, percentage, graph and chart. The results were presented in the charts and grapy below:

5. RESULTS

From the result in figure 5.1, the percentage of separate environmental reporting for 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012 is 7.9%, 7.9%, 10.8%, 11.3%, 11.3%, 12.5%, 12.5% and 12.5% respectively indicating that the level of environmental reporting is low in Nigeria though there is growth in separate environmental reporting except year 2006, 2009 2011 and 2012 in which the firm reported the same level in relation to previous year.

From the result in figure 5.2, the Percentage of environmental Protection Measures for 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012 is 0.0%, 0.8%, 2.1%, 2.5%, 3.3%, 4.2%, 5.0% and 5.8% indicating that the level of environmental reporting is low in Nigeria, though there is growth in level of reporting but it is even far below the average.

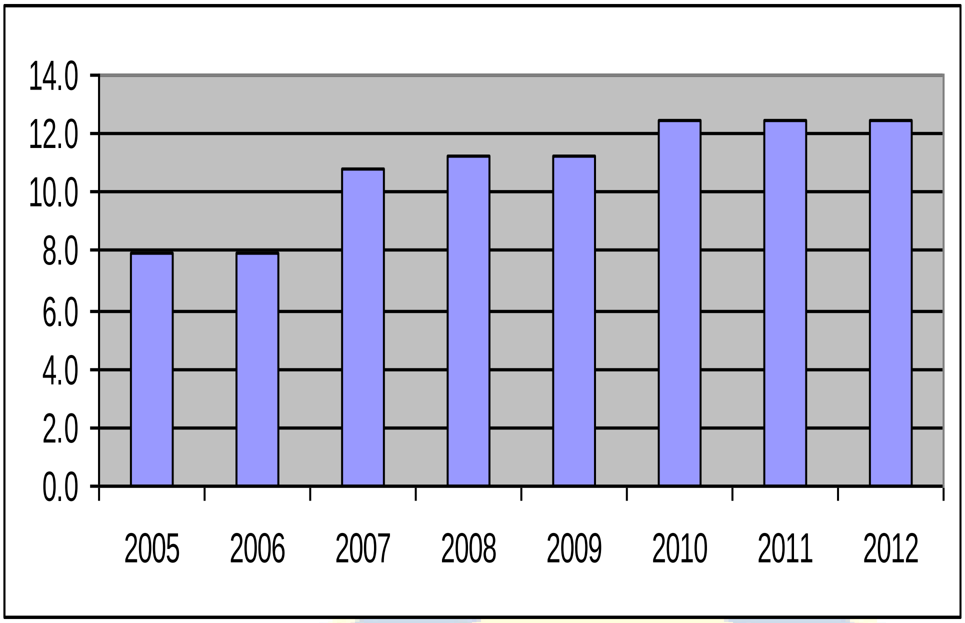

Figure 5.1: Percentage of Separate Environmental Report

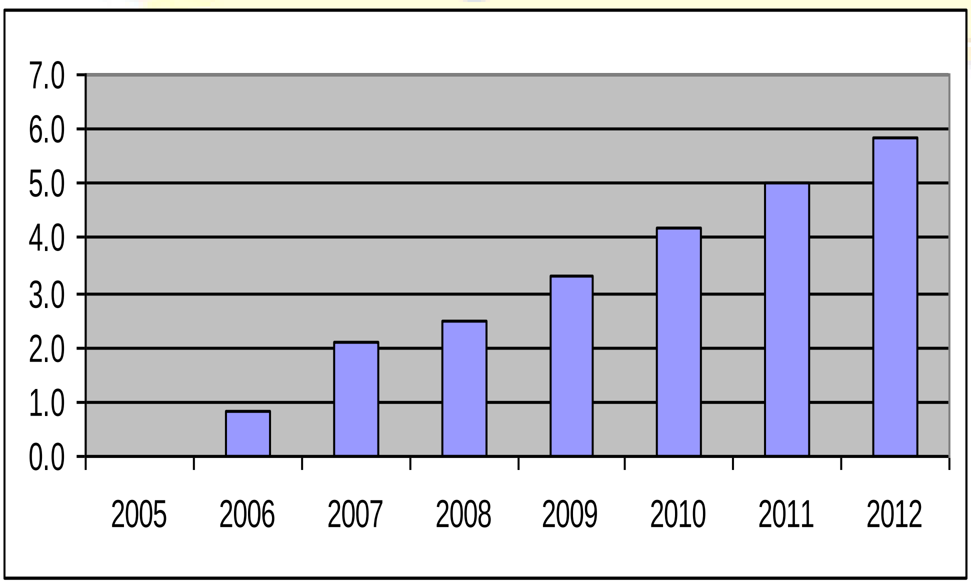

Figure 5.2: Percentage of Environmental Protection Measures (pollution and control)

