

A Study of the Environmental Accounting Information Disclosure of Listed Companies in Nonferrous Metal Industry

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Abstract: The companies in nonferrous metal industry should actively undertake social responsibility to enhance their awareness of environmental protection while pursuing economic interests. Through the study of the environmental accounting information disclosure of listed companies in nonferrous metal industry in China, this paper try to find out the problems existing in the disclosure of environmental accounting information and analyzes them in order to give some suggestions to the supervision institutions.

1. Introduction

The research and attention on the Stakeholder Theory in accounting environment disclosure in China began in the mid-1990s. In the disclosure of environmental accounting, the characteristics of the Stakeholder Theory determine that the disclosure link can not only be limited to taking care of the interests of shareholders and maximize them, but also need to comprehensively consider the interests of other stakeholders and assume the corresponding social responsibility.

2. Analysis of the Environmental Accounting Information Disclosure of Listed Companies in Nonferrous Metals Industry

2.1 Current Situation of the Environmental Accounting Information Disclosure in Nonferrous Metal Industry Companies

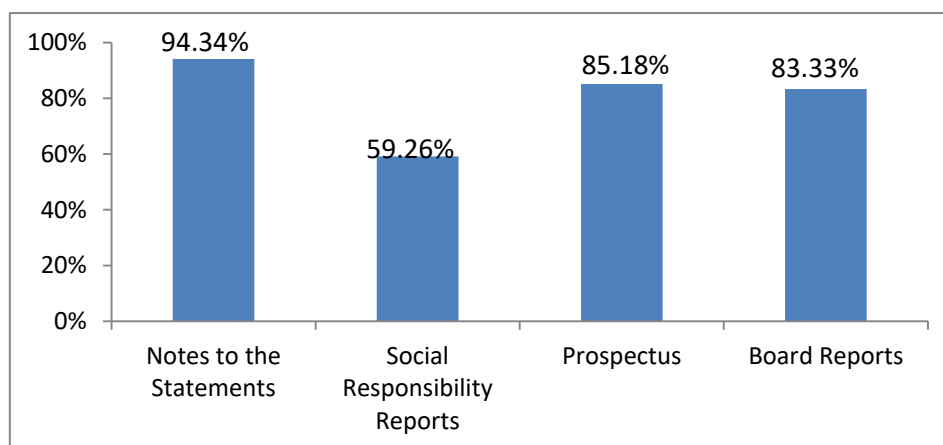


Figure 1 The proportion of environmental accounting information disclosure mode of listed companies in nonferrous metal industry in China

The number of listed companies in heavy metal industry in China is growing rapidly. Under the call of energy saving and emission reduction policy, the awareness of environmental governance and energy sustainable development has been strengthened in many enterprises, and the disclosure of environmental accounting information has been gradually paid attention to. The ways of disclosure

of information by nonferrous metal enterprises in China include “the prospectus”, “social responsibility reports”, “board reports” and “notes to the statements” (See figure 1) .

2.2 The Necessity of the Environmental Accounting Information Disclosure in Nonferrous Metal Industry

2.2.1 Serious Environmental Pollution

Since the implementation of the policy of reform and opening-up, China has made a significant progress in economic development. But the rapid progress of industrialization and urbanization also poses a number of problems. Among them, the most important problems are environmental pollution, such as the reduction of greening area, poor air quality, occupation of cultivated land, pollution of land resources and water resources and so on.

2.2.2 Promoting the Development of Enterprises

Stakeholder theory regards many enterprises and consumers, as well as many social groups as a whole with interest relations. It thought that the producers and operators are closely related to the enterprise. The government, departments or other social groups may be the shareholders and consumers of the enterprise. They all form a community of interests. In other words, if enterprises abandon their sense of social responsibility and awareness of the environmental protection to blindly pursue their economic interests, they will undermine the harmony and stability of this community of interests. And in the long view, this also has an impact on the development decisions of enterprises. It is not conducive to the long-term sustainable development of enterprises and the construction of a better brand image.

2.2.3 Beneficial to External Information Demanders

External information demanders include government workers and leaders of the public opinion: media workers, enterprises-related consumers, corporate investors and so on. These groups pay close attention to the disclosure of financial expenditure information of enterprises. So the enterprises need to disclose the degree of environmental pollution caused by nonferrous metal resources, their debt, environmental treatment and expenditure, etc., so that these groups can understand the production and management status of enterprises and meet their right to know information. For the government, the enterprise information disclosure is the basis of formulating and adjusting strategies from the macro perspective of environmental governance.

