



Assessment Of Sustainable Accounting: A Case Study Of Paradeep Phosphates Limited (PPL), Odisha

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Abstract: Sustainability Accounting is an emerging issue in Indian Accounting Segment. It represents the activities that have a direct impact on society, economic and environmental performance of an organisation. Sustainability accounting commonly called triple bottom line accounting which is accountable to generate wealth creation of an organisation. Sustainable Accounting is one of the important instruments by which, stakeholder pressure, responsible actions by organisations can be enforced. For this reason, it is necessary to develop better sustainable accounting practices. The researcher has presented this topic of research which is to construct a conceptual framework of sustainable accounting, assess the inter-relation between social, economic and environmental impact and to evaluate the sustainable accounting practices followed by Paradeep Phosphates Limited (PPL-Odisha) in particular. The proposed study develops a conceptual framework and parameters to be followed to identify gaps in sustainability accounting practices of corporate sectors. Sustainability accounting gives a better picture of corporate sustainability for the stakeholders.

Keywords: Sustainable Accounting, Social Indicators, Economic Indicators, Environmental Indicators, PPL Performance

Introduction:

The existence, progress and prosperity of an organisation is associated with social, economical and environmental dimensions of the society. The term sustainability accounting is the sum of sustainability plus accounting. Sustainability means meeting our own needs without compromising the ability of future generations to meet their own needs. While accounting means is a specialised discipline of identifying, measuring and communicating the economic information of an organisation to its users who need the information for decision making. Sustainability Accounting refers to the activities that have a direct impact on social, economic and environmental performance of an organisation. It is considered as emerging branch of Accounting. Sustainability Accounting is a sub-category of financial accounting which generates wealth or value creation within an organisation. Such accounting is also known as Social Accounting or Social and Environmental accounting or corporate social reporting accounting or Non-financial reporting. The main objectives of Sustainable Accounting is to disclose non-financial information

about an organisational performance to the external parties like stakeholders, creditors, governments, employees, research scholars and others who have substantial interest over the organisation.

Thus Sustainability Accounting meant for the activities that have direct impact on social, economic and environmental performance of an organisation. Sustainability Accounting enforces value creation within the organisation.

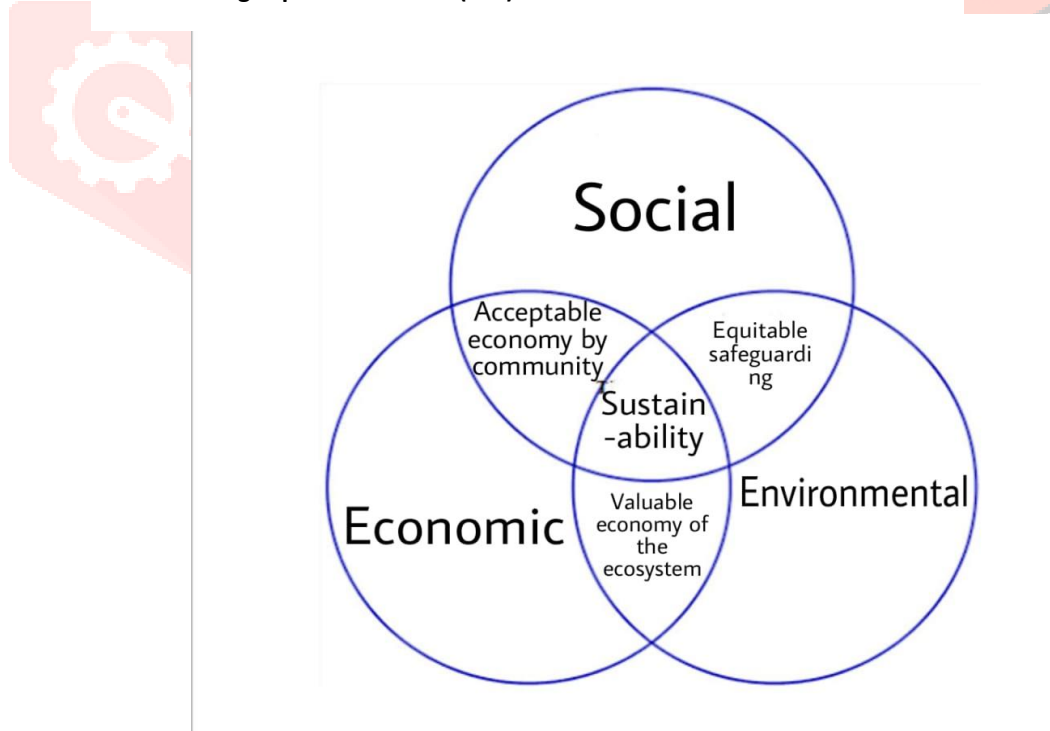
Sustainability Accounting is associated with three pillars like People (social), Planet (Environment) and Profit (economic) of an organisation. Sustainability accounting is the sub-set of financial, cost and management accounting used for internal decision making and creation of new policies that will have an effect on the organisational performance at economic, social and environmental or ecological impact and demonstrate how they are connected. It acts as tool used by organisations to become more sustainable. It is also called Triple Bottom Line (TBL) accounting.

