Ecological Crisis and Urgency of Green Accounting *

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In the last decade, there has been a demand from some circles that the Indonesian Institute of Accountants (IIA) and the regulatory authority of accounting to immediately reform the principles, conceptual framework and conservative accounting standards underlying the accounting practices of corporate entities so far as it is considered not environmentally friendly and has caused a crisis a very serious ecology. Accounting practice is considered to be neglectful and misguided in the accounting treatment of objects, events or social and environmental transactions relating directly or indirectly to the corporate entity.

Accounting was also accused of contributing to the escalation of escalation of environmental damage and ecological crisis and social crisis. The reason, because the financial statements that are the output of the accounting process and the basis of consideration in the assessment and decision-making of the parties only provide financial accounting information, while social and environmental accounting information tends to be ignored or misguided in accounting treatment, recording and reporting information. This leads to the judgments and decisions made by the users of accounting information, especially regarding social and environmental aspects, to be erroneous or misguided.

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Therefore, some circles then demand that the principles, conceptual framework and accounting standards and regulations underlying accounting practices so far need to be reformed in a more environmentally friendly direction. The concept of Green Accounting or Sustainability Accounting is proposed as a solution to overcome the limitations or weaknesses of conventional accounting. The new concept in the world of accounting is essentially based on the values of love to the environment of the universe and fellow human beings in the accounting process. This concept is expected to soon be developed and applied in accounting practices of corporate, state or government entities, and households (Greenham, 2010).

In essence, Green Accounting integrates recognition, measurement of value, recording, summary and reporting on aspects of financial, social and environmental accounting information in the accounting process. The objective is to produce an integrated, relevant, reliable and useful accounting information for the parties to judgment and decision making. Green Accounting is expected to replace conservative accounting practices that have been considered to have many fundamental limitations or weaknesses. This paper deals specifically with the urgency and reform towards Green Accounting in Indonesia.

Urgency of Green Accounting

Reform and transformation of conservative accounting or conventional accounting that focuses on financial accounting to Green Accounting that focuses on reporting environmental accounting information, social accounting and financial accounting in an integrated accounting reporting package is felt increasingly important and urgent. There are several underlying crucial reasons.

First, just like other countries, Indonesia is also facing a serious and frightening ecological or environmental crisis. The crisis has caused a variety of ecological disasters and social disasters that are very detrimental and threaten the sustainability of human life. Climate change and global warming and environmental degradation have caused many natural disasters, social disasters and serious economic disasters. These disasters have also caused an energy crisis and scarcity of resources, poverty, poverty, social inequality and increasingly serious human suffering.

In general, a number of literature says that the main cause of the crisis is due to the behavior of greed and greed of the state, corporations and the public at large in building the economy and encouraging the progress of the country. The crisis is triggered and driven by the desire of the government and economic actors to increase economic growth and profit maximize (profit maximize). The motive has also encouraged state leaders and economic actors to behave greedy and greedy. They exploit natural resources and social resources, and damage the environment (Elkington, 2001; Gore, 2013).

In particular, accounting is also accused of encouraging such bad behavior. Accounting is blamed for triggering ecological and social crises as it encourages countries and business-economy actors to behave greedy and greedy in economic activity. The reason is that the accounting principles and standards underlying the conventional accounting practices of corporate and state entities have neglected the recognition, measurement of values, recording and reporting of information and disclosure of social and environmental accounting information in the reporting of accounting information. Recognition, measurement of value and recording and accounting reporting of objects, events, phenomena or social and environmental transactions related to corporate entities tends to be ignored (Munders and Burritt, 1991; Thornton, 2013).

Similarly, the accounting treatment of the economic and non-economic sacrifices for social and environmental responsibility activities (SER) as well as the economic and noneconomic benefits (costs, risks, benefits) of SER activities also tend to be misguided. As a result, accounting information presented in financial reporting and annual reporting tends to mislead users in risk evaluation and performance appraisal as well as in operational and strategic decision making (Lako, 2016c). Therefore, the conventional accounting and transformation of accounting into Green Accounting is urgent and is expected to be the best solution to solve the ecological crisis and social crisis that threaten Indonesia's sustainability.