From the result in figure 5.3, the percentage of eco-efficiency indicators for 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012 is 0.0%, 0.4%, 1.7%, 2.1%, 2.9%, 3.3%, 4.6% and 5.0% indicating that the level of environmental reporting is low in Nigeria.

From the result in figure 5.4, the percentage of policy, programmes, activities, certifications, protection system for 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012 is 0.0%, 0.4%, 1.7%, 2.1%, 2.9%, 3.3%, 4.2% and 5.0% respectively indicating that the level of environmental reporting is low in Nigeria.

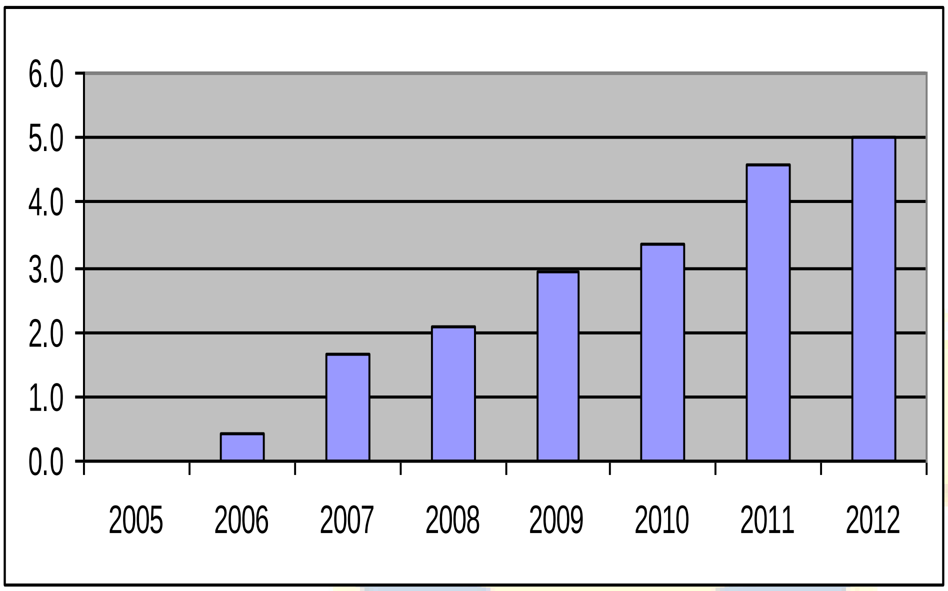

Figure 5.3: Percentage of Eco-efficiency Indicators

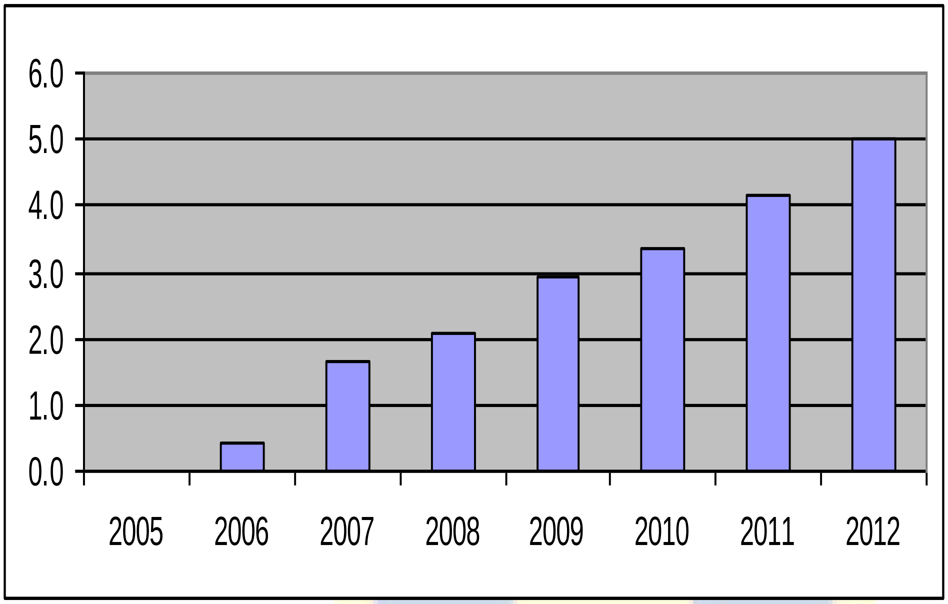

Figure 5.4: Percentage of Policy, Programmes, Activities, Certifications, Protection System