Definition: Sustainability Accounting is defined as “an integrated system of financial measurement of social, economical and environmental aspects”, so it collects, records, processes, analyses and reports information (usually financial information) connected with social, economic and environmental aspects of business in order to improve the organisation performance.

According to Global Reporting Initiative (GRI) states that “reporting on economic, environmental and social performance by all organisations is as routine and comparable as financial reporting.

Review of Literature:

Chart showing triple bottom line (TBL)



Beata Zyznarska- Dworzak (2020) examined a study on “Sustainability Accounting- Cognitive and Conceptual Approach” She was presented sustainability accounting in the light of positive and normative accounting theory. The main outcome of the research focused on original normative solution in form of sustainability accounting. She identifies three gaps like theoretical, **empirical** and methodical. The result of research determine future growth, importance and character of sustainability accounting in business.

Sumit K. Lodhia and Umesh Shama (2019) did a study on “Sustainability accounting and reporting” recent perspectives and an agenda for further research”. They reflected their study stakeholder engagement, sustainability reporting, role of culture in accounting, investor response to CSR and social and environmental accounting firms.

Geoff Lamberton (2005) did a study on “Sustainability accounting- a brief history and conceptual framework”. The objective of this paper was to present the brief history of the sustainability reporting guidelines at the word summit on sustainable development with taking various approaches into a sustainability accounting framework. The result of study was challenges to business organisations to achieve widespread implementation. The researcher viewed that how sustainability accounting framework could be beneficial for the future.

John W. Vann and Grwndolen B. White (2004) examined a study on “Sustainability Reporting in the Accounting Curriculum”. The aim of the study was that the impact of sustainability accounting lectures with internet assignments or lectures alone influence student’s knowledge, skills and attitude towards sustainability reporting. The result of their study was to indicate that lectures with Internet assignments and lecture alone were equally effective in causing changes in the dependent measures compared to control groups upto recovered no instruction on sustainability.

Mohamed M.A Khodair (2019) conducted a research on “Examining the impact of Sustainability Accounting on the Financial Reporting- A field study”. This paper investigated the impact of Sustainability Accounting on corporate financial accounting have barriers on the ground of management unawareness of the importance of sustainability accounting. As a result management of the corporate firm avoidance of reporting its social and environmental activities.

Importance of the Study:

Sustainability accounting is current developmental issue in financial aspect of on organisation. Sustainability accounting provides a useful tool to identify, evaluate and manage a social, economical and environmental risks by identifying resource efficiency and cost saving and like improvements in social, economical and environmental issues with financial opportunities. Thus Sustainability accounting represents the activities that have a direct impact on society, environment and economic performance of an organisation. It is used as to generate value creation for an organisation.

