



**FAKULTAS EKONOMI
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THESIS

**THE DEVELOPING OF ENVIRONMENTAL MANAGEMENT
ACCOUNTING (EMA) IN PT. NUSANTARA BETA FARMA**

**Submitted in partial fulfillment of the requirement for Undergraduate
degree in economics**

by:

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ABSTRACT

This research develops new model of environmental accounting based on IFAC (International Federation of Accountants) Guidance that is called Environmental Management Accounting (EMA). It investigates the environment-related activity cost that appears within the company's operation. There are three main cost categories as monetary information used in this research based on EMA Approach by IFAC which are materials cost of Product Outputs, Material Costs of Non Product Outputs and Waste and Emission Control Cost – during its current operations. The research has resulted in the information of environment-related activity cost of PT. Nusantara Beta Farma in the year 2008. This result is hoped to be beneficial for the management of the company about any opportunities reducing the environment-related activity cost in the future as well as saving the earth. In addition, it is also hoped that this research, which is conducted in an economically and culturally different context from all existing research can contribute towards the next research to be conducted regarding to environmental accounting.

Keywords: environmental accounting, environmental management accounting, IFAC Guidance, monetary information, cost categories, environment-related activity cost, non product outputs.

CHAPTER I

INTRODUCTION

1.1. Background

Environmental issues – along with the related costs, revenues and benefits – are of increasing concern to many countries and people around the world. Evidence suggests that a focus on the triple bottom line: economic, social and environmental issues resulted in advantages in financing, insurance, marketing, regulatory treatment, and other areas. Business today is not just about selling a product or service to a customer around the corner. In the rapid evolution to a global-market place, having a set of common rules is critical to facilitating trade. At the same time, these rules have to be flexible enough to be applicable to companies all over the world (Caraiani, 2004).

As mentioned above, environment is very important for company's sustainability. It is because a company is a living entity that interacts directly to its environment. Why should a company care about environment? It is because our earth is a fragile planet with limited resources. And companies always use those resources for its operation. Then, it must consider that if the resources are getting empty, it will directly influence to companies' sustainability. Beside, the operation of companies often gives impact to environment such as pollution and emissions.

Another reason the company should care about environment is back to the concept of sustainability which requires recognition that humanity must live

together within the limits of our planet's overall resources and carrying capacity. Sustainable development is defined as dealing with economic, environmental and social issues (such as employment, education, and cultural issues) in a way that meets both present and future human needs without compromising the viability of the natural earth system we depend on (IFAC, 2005). Also, many internal and external stakeholders are showing increasing interest in the environmental performance of organizations, particularly private sector companies.

Nearly all aspects of business are affected by environmental pressures in recent years, including accounting. From an accounting perspective, the initial pressures were felt in external reporting, including environmental disclosures in financial reports and/or the production of separate environmental accounts. Much has been written about the nature and quality of these accounts (Gray and Bebbington, 2001). However, environmental issues cannot be dealt with solely through external reporting. Environmental issues need to be managed before they can be reported on, and this requires changes to management accounting systems.

There is a growing consensus that conventional accounting practices simply do not provide adequate information for environmental management purposes. In an ideal world, organizations would reflect environmental factors in their accounting processes via the identification of the environmental costs attached to products, processes, and services. Nevertheless, many existing conventional accounting systems are unable to deal adequately with environmental costs and as a result simply attribute them to general overhead accounts. Consequently, managers are unaware of these costs, have no information with which to manage

CHAPTER V

CONCLUSION

5.1 Conclusion

Based on the discussion in previous chapters, the author took some conclusions which are:

1. Environmental Management Accounting is the management of environmental and economic performance through the development and implementation of appropriate environment-related accounting systems and practices. It is broadly defined to be the identification, collection, analysis and use of two types of information for internal decision making that are physical information and monetary information. It is complementary to the conventional financial management accounting approach, with the aim to develop appropriate mechanisms that assist in the identification and allocation of environment-related costs.
2. EMA is appropriate to be developed and applied in PT. Nusantara Beta Farma as it is one of manufacturing industry which operations has always been giving impact to environment. However, PT. Nusantara Beta Farma has not implemented EMA yet. It still uses conventional accounting system and approach towards its operations. Nevertheless, PT. Nusantara Beta Farma is already concern about environmental impact it creates from its production by doing some efforts to control and treat any environmental impact from the material Inputs and outputs.

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