

Problems and Suggestions of Corporate Green Accounting Information Disclosure Under Low Carbon Economy

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Abstract: With the continuous deepening of the concept of sustainable development in modern society, the accounting requirements of agricultural and animal husbandry enterprises are increasing under the background of low carbon economic growth. In the face of the increasingly prominent environmental issues, it is imperative to focus on the development of green accounting and improve the accounting information disclosure level of agricultural and animal husbandry enterprises on the whole. Through analyzing the issues in green accounting information disclosure of agricultural and animal husbandry enterprises under the low carbon economy, we have a clearer understanding of the green accounting information disclosure of agricultural and animal husbandry enterprises, which is conducive to proposing countermeasures that can improve the level of environmental information disclosure from its roots.

Keywords: Green accounting; Agricultural and animal husbandry enterprises; Information disclosure

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1. Introduction

With the increasingly prominent environmental issues, the low-carbon economy, as a general development trend in China and even worldwide, plays an extremely critical role. At present, the agricultural and animal husbandry enterprises in China must change their industrial structure, from extensive production and operation to a sustainable, low carbon economic development mode. As a major agriculture and animal husbandry country, China needs to pay more attention to the balance between the economic development and environmental protection of agricultural and animal husbandry enterprises, especially for extensive management and large-scale breeding. This paper draws on relevant empirical research and case analysis of agricultural and animal husbandry enterprises to investigate the problems in green accounting information disclosure of agricultural and animal husbandry enterprises, so as to improve the former.

2. Overview of green accounting information disclosure theory under low carbon economy

Green accounting, also known as environmental accounting, primarily refers to information relating to environmental protection, environmental governance, environmental development, and other information reflected in financial statements in the form of currency, so as to evaluate the impact of the environment on the economic activities of enterprises ^[1-3].

Under the background of low carbon economy, green accounting information disclosure not only measures whether the internal and external economic benefits of enterprises are balanced or not, but also truly reflects the profitability of enterprises, which is conducive to public supervision. Through green accounting information disclosure, enterprises need to reflect environmental costs and other information in their financial statements, which can prevent enterprises from making inflated profits. At the same time, the governance layer and management can have a more comprehensive understanding of the economic environment of enterprises and make scientific and effective decisions, so that related products or services can be integrated with the concept of international accounting, thus enhancing the core competitiveness of enterprises in regard to global products or service sales. A clear theoretical overview of green accounting information disclosure is the prerequisite for understanding its main problems. Therefore, it is of significance to understand the green accounting information disclosure theory.

3. Problems existing in the implementation of green accounting information disclosure in agricultural and animal husbandry enterprises under the low carbon economy

The problems existing in the green accounting information disclosure of agricultural and animal husbandry enterprises can be divided into internal and external factors. Internal factors refer to problems such as low disclosure initiative and degree of information quantification, while external factors are mainly caused by poor supervision and lack of talents, which are the components of agricultural and animal husbandry enterprises that require further improvement ^[4].

3.1. Poor initiative of green accounting information disclosure of agricultural and animal husbandry enterprises

With the rapid development of rural Chinese and western economy, the income level of Chinese agricultural and animal husbandry enterprises is improving steadily. However, driven by interests and lack of environmental awareness, agricultural and animal husbandry enterprises often discharge untreated sewage into water bodies, large amounts of straw burning, and other pollutants; these behaviors have seriously harmed the ecosystem. At the same time, since environmental information is not directly involved in enterprise financial information and agricultural and animal husbandry enterprises are set apart from other chemical and manufacturing enterprises, investors tend to pay more attention to enterprise financial information, overlook the impact on the environment, and are less likely to take the initiative to disclose this information. In 2020, the China Environmental Responsibility Information Disclosure Evaluation Report (2020), issued by China Environmental Journalists Association and Beijing University of Chemical Technology, evaluated 18 industries, and released a level 1 primary index score for the environmental information disclosure of various industries.

3.2. Low level of negative information disclosure on pollution discharge and waste treatment of agricultural and animal husbandry enterprises

According to Wang Ying, the green accounting information of agricultural and animal husbandry enterprises can be disclosed in an all-round and multi-angle way in accordance with the logical idea of “concept-measures-facilities-costs” ^[15]. Dong Shulan, Yan Wei, and other scholars have investigated the information disclosure of nearly 30 listed companies and reached a relatively unified conclusion; they found that most agricultural and animal husbandry enterprises have a low level of negative information disclosure, including pollution discharge and waste treatment ^[3]. Excluding ST enterprises and those that have been delisted, 12 listed agricultural and animal husbandry enterprises were selected, and the relevant environmental information disclosure in 2017 was scored, accordingly. Among them, a single score is required for each environmental information. If the enterprise does not disclose any information, it is not

scored; it is scored 1 if the enterprise simply describes it via written disclosure, 2 if the enterprise makes quantitative disclosure, and 3 if the enterprise adopts monetary disclosure along with financial information.