Objectives of the study:

- I. To study the concept of Sustainability Accounting*
- II. To access the inter-relationship between Triple-Bottom-Line accounting.*
- III. To examine the Sustainable accounting activities undertaken by PPL.*

Research Methodology:

A. Sources of Data: The study is based on secondary data which are collected from journals, magazines, articles, govt. portals and web-sites.

B. Methods & Techniques of Data Analysis: Content analysis method is used by researcher to identify the present topic ‘accounting for sustainability’ and analyse the triple bottom line disclosure practice. The method involves the construction of a classification scheme and developing a set of rules about ‘what’ and ‘how’ to code, measure and record the data to be classified in this study, investigation is carried out in the dimensions related to social, economical and environmental issues towards assessment of sustainability accounting.

C. **Scope of the Study:** The circumference of study is specific. In this research article, researcher have analysed the sustainability accounting development of Paradeep Phosphates Limited, Odisha.

Reasons for Sustainability Accounting:

The following six reasons why a corporate sector want to establish an accounting to become sustainable:

1. Green Washing- Accounting serves as a tool, to support cost efficient communicative activities contra sustainability.
2. Industry pressure;
3. Legislative Pressure- Stakeholder pressure and ensuring the license to operate Dialogues can become necessary for the corporation continuous activities.
4. Self-Regulation: Disclosure of social, environmental information in a voluntary way in order to impede further mandatory government regulations and to maintain social acceptance and reputation or to prevent competing companies from free-reading.
5. Corporate responsibilities and ethical reasons- Ethical motivation and legitimating for accounting to address sustainability issues.
6. Managing the business case for Sustainability: To identify and release the social, economical and environmental activities.

Dimensions of Sustainable Accounting:

Dimensions or factors of sustainable accounting are also represented as triple bottom line. The triple bottom line is a business concept that imposes a firm should commit to measure their social, economical and environmental impact. It can be divided into three Ps: People (social) Profit (economical) and Planet (environment).

The first component of the triple bottom line is **social impact** which is commitment to people. It is the prime task of a corporate sector to enhance shareholder value. In order to make sustainable, corporate sector have shifted their focus toward creating value for all stakeholders like employees, customers and community members. Social factors includes community, working conditions, human rights and fair trader, public policy, diversity, safety and Anti-corruption etc.

The second component of triple bottom line is **economical impact** of an organisation. The success and failure of an organisation mainly depends on its financial performance or the profitability position. Profit in the yardstick to measure the overall growth of an organisation. Strategic planning and key business decisions are carefully designed to maximise profits while reducing costs and mitigating risk. Social components include accountability/transparency, corporate governance, stakeholder value, economic and financial performance.

The third and final component of the triple bottom line is **environmental or bio-diversity impact** which is called planet. The climate change in the environment has the greater role of industrialisation. Most of the large scale industrial undertakings have contributed a staggering amount of pollution to the environment. They are regarded as the key driver of climate change. Environmental dimensions include energy, water, greenhouse gases, emissions, hazardous and non-hazardous waste, re-cycling, packaging etc.

Profile & Philosophy of Paradeep Phosphates Limited (PPL):

Paradeep Phosphates Limited (PPL) is a leading fertilizer production company operating in port town of Paradeep district, Odisha. It is part of Adventz Group of companies. PPL is a Joint Venture Company between the Adventz group company, Zuari Agro Chemicals Ltd and Maroc Phosphor S.A OCP, Morocco. a wholly funded subsidiary. PPL's primary focus is the production and marketing of complex phosphate fertilizers. PPL manufactures and markets complex prophetic fertilizers. All the products are marketed under the popular 'Navratna board'. PPL is operating with the objectives of keeping improving agricultural productivity and for well being of farming community. Now the PPL annual turnover close to Rs. 5500 Crores. The Govt. of India hold 19.55% of shares while 80.45% share held by ZMP Pvt. Ltd.

