

# Stakeholders: A key driving force for performing corporate social responsibilities to achieve the sustainable development

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## ABSTRACT

Rashtra Pita Mahatma Gandhi correctly mentioned that earth provides enough to satisfy every man's need but not every man's greed. Increasing scarcity of different resources, global warming and changing climatic conditions on the earth etc. lead the researcher to study the importance of different stakeholders of firms in addressing such issues. The study helps to create awareness among the businessmen regarding the importance of environmental accounting. The researcher has found that stakeholders have realized the importance of these issues which need to be addressed on urgent basis. It is a ray of hope which is leading firms towards the destination of sustainable development.

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## 1. Introduction

Rashtra Pita Mahatma Gandhi correctly mentioned that earth provides enough to satisfy every man's need but not every man's greed. Mankind has got the environment, precious gift from the God but man has ruined the nature for fulfilling his greed. Increasing industrialisation is one of the causes of degrading the earth. Industrial activities result into global warming, various kinds of pollution, huge loss of natural resources, loss of biodiversity etc.

Business cannot succeed if it fails in society. The corporate sectors should create social image by serving their consumers, by preserving the environment and by innovative strategies that maximise sustainable livelihood creation. During the last few decades, there is an increasing awareness among all the stakeholders about the importance of corporate social responsibility. The focus of corporate social responsibility helps to enhance the firms' image. Therefore organizations must bring the same close attention to managing their environmental activities as they do to all other functions vital to their operations.

While achieving the sustainable industrial development it has given the birth to a new area of accounting i.e. environmental accounting. Norway initiated the environmental accounting in the 1970s. Later it was gradually adopted by other countries. The environmental accounting deals with the assessment and disclosure of environmental related information.

Increasing scarcity of different resources, global warming and changing climatic conditions on the earth etc. lead the researcher to study the contribution of different stakeholders of firms in resolving such issues and thereby achieve the sustainable development.

## 2. Conceptual framework

### Environmental accounting

Environmental accounting is the accounting of activities which are performed by companies related to environment and presented the impact of activities in regulated or unregulated

format before the stakeholders. It is an important aspect because it shows transparent workings of corporate sectors and contribution of corporate sectors in the sustainable development.

### Sustainable development

According to the report of the United Nations World Commission on Environment and Development (1987) Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

## 3. Objectives of the study

- To study the concept of environmental accounting and sustainable development.
- To analyse the influence of various groups on the environmental practices of industries.
- To draw conclusions from the study.

## 4. Significance of the study

The present study has related to understand the concept of environmental accounting and the impact of environmental accounting on the sustainable development of the Wagle industrial area of MIDC, Thane. It helps to create awareness among the businessmen regarding the importance of environmental accounting. The study will also help to analyse the influence of various groups on the environmental practices of industries.

## 5. Hypothesis of the study

- There is no difference between the category of staff and their observations about the influence of various groups on the environmental performance of firms.

## 6. Research Methodology of the study

The study is based on the primary as well as secondary data. Secondary data was collected from the various sources such as books, journals, newspapers, published reports and periodicals available in the libraries and on different websites.

The data has collected from the staff with the help of a questionnaire. Total 758 respondents from managerial level, administrative level and technical level were selected from 71 industries in Wagle industrial area of MIDC, Thane. The data has been tested with the help of ANOVA test and presented with the help of table and bar chart.

## 7. Review of literature

Pramanik Alok Kumar, Shil Nikhil and Das Bhagaban<sup>1</sup> review the environmental reporting practices. The authors observe the different reporting practices which are opted by different countries. The overview of environmental reporting practices proposes the environmental reporting becomes mandatory in some of the countries but in certain countries it is not mandatory. Once the companies start to incur the environmental costs more than the environmental liabilities only then they can ensure the equitable treatment towards the environment. They strongly recommend a need to formulate the globally recognised accounting and valuation technique to report the environmental performance. The reporting system must be rigid all over the world. The corporate environmental reporting is the wider term. It describes various means by which companies disclose information on their environmental activities to the users. The corporate environmental reporting is a tool to communicate a company's environmental performance. Corporate environmental reporting is the process by which a corporation communicates information regarding its environmental activities to a variety of stakeholders including employees, local communities, shareholders, customers, government and environmental groups.

Emery and Art<sup>2</sup> elucidate the practices of environmental accounting with the special reference of public limited companies in the research paper. Public limited companies bear more restrictions than private limited companies. There is provision in the act regarding the disclosure of environmental information for public limited companies. It is binding on the public limited companies to publish the accounts. Therefore public limited companies have been published account as per the norms. The paper suggests that the social responsibility accounting is the responsibility of companies should have towards stakeholders other than the firm's shareholders. The part of social responsibility relates to the interaction between the firm and ecological environment. From the study it is evident that public pressure compels the company to disclose environmental information. It describes how the companies are responding to the pressure of stakeholders to keep accounting records regarding the impact of their productive process have on the environment.