2.2.4 Beneficial to Industry Norms

Promoting the disclosure of accounting information can help strengthen employees’ professional quality of environmental governance. When employees spontaneously attach importance to the implementation of the environmental management system, the enterprise’s awareness of environmental governance is gradually enhanced, and the enthusiasm of information disclosure will gradually increase. For the external social environment of the enterprise, everyone should have a sense of social responsibility to protect the environment. In addition, due to the supervision of social media and the pressure of public opinion on enterprises, the sense of responsibility of environmental information disclosure will also be enhanced, which is conducive to perfecting the theoretical system of environmental accounting information in our country.

3. Analysis of the Problems Existing in Environmental Accounting Information Disclosure of Listed Companies in Nonferrous Metal Industry

Among the listed companies in China’s nonferrous metal industry, the most common problem of accounting information disclosure is that the content and form are not comprehensive enough and there are few quantitative descriptions in the content. In the listed companies of nonferrous metal industry in China, there is a lack of concrete explanation for their environmental behavior especially there is no unified paradigm in our country.

Table 1 The contents of environmental accounting information disclosure of listed companies in nonferrous metal industry in China

Contents	2012	2013	2014
Policies and Measures of the Environmental Protection	52(65%)	57(71%)	51(63%)
Cleaning Technologies and Arts of the Environmental Protection	31(39%)	35(44%)	33(41%)
Environmental Protection Investment and Environmental Governance Cost	29(36%)	45(56%)	30(37%)
Energy Saving and Emission Reduction	43(54%)	57(71%)	46(57%)
Disposal and Comprehensive Utilization of Pollutants	31(39%)	53(66%)	44(54%)
Detailed Information of Enterprise Environmental Accidents	19(24%)	48(60%)	46(57%)
Environmental Protection, Publicity and Education	18(22%)	38(63%)	37(46%)

Notes: The integer value represents the total number of companies implementing the content; and the percentage represents the percentage of companies implementing this content in the total number of companies.

According to the reference data, it is found that the overall problems in the content and form of information disclosure of nonferrous metal listed companies in China are as follows: the quality is not high; the content is not comprehensive; it is too mandatory and simple and most of them adopt the supplementary report model. (As shown in Table 2)

Table 2 The quality of the environmental accounting information disclosure of listed companies in nonferrous metals industry in China

Areas	2012		2013		2014	
	Total Score	Mean	Total Score	Mean	Total Score	Mean
The East	142	4.18	121	6.29	164	4.82
The Central	106	5.89	147	8.17	137	7.61
The West	89	5.93	216	8.3	192	7.38
Total	391	5.01	577	7.40	493	6.30

Notes: the total score value represents the information disclosure quality of the area in that year, and the mean value is the average of the information disclosure quality of the area.

4. Suggestions

4.1 Establishing Clear and Mandatory Environmental Disclosure Laws and Regulations

The nonferrous metal companies with heavy pollution do great harm to people's lives and ecological environment. Although government departments invest huge financial and human resources in every year to help control and repair the ecological environment, but the treatment could be called "scratches the surface of a problem", and the results are not satisfactory. From the perspective of the government, the prevention of pollution from the source is more important than repair and treatment, so it is necessary to establish and improve clear environmental disclosure laws and regulations, and to require these enterprises to carry out environmental information disclosure. By doing so, the government can effectively and accurately grasp the pollution level and situation, formulate corresponding policies and regulations after analyzing specific conditions, and guide nonferrous metal enterprises to consciously conduct environmental disclosure and environmental protection.

4.2 Perfecting the Reporting Mode of the Environmental Accounting Information Disclosure

It is suggested that China should adopt the mode of information disclosure reporting which combines independent report with supplementary report. For heavily polluted enterprises, they should be required to disclose accounting information by means of mandatory means. For enterprises

with mild pollution, detailed report disclosure should be carried out in the form of the main statement and enclosed statement.

4.3 Strengthening the Supervision and guidance of Trade Associations

At present, China has the China Securities Regulatory Commission and all kinds of national environmental protection units to supervise all industries. However, the role of association regulation in the industry is not enough. Trade associations shall actively urge enterprises to disclose their environmental accounting information. For instance, the supervision of heavily polluted enterprises needs to improve the requirements and check regularly to ensure the authenticity and integrity of the disclosed information to the outside world.

4.4 Enterprises Need to Establish the Internal System of Environmental Information Disclosure

By establishing an internal environmental system, we can not only enhance the importance of environmental accounting information disclosure within enterprises, but also strengthen their training in environmental accounting, so that environmental costs and investment income can be considered comprehensively in investment analysis.

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