From the result in figure 5.5, the percentage of environmental and social research and development for 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012 is 0.0%, 0.0%, 0.0%, 0.0%, 0.0%, 0.0%, 0.0% and 0.4% respectively indicating that the level of environmental reporting is low in Nigeria.

From the result in figure 5.6, the percentage of environmental report audited by external verification process for 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012 is 0.0%, 0.0%, 0.0%, 0.0%, 0.0%, 0.0%, 0.0% and 0.0% respectively meaning that nothing was disclosed on environmental report audited by external verification process, indicating that the level of environmental reporting is low in Nigeria.

From the result in figure 4.6, the percentage of compliance with environmental regulation for 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012 is 0.8%, 1.3%, 2.9%, 3.3%, 4.2%, 4.6%, 5.8% and 6.3% respectively indicating that the level of environmental reporting is low in Nigeria.

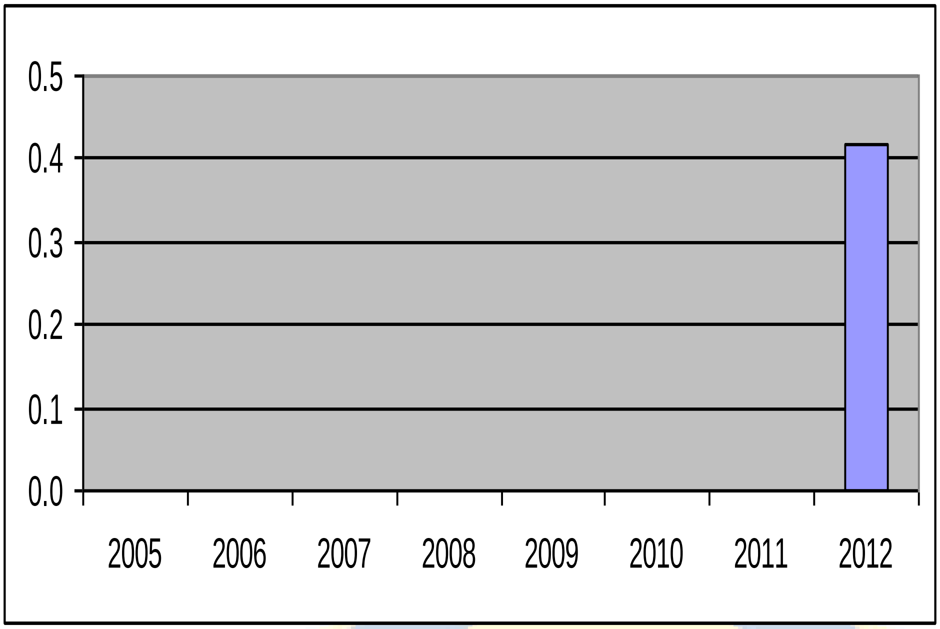

Figure 5.5: Percentage of Environmental and Social Research and Development

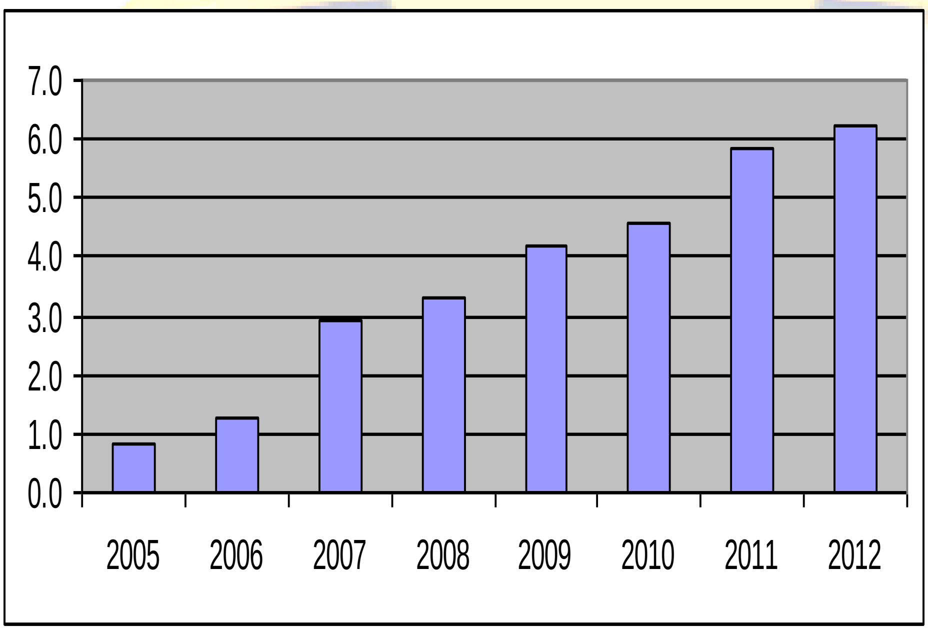

Figure 5.6: Percentage of Compliance with Environmental Regulation