4. Analysis of the problems in green accounting information disclosure of agricultural and animal husbandry enterprises under low carbon economy

In view of the above problems existing in green accounting information disclosure of agricultural and animal husbandry enterprises, the causes have been analyzed, concluding that agricultural and animal husbandry enterprises lack mandatory constraints on green accounting information disclosure as well as supervision and audit of environmental information disclosure. These are the main obstacles faced by agricultural and animal husbandry enterprises in green accounting information disclosure ^[5-8].

4.1. Agricultural and animal husbandry enterprises lack mandatory constraints on green accounting information disclosure

Article 5 of Environmental Information Disclosure Guidelines for Listed Companies issued in 2010 specifies that environmental information disclosure is mandatory for heavy polluting industries and listed companies must issue yearly environmental reports; if sudden environmental events occur or a company is subjected to major environmental penalties, temporary environmental reports should be issued. At the same time, listed companies in other industries are encouraged to disclose corporate environmental information with reference to the guidelines ^[9,10]. According to the Overall Plan for Ecological Civilization System Reform issued by the CPC Central Committee and the State Council in 2015, the capital market should establish a mandatory environmental protection information disclosure mechanism for listed companies ^[11].

Since they are not compelled to disclose environmental information, most enterprises would voluntarily disclose environmental information, resulting in a disparity in the level and quality of corporate information disclosure across different industries, which is not conducive to the development of industry and government supervision. At the same time, since the agriculture and animal husbandry is a non-heavy polluting industry, the requirements for environmental information disclosure are only voluntary acts, and there are no corresponding provisions to enforce disclosure. Hence, these enterprises can disclose environmental information selectively ^[12]. Even if green accounting information is not disclosed, it does not affect the development space of enterprises in the market ^[13].

4.2. Loose supervision and audit of the environmental information disclosure of agricultural and animal husbandry enterprises

According to the Environmental Responsibility Information Disclosure Report of Chinese Listed Companies (2018), released by China Environmental Journalists Association and Beijing University of Chemical Technology, the reports used by enterprises for environmental information disclosure are rarely reviewed by a third party; hence, they lack credibility ^[14]. The supervision and audit of green accounting information are methods to improve the environmental information disclosure of agricultural and animal husbandry enterprises. However, due to the lack of effective supervision and management procedures in China, green accounting information also lacks accuracy, authenticity, and integrity ^[15].

5. Suggestions for improving the green accounting information disclosure of agricultural and animal husbandry enterprises under the low carbon economy

In short, not only are there gaps in China's green accounting information disclosure system, but the external regulatory environment also needs to be improved ^[16]. However, both the general method and the specific suggestions are only theoretical measures; there are still challenges in putting them into practice. Therefore, we intend to make a breakthrough in terms of practicality ^[17].

5.1. Strengthen the measurement of green accounting information in agricultural and animal husbandry enterprises

According to the environmental information disclosure guidelines issued by the Central Committee of the Chinese Communist Party and the State Council, the normative requirements for the ecological civilization system reform plan are mainly for heavy polluting industries, such as manufacturing, chemical, and other industries. The agricultural and animal husbandry industry is different from heavy polluting industries^[18]. For example, the environmental cost of biological assets of agricultural and animal husbandry enterprises is largely affected by environmental changes, such as season and weather. Therefore, the total emissions, waste treatment, and other indicators are not necessarily applicable to agricultural and animal husbandry enterprises, which may mislead the decision-making effectiveness of external information users.

5.2. Improve the supervision and management mechanisms of green accounting information disclosure in agricultural and animal husbandry enterprises

The annual report of agricultural and animal husbandry enterprises and the self-evaluation report of internal control are reviewed and issued by relevant audit institutions, but their green accounting information disclosure is not supervised or inspected by relevant institutions or departments. Therefore, China should establish a separate reporting system, encourage agricultural and animal husbandry enterprises to issue separate green accounting information disclosure reports, as well as improve the audit and supervision mechanisms of environmental and social and economic responsibility reports, which will eventually improve the standardization of green accounting in China^[19].

Relevant departments and institutions should pay special attention to green accounting information disclosure. First, for major accounting firms, it is necessary to conduct strict audit and measurement of environmental benefits produced by agricultural and animal husbandry enterprises as well as engender them fair to ensure reliable and objective accounting information that meet the needs of the public. Second, accounting firms should provide professional guidance to ensure correct information disclosure. Finally, certified public accountants (CPAs) should reflect the quality of green accounting information disclosed in the financial statement audit. For relevant departments, a standard information disclosure rating system or integrity record system should be established. The information disclosure rating system should be extended to the Shanghai Stock Exchange to realize the comprehensive rating of listed companies; additionally, comprehensive disclosure rating indicators should be established; regulators should also be held responsible for rating the quality of listed companies at the end of the year in terms “excellent,” “good,” “qualified,” and “unqualified”^[20]. Listed companies who fail to comply to the standards of information disclosure may receive a light warning, public warning, or a restriction to credit financing, or even forcibly delisted.

Disclosure statement

The authors declare no conflict of interest.

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