Secondly, in July 2007 the House of Representatives passed the Act No. 40 Year 2007 regarding Limited Liability Company (UUPT). Article 74 states that a Limited Liability Company that carries out its business activities in the field and or related to natural resources is obliged to carry out social and environmental responsibility (paragraph 1). Such responsibility is the obligation of the company to be budgeted and calculated as the cost of the company whose execution is carried out by considering the properness and fairness (paragraph 2). For companies that do not implement it will be subject to sanctions in accordance with applicable legislation (paragraph 3). While Article 66 states that all companies are required to present information on the performance of social and environmental responsibility (SER) in the Annual Report of the Board of Directors to the General Meeting of Shareholders (GMS). In April 2012, the Government has issued Government Regulation No.47/2012 on the Implementation of Corporate Social and Environment Responsibility (CSER). With the Goverment Regulation, since 2012, CSER has become the obligation of the company budgeted and calculated as the cost of the company and carried out periodically and accounted for its performance to the public (Lako, 2015b).

Empirical facts show that after the Company Law was passed by the House of Representatives in July 2007, many companies began to care and implement mandatory CSER as well as carry out voluntary corporate social responsibility (CSR). Many public and private corporations are beginning to commit themselves to carry out CSER and CSR on an ongoing basis and report the information in the Annual Report of the Board of Directors. Also, in addition to the number of companies implementing CSER and CSR continues to increase, the extent of disclosure of their information in the Annual Report and Sustainability Report is also increasing. CSER and CSR have even been recognized as a core need of corporations in relationships with stakeholders and a strategic investment for corporations growing in business (Lako, 2015b). Many corporations have also made CSER and CSR an integral part of a good corporate governance (GCG) system.

The obligation of CSER as a company's liability should have serious consequences for the change of the conceptual framework and accounting standards and accounting practices, especially regarding the recognition, measurement of value, recording, and summarizing information on the objects, transactions, events, costs, efforts and benefits of CSER and CSR, its information in accounting reporting. However, up to now, the IAI response or accounting profession towards the sacrifice of economic and noneconomic resources to implement CSER and CSR activities is still very conservative (Lako, 2015c). Why so?

The answer is that sacrifices for CSER and CSR activities are generally recognized and treated as a periodic expense that reduces liquidity, profit, tax expense and shareholder equity. On the other hand, a number of the economic and noneconomic benefits (benefits) that corporations derive from the implementation of CSER and CSR are not recognized, measured, reported and disclosed in accounting reporting. In fact, empirically many research findings have shown that sacrifices to implement CSER and CSR bring many economic and noneconomic benefits or blessings abundantly for corporations (Lako, 2015c). These sacrifices improve the performance and value of the company (Lako, 2015b).

Therefore, many people consider that the accounting information presented in the annual financial reporting and reporting so far is not reliable and relevant. The accounting report is considered to have misled many parties in the evaluation and assessment of the performance, risk, return and prospects of corporate sustainability, as well as in the consideration of economic and noneconomic decision making. The reason, because of misunderstanding in accounting treatment, measuring the value and reporting of accounting information on the costs-benefits of CSER and CSR. Therefore, the emergence of encouragement from a number of businessmen and academics that IAI immediately develop and apply Green Accounting in order to present financial, social and environmental accounting information as a whole, integrated and sustainable in one accounting reporting package. Such integrated reporting, in addition to making financial reporting, annual reporting and sustainable reporting more relevant, reliable and rewarding, will also contribute greatly to joint efforts to overcome the ecological crisis and social crisis.

Third, post-Earth Summit 20 + in Rio de Janeiro in June 2012, where Indonesia has played an active role in formulating "The Future We Want" document and Green Economy concept to support the realization of Sustainable Development and Elimination of Poverty, in recent years Government and perpetrators the economy is intensively campaigning for green economy (green economy) and green business in economic and business practices. In practice, many corporations respond to the "go green" movement by adopting and applying the principles of green business, green industry, green corporation, green management, green production, green finance and others in an effort to make corporations more efficient, effective and grow in sustainability, and contribute greatly to efforts to prevent social crises and ecological crises. Information relating to these efforts is disclosed in the annual reporting and ongoing corporate reporting (Lako, 2015a).