The percentage of social and environmental provisions (liabilities) for 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012 is 0.0%, 0.0%, 0.0%, 0.0%, 0.0%, 0.0%, 0.0% and 0.0% respectively meaning that nothing was disclosed on social and environmental provisions (liabilities), indicating that the level of environmental reporting is low in Nigeria.

From the result in figure 5.7, the percentage of government and other incentives related to environmental protection received for 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012 is 0.0%, 0.0%, 0.4%, 0.4%, 0.4%, 0.4%, 0.4% and 0.4% respectively indicating that the level of environmental reporting is low in Nigeria.

The percentage of social and environmental liabilities and contingent social and environmental liabilities for 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012 is 0.0%, 0.0%, 0.0%, 0.0%, 0.0%, 0.0%, 0.0% and 0.0% respectively meaning that nothing was disclosed on social and environmental liabilities and contingent social and environmental liabilities, indicating that the level of environmental reporting is low in Nigeria.

From the result in figure 5.8, the percentage of award received for 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012 is 0.0%, 0.0%, 0.0%, 0.0%, 0.0%, 0.0%, 0.4% and 0.8% respectively indicating that the level of environmental reporting is low in Nigeria.

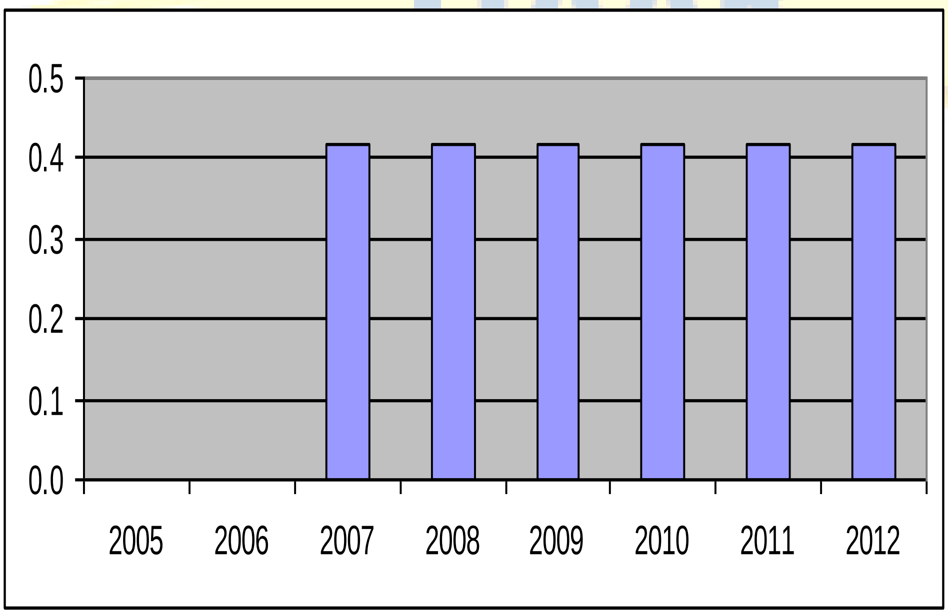

Figure 5.7: Percentage of Government and Other Incentives Related to environmental Protection Received

