

# Research on Development Strategy of Environmental Accounting in China

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## Abstract

With the development of economy, if we want to take the road of sustainable development in our country, we must develop environmental accounting. Based on the definition of environmental accounting, this paper explores the necessity of implementing environmental accounting in China from three perspectives, analyses the problems existing in the process of implementing environmental accounting in China, and puts forward some suggestions to promote the development of environmental accounting. At present, accelerating the development of environmental accounting meets the requirements of the times, and has far-reaching significance for the economic development of our country.

## Keywords

Environment accounting; Development strategy; Research.

## 1. INTRODUCTION

For a long time in the past, China has regarded economic construction as the focus of development work, so the work of environmental protection has been neglected. With the improvement of people's living standards, the importance of environmental protection has been more recognized and valued, and environmental accounting theory has emerged as the times require. In order to better adapt to the requirements of the new normal economic development, it is necessary to study the future development strategy of environmental accounting in order to coordinate economic construction and environmental protection, avoid excessive negative impact on the ecological environment while developing the economy, and promote the healthy development of our economy.

## 2. SUMMARY OF ENVIRONMENTAL ACCOUNTING

Environmental accounting is a new subject which takes currency as the main measurement unit and takes relevant laws and regulations as the basis to record and measure the cost and cost of environmental prevention, pollution and development, to measure, report, maintain and develop the benefits of the environment reasonably, and finally to evaluate the financial impact of environmental performance and activities on enterprises comprehensively. It combines environmental economics with accounting, and finally achieves the goal of coordinating economic development with environmental protection through value management. Environmental accounting arises from adapting to economic development. Taking full account of the development of the times, it will take into account the whole social operation, consumption and the corresponding ecological cycle in accounting to prevent overdraft in time.

### **3. NECESSITY OF DEVELOPING ENVIRONMENTAL ACCOUNTING**

#### **3.1. Establishing Environmental Accounting is the Need of Implementing the Strategic Target of Sustainable Development**

Reasonable use of natural resources on the basis of meeting the needs of current economic development and not damaging future interests is the main content of the strategic objective of sustainable development. Therefore, in order to change the economic development based on high energy consumption, environmental accounting must be established to promote the development of economic structure towards low carbon and environmental protection.

#### **3.2. Establishing Environmental Accounting is the Need of Accounting Reform and Development in China**

There is a close relationship between economic development and the choice of accounting mode. At the same time, China's accounting system is constantly innovating and changing. From traditional accounting, management accounting, human resources accounting to environmental accounting today, the strengthening of environmental awareness requires the establishment of a low-carbon, environmental protection-centered economic development model, with low-carbon and environmental protection as the core. The trend of economic development provides favorable support for the development of environmental accounting.

#### **3.3. Establishing Environmental Accounting is the Need to Strengthen the Internal Environmental Management of Enterprises**

Faced with the situation of over-reliance on natural resources in the process of enterprise development, it is of great significance to apply environmental accounting to the internal management of enterprises. This measure can promote the transformation of economic development mode of enterprises, add environmental costs into the cost expenditure system of enterprises, thus promoting the transformation of economic development mode of enterprises at the cost of destroying the environment, and ultimately improve economic development overall benefits.

### **4. PROBLEMS IN THE DEVELOPMENT OF ENVIRONMENTAL ACCOUNTING IN CHINA**

#### **4.1. Imperfect Laws and Systems Related to Environmental Accounting**

Facing the increasingly serious environmental problems, the laws and policies related to environmental protection are gradually increasing, but few of them are related to environmental accounting. In the existing environmental accounting laws and policies, there are more rules and regulations, fewer regulations. The imperfection of the relevant laws and systems of environmental accounting makes it vulnerable. Many enterprises in China choose to conceal the behavior of polluting the environment, let alone disclose the environmental accounting information. And because the relevant legal system is not strict and clear, lack of due supervision mechanism, even if the enterprise has caused serious damage to the environment, it will not be subject to specific and serious punishment, so the profits achieved by the enterprise causing environmental damage are enough to balance the punishment of the enterprise. It can be seen that the laws and systems have not played a warning role, so that the original effective laws become null and void. The construction of environmental accounting system should be guaranteed by relevant legal systems that are compatible with environmental accounting system.

#### **4.2. Enterprise's environmental responsibility consciousness is not strong, and the concept of environmental accounting is not fully established**

Nowadays, most enterprises judge their business performance from the perspective of rights and interests. In the process of economic development of enterprises, whether the interests of social environment are infringed or not is not taken into account. There are short-term conflicts of interest in environmental protection and economic development in the production process. In addition, the public does not know much about the newly developed environmental accounting. Some enterprises pay less attention to and demand for environmental accounting. Although the value of environmental accounting has been gradually recognized by some enterprises, most enterprises will not actively disclose their own environmental accounting information. Generally, they do not attach enough importance to environmental protection. The lack of pressure and demand for implementing environmental accounting hinders its further development.