The Details of Paradeep Phosphates Limited (PPL) are as follows:

CIN	U24129OR1981PLC001020
Date of Incorporation	24 Dec 1981
Status	Active
Corporate category	Company limited by share
Corporate Sub-category	Non-Govt. Company
Company class	Public
Business Activities	Manufacturing of fertilizers
Authorised Capital	100000 Lakhs
Paid up Capital	57545 Lakhs
Paid up Capital Percentage	57.545
Registered State & Number	Odisha, 1020
Regd. Office	Bhubaneswar

- ❖ PPL's belief in social development and its endeavour reflects in actualizing transformation in the quality of life and all stakeholders who are partners in eco system.
- ❖ PPL shares and invests resources to strengthen, sustain and enabling environment.
- ❖ PPL commitment to undertake strategic and innovative activities that contribute to improve the quality of life of the communities.
- ❖ PPL aims to serves adding value and strengthens social capital.
- ❖ PPL obligation towards inclusive growth through community based interventions and visions of transformation.

Empirical Analysis on Sustainability Accounting:

The sustainability accounting needs to disclose about social, economical and environmental information of the corporate sector to operate in right way. The researchers have taken one manufacturing company (PPL-Odisha) as sample unit to understand the present condition about sustainability accounting. Content analysis method is followed to identify the state of accounting for sustainability and disclose triple bottom line practices. Content analysis is defined as a research technique for making replicable and valid inferences from data to their context. In this study various information on a particular manufacturing activity undertaking is carried out in the dimensions related to social, economical and environment issue impact.

As per CSR report and company annual report, sustainability accounting assessment has been evaluated.

Sustainability Accounting Reporting of Paradeep Phosphates Limited (PPL).

TBL	Objectives	Indicators/Performance Reports.
Social Dimensions	a)Livelihoods & Skill Development	<ul style="list-style-type: none"> -Mobilised 55 women from 5 SHGs in Mangrajpur GP (3 villages). Fatepur (2 villages) for activities like pottery, terracotta, spice processing, fishery and market linked small business. -Mobilised 84 women from 7 SHGs for training on mushroom cultivation, 313 mushroom beds, more 10 quantities of mushroom harvested and marketed.
	b)Women empowerment	<ul style="list-style-type: none"> -Supported 44 women of 4 SHGs with training on fish seeding, fish feed and nets. One women SHG of 10 members supported with grinding machine and entrepreneurship training for spice making and selling in local market.
	c)Promotion of education & educational facilities	<ul style="list-style-type: none"> -Upgrading four primary schools in all the four GPs namely, Mangrajpur, Fatepur, Kothi and Bagadia. -Constructed the fabricated school structure for Govt. Primary School, Gholapada, Balijhara. -Provided the necessary furniture for classrooms and science labs at Kujang College and 4 primary schools for improving learning environment of that area. -Developed school playground at Paradeepgarh High School for promotion of rural sports
	d)Health, water sanitation and Hygiene.	<ul style="list-style-type: none"> -Anganwadi centre constructed at Bagadia Village -Facilitated 12 urban health and nutrition days at anganwadi and fixed immunization days at 5 anganwadis. -Promoted complementary feeding for lactating mothers and infants with 22 infants with nutrition kits at Annaprasan Day. -Community toilet cum Bathrooms constructed in Jagatsinghpur. -Eight community bathrooms for women constructed in 4 GPs -Renovation of school toilets in 4 primary and upper primary schools of Hasina and Mangarajpur. -Provided support to 50 families for completion of toilets. -Two storm-water drains constructed at Mangarajpur and Bagadia. -Observation of dry day cleaning of neighbourhood and cleaning of drains was part of the water and sanitation related initiatives in the slums. -24 cleanliness drives, mass cleaning and fogging conducted in project area. -promoted five sessions of menstrual hygienic practices for adolescent girls and women. -300 personal hygienic kit distributed to promote personal hygienic and sole menstruation -Nukad Nataks, wall paintings and awareness activities on key aspects of health saturation, family planning and hygiene. -Supply of drinking water through tankers. -Deep bore well for drinking water. -Conducting regular water testing at all points of collection and use, fogging on regular basis and knapsack spraying continued in slums. -Observation of dry day, cleaning neighbourhood and cleaning