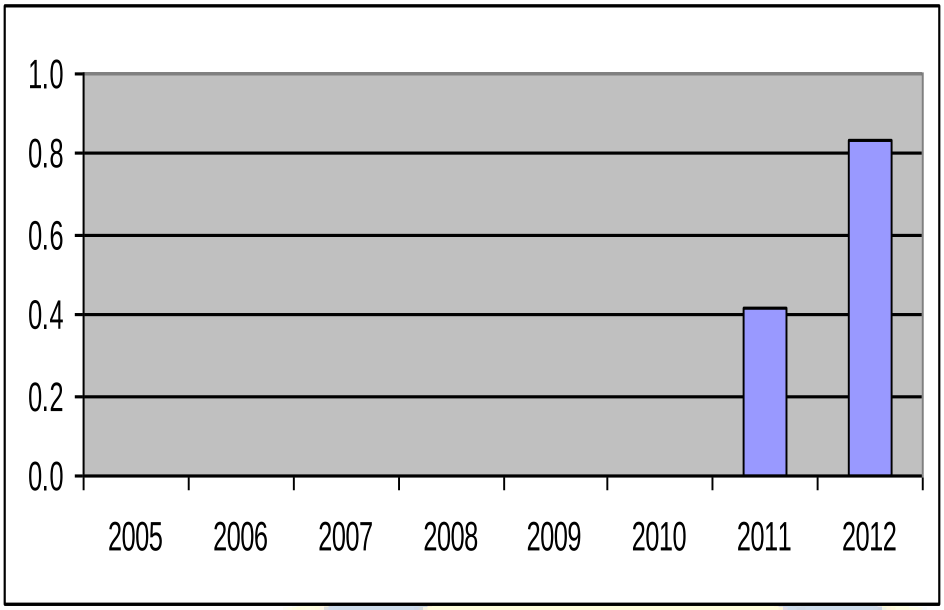

Figure 5.8: Percentage of Award Received

The percentage of emissions trading for 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012 is 0.0%, 0.0%, 0.0%, 0.0%, 0.0%, 0.0%, 0.0% and 0.0% respectively meaning that nothing was disclosed on emissions trading, indicating that the level of environmental reporting is low in Nigeria.

Figure 4.9 represent environmental reporting in aggregate, the aggregate reporting for 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012 is 8.8%, 10.8%, 19.6%, 22.1%, 25.4%, 28.8%, 33.3% and 37% respectively.

Despite the commitment through the Kyoto Protocol that by 2005, nations should have made demonstrable progress to promote sustainable economic development, the aggregate value of disclosure is far below the average, indicating that overall the level of environmental reporting is not high in Nigeria.