#### **4.3. Lack of theoretical research and practical operation of environmental accounting**

In our country, the research on the theory and practice of environmental accounting is insufficient, and there are few valuable achievements. The object of environmental accounting is very complex. Enterprises are not standardized and scientific in confirming, measuring, reporting and disclosing accounting information. There are many theoretical studies on the object, goal and basic hypothesis of environmental accounting. However, there are few practical operational studies on how to combine environmental accounting with other disciplines' technology and methods, and sometimes there is a lack of research on the formulation of accounting standards. Moreover, there is a lack of systematic analysis and summary of the information and value provided by existing environmental accounting methods and tools. The overall framework has not yet been formed, which also hinders the further development of environmental management accounting practice and the development of environmental accounting.

#### **4.4. Lack of Environmental Accounting Professionals**

The main research field of environmental accounting in China is too small, and there are few specialized training institutions for environmental accounting, which results in the lack of talents who can really use environmental accounting, and the difficulty of implementing environmental accounting in enterprises is increasing. Although many universities have set up accounting specialty, the single and unbalanced knowledge structure makes it unable to develop with the change of economic environment. On the other hand, most accountants are focused on the study of accounting, auditing, tax law, finance and other professional knowledge. They seldom pay too much attention to and study the frontier disciplines such as environmental science and biology. Due to the limitation of knowledge level, it is inevitable that the accounting data of measurement will be out of touch with the reality, which may lead to the false accounting information of environment. The cost of training environmental accounting talents by enterprises themselves is higher and the opportunity cost is higher. Considering the vital interests of enterprises, enterprises will give up improving the environmental accounting literacy of employees, which has become an obstacle to the implementation of environmental accounting in enterprises.

## **5. SUGGESTIONS ON IMPROVING THE LEVEL OF ENVIRONMENTAL ACCOUNTING IN CHINA**

### **5.1. Establishing and Perfecting Environmental Accounting Standards and Accounting System**

The state should formulate relevant laws, regulations and regulations for environmental accounting, and promote the development of environmental accounting by improving the top-level design. Through reasonable setting of the position of environmental accounting standards, specific and complete standards and regulations are formulated, so as to increase the practicability and operability of environmental accounting. At the same time, in order to promote the development of environmental accounting, we should also strengthen interest supervision. In addition, we should improve the disclosure system of environmental accounting information, so as to strengthen social attention and supervision, so as to promote the better development of environmental accounting under the new normal economy.

### **5.2. Enhancing the Consciousness of Enterprise's Environmental Responsibility and Establishing the Idea of Environmental Accounting**

With the continuous progress and development of the whole society, the implementation and development of environmental accounting is not only an accounting issue, but also closely related to environmental and social issues. It must be highly valued by the whole society, so that enterprises can establish the concept of environmental accounting. The public should supervise enterprises, give full play to the role of mass media in publicity, exert pressure on enterprises through mass media, make them take the initiative to assume social responsibility for environmental protection, and minimize the degree of environmental pollution caused by business activities. The government should increase the promotion and education of environmental accounting so that the whole society gradually accepts environmental accounting and realizes its importance, so that the relationship between environmental protection and economic development can be well coordinated, and environmental accounting will be more effectively implemented to achieve the goal of win-win.

### **5.3. Strengthen the Study of Environmental Accounting Theory and Practice**

Environmental accounting has a history of more than 30 years in developed countries and has been tried in practice, but it is still in its infancy in China. We should strengthen academic exchanges with advanced countries, actively draw lessons from foreign research results, and proceed from the actual situation of our country, organize deep-seated research in the fields of environmental science, resource science, ecology, economics and accounting. Establish a diversified environmental accounting system, seek new breakthroughs in the measurement link, and measure and calculate environmental costs around such value indicators as loss cost of resources and environment, recovery and regeneration cost, loss cost, opportunity cost, protection cost and improvement of income. Special research institutions can be set up to conduct theoretical research on environmental accounting, pay attention to interdisciplinary research, apply theoretical results to practical operation, and deal with practical application problems of enterprises as quickly as possible. We can solve small-scale problems in pilot areas first, and then transit to all enterprises step by step.

### **5.4. Strengthen Personnel Training and Improve Overall Quality**

The development of environmental accounting in China is not mature. While introducing advanced western scholars, it is more important to strengthen the training of domestic talents, so that domestic talents can be sent abroad for academic exchange and learning. The state should train the decision-making and management levels of enterprises, especially the accountants on duty, in environmental accounting, increase educational investment, support

colleges and universities to increase the elective courses of environmental accounting, enhance the knowledge reserve of environmental accounting for college students, and make adequate preparations for the talent reserve of environmental accounting. At the same time, we should strengthen the knowledge of accounting and other interdisciplinary disciplines, possess the basic theory and methods of environmental accounting, properly handle the financial impact of environmental problems and environmental performance evaluation, so as to promote the development of environmental accounting.

## 6. CONCLUSION

In summary, there are still many problems in the future development of environmental accounting in China. In order to promote its rapid development, it is necessary to establish and improve environmental accounting standards and systems, enhance the awareness of corporate environmental responsibility, establish the concept of environmental accounting, strengthen the theoretical and practical research of environmental accounting, strengthen personnel training and improve the overall quality. Only in this way can environmental accounting develop better and faster in China.

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