		of drains in slums. -Women SHGs continued to supply of drinking water through water ATM at Balijhara slum.
Economic Dimensions	a)Accountability or Transparency	Company (PPL) has adopted the code of conduct to ensure ethics, transparency and accountability in all aspects of the business and create value for its stakeholders in a sustainable manner.
	b)Corporate governance	Company is committed to the best corporate governance practice with the object of safeguarding and adding values to the interests of various stakeholders, supplying quality fertilizers, and other agri-inputs.
	c)Stakeholder value	Company always accountable to raise wealth maximization of stakeholders.
	d)Economic Performance	Production and sales of fertilizers have variability over the years revenues from operation, cost of sales, finance cost are economic performance of company.
	e)Financial Performance	Financial performance discloses the result and position of company. The profitability position includes Net profit, operating profit, and profit after tax. The financial position includes Net worth (shareholder funds, reserve & surplus), borrowings, liabilities, fixed assets, investments, loan and advances and other assets.
Environmental Dimensions	a)Installation of solar street lights	-Forty(40) solar lights installed in 17 project villages in four GPs.
	b)Social Forestry	- 20000 plants have been raised at the plant nursery developed at PPL.
	c)Clean Household Energy	-Facilitated LPG gas connection for thirteen schedule tribe families under the PMUY
	d)Plastic Waste Management	Awareness Generation and preparation phasing out of single-use plastic among employees and communities
	e)Promoting polythene free environment	-Three campaigns organised in Paradeep and in Bhubaneshwar in partnership with Paradeep Municipality and Market Association in Bhubaneshwar -30000 Non-polythene bags distributed among the storekeepers, vegetable vendors and common citizens.
	f)Disposal and recycling of waste.	-Awareness program on single use plastic waste and disposal & recycling of waste with support from Paradeep Municipality.

Interpretations of Sustainable Accounting:

1. Sustainability accounting as a buzzword: In this interpretation of sustainability accounting can be seen as an empty buzzword which blurs the view of corporate sustainability and sustainable development from both a philosophical view and also from a manager's perspective.
2. Sustainability accounting as a broad umbrella term:- Sustainability accounting could just be a broad umbrella term bringing together existing accounting and reporting approaches dealing with social, environmental, eco-efficiency issues. One needs to provide the term sustainability as an outcome track progress towards this outcome and feedback information that can be used to ensure the corporate in on course.
3. Sustainability accounting as an overarching measurement tool: Sustainability does not just cover their times as many issues as the environmental dimension, it also address issues such as participation, future orientation, diversity, cultural issues and the linkage between their all.
4. Sustainability accounting as a pragmatic goal set of tools: Progressing sustainability accounting from a goal or target driven pragmatic perspective require that addresses and key stakeholders are identified and that the core topics and expected contributions of sustainability are identified. Sustainability accounting cannot be separated from sustainability reporting.
5. Management relevance: The term sustainability accounting and the relationship between social, economical and environmental issue addressed by the management for increasing corporate values.

Conclusion:

In present competitive world every business undertaking should be accountable for the society. Sustainable accounting is essence to disclose social, economical and environmental or bio-diversity impact of a corporate sector to generate value creation within an organisation. Accounting now not confined only maintaining and preparing financial statement but also have capability for upliftment of social, economic and environmental goal of an organisation. Sustainability accounting should guide and regulate the management of a corporate entity on triple bottom line impact to create long-term value. As it is social accounting, should guide and regulate the corporate sector in disclosing information to their stakeholders. Thus, sustainability accounting makes the business entity sustainable. Accountant's role of an undertaking is to deal the sustainability issues and report them to stakeholders not only for better decision making but also for transparency and comparability with other corporate entities.

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