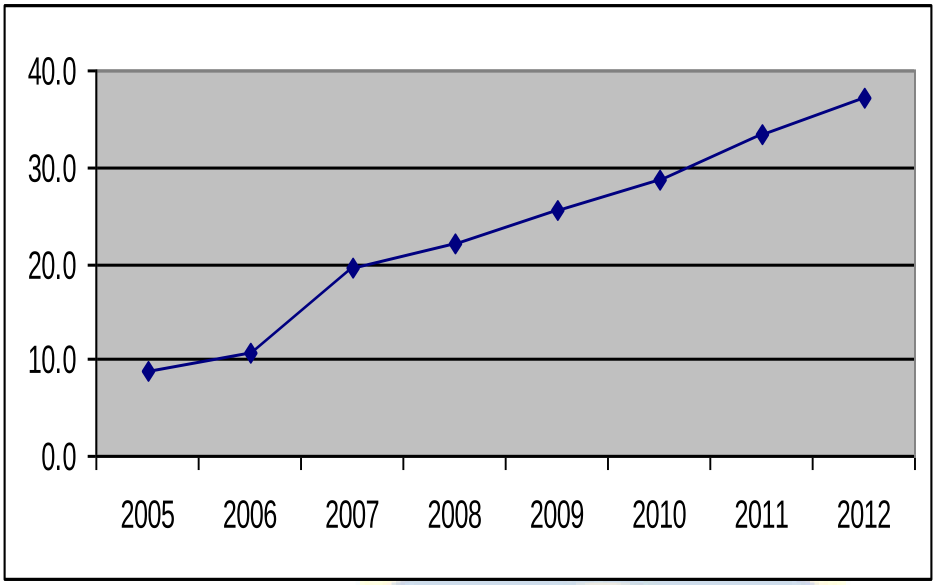

Figure 5.9: Percentage of Aggregate Environmental Reporting

6 DISCUSSION

6.1 Discussion on Findings

The study examined the level of environmental accounting. Several variables was examine from audited annual reports of companies based on Global Reporting Initiative and Global Environmental Management Initiative vis-à-vis Separate environmental report; environmental protection measures; Eco-efficiency indicators; Policy, programmes, activities and certifications; Environmental & social research & development; Environmental report audit; Compliance with environmental regulation; Social and environmental Provisions; Government & other incentives related to environmental protection received; Details of social and environmental liabilities & contingent socio-environmental liabilities; Award received; and Emissions trading. From the results obtained in figure 5.1 to 5.8 the level of environmental accounting in Nigeria companies is approaching average level. Also, figure 5.9 reveal revealed that the aggregate environmental reporting is 37%. It was evidence that the level of environmental accounting is not high in Nigeria firms. This may due to weak governmental regulation, absence of organized pressure group and consumer awareness to redirect and influence corporate behaviour.

7 Conclusion

The context in which this study is placed is of supreme importance. It revolves around issues of moral choices and ethical behaviour. The world is facing an impending crisis brought about by climate change. There has being a very strong linkage of climate change with industrial activities. There is little dispute now, if we continue to 'business as usual', there will be, in the latter part of this century, massive destabilization of the global geo-political and economic system. Massive potential changes, economic downturns equal or greater to what was witnessed in the fiscal crisis of 2008-2009 are easy to foresee. It is likely because we can predict with some certainty that populations will rise, that sea levels will rise, that rainfall patterns will change, that deserts will increase in size, and therefore that the proportion of fertile land left to sustain this growing global population will diminish. This is likely to result in natural capital.

This study concludes that most companies in Nigeria majorly disclose information related to socio-community development, products, consumers and employees. It was observed that the social and environmental reporting of these companies contains little quantifiable data. This provide further evidence that environmental reporting in Nigeria is still very ad-hoc, general and self-laudatory in nature. This provides some preliminary evidence that environmental reporting in Nigeria represent attempts by companies to improve their corporate image and present themselves as responsible corporate citizens. Conclusively, to guarantee sustainability and enhance eco-efficiency these findings imply that some form of regulatory intervention is crucial as voluntary disclosure alone is not enough to result in a high quality and sufficient levels of environmental accounting.

7.1 Limitation and Recommendation for Future Study

Based on the objectives of this study, secondary data was considered and the analysis was limited only to descriptive analysis in order to understand the level of environmental accounting a combination of Global Reporting Initiative and Global Environmental Management Initiative vis-à-vis Separate environmental report; environmental protection measures; Eco-efficiency indicators; Policy, programmes, activities and certifications; Environmental & social research & development; Environmental report audit; Compliance with environmental regulation; Social and environmental Provisions; Government & other incentives related to environmental protection received; Details of social and environmental liabilities & contingent socio-environmental liabilities; Award received; and Emissions trading was used. Therefore, this study recommends the introduction of primary data gathered by the use of questionnaire and interview and the use of inferential statistics. Also, the study only focused on manufacturing companies without consideration to other non-manufacturing companies such as companies in the financial sector. It is believe that study on companies in the financial sector with a view to validate and increase the generalization of the finding obtained in this study.

In line with the findings of this study, the following recommendations are made: there is need for stakeholder engagement which is a well accepted corporate practice that helps inform business decision making by taking into account potential impact on, and influence of, different groups of people. Engaging stakeholders in dialogue on the environmental elements of the business helps accountants determine the materiality of the issues and whether they create risks to or opportunities for the sustainability of the business which should be disclosed. This process does not abrogate any decision making from the business owners. Understanding the needs and interests of stakeholder groups should also ensure that any reporting will meet those needs; statutory disclosure of social and environmental information is fast becoming the practice in the developed nations, the Federal Ministry of Environment and other regulatory agencies in Nigeria, should formulate statutory requirements for corporations to comply with. This will facilitate environmental accounting and general corporate social responsibility to enhance society and environment; global, national and industry specific voluntary codes have been developed to encourage businesses to adhere to certain standards. The Financial Reporting Council of Nigeria should accommodate the growing awareness in social environmental accounting and formulate disclosure requirements; as part of activities toward ensuring sustainable business practice, both Securities and Exchange Commission (SEC) and Nigerian Stock Exchange (NSE) should mandate companies to establish environmental, social, health and safety committee. This will enhance sustainable development and general corporate social responsibility.

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