## 8. Research gap analysis

Due to acute changes in the climatic conditions, shortage of natural resources pose the biggest threat for the survival of each and every living creature on the earth. The researcher thinks it is the responsibility of the current generation to make

the earth heaven again for the future generations. Therefore the study is conducted to understand the views of different stakeholders about corporate social responsibilities of firms.

## Impact of stakeholders on the social responsibilities of corporate sectors in achieving sustainable development

Now the various parts of society are more cautious about the social responsibilities of organisations and thus organisations become more socially responsible. Corporate sectors focus on environmental accountability of firms which involves measuring and recording the environmental impacts of business activities on society and reporting these impacts to stakeholders by traditional and special reports.

To understand the influence of various stakeholders on social practices of firms the views of various levels of staff members have been studied.

**Table 1.1**  
Different levels of staff

Sr. No.	Particulars	Frequency
1	Managerial staff	344
2	Administrative staff	219
3	Technical staff	195
	<b>Total</b>	758

Source: Compiled from field survey.

The study has considered the views of 344 managerial staff members, 219 administrative staff members and 195 technical staff members to reach at the conclusion of the study.

Hypothesis was framed to test the views of staff about the influence of various groups on the environmental practices of firms. The testing involves study of four components which are tabulated below:

**Table 1.1**  
Impact of stakeholders on the social responsibilities of corporate sectors

Sr. No.	Particulars	ANOVA Value	Result
1	Shareholders	0.000	Rejected
2	Consumers	0.000	Rejected
3	Government authorities	0.000	Rejected
4	Management and employees	0.000	Rejected

Source: Compiled from field survey.

The above Table indicates that hypothesis for all variables are rejected. It has been observed that there is difference in the category of staff and their observations about the influence of shareholders, consumers, government authorities, management and employees on the environmental performance of firms.

The results of the study are really encouraging which shows that the managerial as well as administrative staff members have accepted the influence of different stakeholders on the environmental practices of the firms. This indicates that stakeholders have realized the importance of this issue which needs to be addressed on urgent basis. It is a ray of hope

<sup>1</sup>PramanikAlok Kumar,Shil Nikhil and Das Bhagaban, Corporate Environmental Accounting: An Emerging Issue in the Corporate World, International Journal of Business and management, Vol. 3, No.12, December 2008.

<sup>2</sup> Emery and Art, The Challenge of Environmental Accounting, Teaching Business and Economics, Vol. 6, No. 3, Autumn 2002.

which is leading firms towards the destination of sustainable development.

Shareholders are the real owners of firms. While investing the funds in firms shareholders assess many things. One of the things is the social accountability of organisations. Therefore the survival of firms depends on the social responsibilities discharged by them.

Society has become more aware about the harmful impacts of industrial activities. This makes customers more cautious about the products which they get from the market. Due to the increasing awareness about adverse impacts of chemical contents of products, customers have a greater demand for environmental friendly products. These products will not harm to the environment as well as the health of customers.

Government authorities act as regulatory machineries. By imposing strict rules and regulations, authorities compel firms to minimize their negative impacts on the environment.

Management members are the policymakers and subordinates are responsible for the successful implementation of such policies. Without the active involvement of both the parties it is difficult to achieve the goal of organisations.

It has been inferred that there is an impact of above mentioned groups on the environmental performance of firms as well as definitely it will lead the firms towards the sustainable development.

### 9. Findings of the study

- While investing the funds in firm shareholders assess the social accountability of organisation which compels firm to complete responsibilities towards society.
- Due to the increasing awareness about adverse impacts of chemical contents of products, customers

have a greater demand of products which will not harm to the environment as well as the health of customers.

- Government authorities have imposed strict rules and regulations on firms which compel them to minimize their negative impacts on the environment.
- Management members are the policymakers and subordinates are responsible for the successful implementation of corporate policies in achieving the goal of organisations.
- The results of one way ANOVA test, at 5 per cent level of significance show that there is difference in the category of staff and their observations about the influence of shareholders, consumers, government authorities, management and employees on the environmental performance of firms. The significance level of 0.000 which is less than 0.05 indicates that there is a significant difference in views of staff members regarding influence of stakeholders on the corporate social responsibilities of firms.

### 10. Conclusions of the study

Increasing pollution on the earth raising alarm to rise up for saving the mother earth. As the major contributor in disturbing the balance on the earth the corporate sector needs to take steps in correcting their actions with the help of environmental accounting.

Stakeholders are the pillars of corporate sectors. Without their support it is very difficult for any firm to survive in the market. As they are the supporters of firms as well as benefits receivers from such firms they have a lot of influence on various practices of firms. It is the ethical duty of all stakeholders to realize their responsibilities towards mother earth. Now it's time to repay the debt which they have taken from the earth.

Now stakeholders have realized their responsibilities towards society. But the efforts are not enough to recover the losses which they have made earlier.

### References

1. PramanikAlok Kumar, Shil Nikhil and Das Bhagaban, Corporate Environmental Accounting: An Emerging Issue in the Corporate World, International Journal of Business and management, Vol. 3, No.12, December 2008.
2. Emery and Art, The Challenge of Environmental Accounting, Teaching Business and Economics, Vol. 6, No. 3, Autumn 2002.