In general, the main motive of the corporation play an active role in the "go green" movement is to reduce pressure from external stakeholders, gain political access in an effort to facilitate business operations, and facilitate access to credit and investment from stakeholders. In addition, it also reduces social risk, environmental risk, political risk, market risk, business risk and financial risk, enhances the reputation and reputation of the company, enhances stakeholder appreciation, protects the company, and redeems the mistakes of corporations. Specifically, the ultimate goal of the go green movement is to: (1) lower costs and increase revenues, profits, equity and corporate assets, (2) support long-term business sustainability and corporate profits; (3) increase prices or share value of company; and (4) encouraging sustainable growth of enterprises (Lako, 2015a).

However, the accounting profession's response to various resource sacrifices and efforts for "go green" activities is very conservative. Similarly, the accounting profession's response to the various economic and noneconomic benefits of go green activity is also very conservative. Various tradeoffs and attempts to green economy and green business activities are generally treated as a periodic expense that reduces earnings and owner's equity.

In fact, such sacrifices and efforts should be recognized as a green investment that increases the value of corporate green assets and does not reduce profits. While the various economic and noneconomic benefits derived from go green activities are generally also not taken into account value because it is considered to have become an integral part of the sale or income of the corporation. In fact, it should also be recognized as green revenue or green income. This certainly causes accounting information presented to the parties to be less reliable and relevant and misleading.

Reform towards Green Accounting

Based on a number of reasons above, the reformation and transformation of conceptual framework and conventional accounting standard toward Green Accounting become very important and become an urgent agenda for the accounting profession, especially IAI, for the presence of this profession increasingly relevant and meaningful for the community and growing rapidly forward. In my opinion, there are four reform agenda that need to be done immediately.

The first agenda is to reform the conceptual framework and conventional accounting principles based on financial accounting to Green Accounting based on the integration of financial accounting with social accounting and environmental accounting. Some accounting conceptual frameworks that need to be reformed and reconstructed towards Green Accounting include: 1) understanding, objectives and benefits of Green Accounting, as well as the relationship between financial accounting and social accounting and the environment; 2) Green Accounting principles; 3) qualitative characteristics of Green Accounting information; 4) elements of the Green Accounting information report; 5) the purpose and objectives of reporting Green Accounting Information; 6) recognition, measurement of value, recording, summary and reporting of Green Accounting information; and 7) Green Accounting reporting and disclosure model.

The second agenda is to reform and transform Financial Accounting Standards (FAS) to the Green Accounting Standards (GAS). In this regard, the Indonesian Institute of Accountants (IIA) needs to work with other accounting professions and related parties to form a special team of the Green Accounting Standards Board (GASB). The team is responsible for formulating the Generally Accepted Green Accounting Principles (GAGAP) and the Conceptual Framework of Green Accounting (CFGA) underlying the preparation of the Green Accounting Standards Statements (GASS) for a number of issues or accounting objects. If the GAGAP and GASS have been formulated, the next step is GASB to improve and refine the FAS documents that have underlaid the conventional accounting practices so far. The documents need to be transformed into Green Accounting Standards.

When all the documents have been completed, the third agenda is that the IAI needs to socialize and internalize the GAGAP and GAS to various accounting stakeholders, especially to governments, corporations and business actors, corporate accountants, public accountants and / or auditors, mass media, community groups concerned. The objective is that the parties in understanding and applying GAGAP and GAS in the accounting practices of their respective entities.

The fourth agenda is the IIA, especially Compartement of Educator Accountants (IAI-KAPd), need to reform and reconstruct the direction, goals, objectives and strategies of education and teaching of Accounting in Indonesia towards the era of Green Accounting Education. To realize that dream, the reformation of the accounting literature, curriculum and education-based accounting strategy based on Green Accounting in an effort to "green" accounting and accountant become very crucial.

To realize this, IAI-KAPd also needs to build collaboration and synergize with government, business actors and other relevant stakeholders for socialization, education and development of Green Accounting practices within corporate entities. Collaboration among interpersonal educational accountants in textbook writing and reference books, education and teaching, and conducting joint research to support the education / teaching of Green Accounting in Indonesia has also become very important.

Collaboration and synergy will be the key determinant of the successful implementation of Green Accounting practices in an effort to make accounting more meaningful and relevant, and contribute greatly to joint efforts to overcome the ecological crisis and social crisis, and support the sustainability of Indonesia towards a fair, prosperous, prosperous and sustainable.

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