

Stakeholder Perspectives on Environmental Accounting Disclosure: A Case Study of North Toraja District Government

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ABSTRACT

This research uses an ethnographic approach to explore environmental accounting reporting practices in the local government of North Toraja regency. Through participatory observation, in-depth interviews, and document analysis, qualitative data were obtained to understand the dynamics of environmental accounting practices at the local level. The findings show the complexity of environmental accounting reporting practices, which are not only influenced by economic and environmental factors, but also closely related to local cultural preservation needs. Interviews with stakeholders, including government officials, environmentalists, financial officers, and research employees, revealed additional dimensions of environmental accounting practices. The integration of these practices with local cultural preservation highlights the central role of socio-cultural aspects in environment-related decision-making. In addition, the importance of active community involvement and proper budget allocation was highlighted, with adequate financial support considered crucial for the effective implementation of the practice. Corporate social responsibility is not only seen as a regulatory obligation, but also as a positive contribution to the local community and environment.

Keywords: Environmental Accounting, Local Culture, Local Government, Reporting Practices, Sustainability

INTRODUCTION

The background of this research arises from the complex dynamics of environmental accounting reporting practices in local government (Qian et al., 2018), focusing on North Toraja regency. This phenomenon raises a distinctive set of challenges and opportunities in the management of environmental issues at the local level (Putri et al., 2019; Saputri et al., 2023). The district is faced with unique dynamics related to natural resource management, local cultural preservation, and development sustainability. One of the main obstacles faced is the lack of understanding in-depth on the effectiveness of environmental accounting practices as a tool to manage and engage stakeholders in environment-related decision-making in local governments (Gunarathne et al., 2023).

Limited transparency in environmental accounting reporting is also a barrier in understanding the impact of environmental policies and programs implemented by local governments (Giacomini et al., 2018). This is why this research is directed to dig deeper into the understanding of how environmental accounting practices can effectively play a role in the context of local government, particularly in North Toraja regency.

The underlying motivation for this research involves the aspiration to gain a deeper understanding of the effective implementation of environmental accounting practices in the local government context, specifically in North Toraja regency. In this endeavour, the research aims to detail the views and expectations of the various stakeholders involved. Through a deeper understanding of their perspectives, the research has the important aim of contributing to identifying concrete solutions that can improve transparency, accountability, and sustainability at the local level.

By permeating the views of stakeholders, including the community, government, and private sector, this research is geared towards forming recommendations that are concrete and relevant to the needs of local communities. Linking the understanding of stakeholder expectations with existing environmental accounting practices, this research endeavours to create solutions that not only address shortcomings in environmental accounting reporting but also enhance the role of stakeholders in environmental decision-making in local governments. Therefore, the main objective is to make a significant contribution in driving positive and sustainable change at the local level, particularly in North Toraja regency.

Research questions that arise in this context include important aspects related to environmental accounting reporting practices in North Toraja district local government. The main focus of the research will address how environmental accounting practices are implemented at the local level and their impact on environmental policies. In addition, the research will explore how stakeholder perceptions influence such practices.

Last but not least, the research will consider efforts to address the lack of transparency in environmental accounting reporting, with the aim of increasing public understanding and participation in decision-making related to environmental issues.

The purpose of this study is to provide in-depth insight into environmental accounting practices and stakeholder perceptions in the local government of North Toraja regency. Through understanding the perspectives of the community, government, and private sector, this research aims to provide concrete recommendations to improve environmental accounting reporting practices. Thus, the purpose of this research is to make a positive contribution in strengthening the relationship between local government and community and supporting sustainable development at the local level.

The use of an ethnographic approach in this study was chosen due to the uniqueness and complexity of the situation in the field. Ethnography as a qualitative research method allows researchers to engage deeply with stakeholders, explore the cultural values underlying environmental accounting practices (Hammersley, 2006), and gain a more nuanced understanding of social interactions involving environmental issues in North Toraja regency.

The choice of ethnography as a research method not only provides a holistic and in-depth picture of the social, cultural, and economic contexts that influence environmental accounting practices in local governments, but also allows researchers to explore the dynamics of interactor relationships at the local level (Herbert, 2000). Through participatory observation and in-depth interviews, researchers can immerse themselves in the local culture, understand the values underlying environmental decision-making, and identify social norms that influence accounting practices (Hammersley, 2018). In this way, ethnography provides an additional dimension to this research, deepening the understanding of how environmental accounting practices are reflected in everyday reality and how contextual factors influence their implementation in North Toraja regency.

LITERATURE REVIEW

Stakeholder Theory Concepts

The theoretical framework of this research refers to Stakeholder Theory, a concept presented by R. Edward Freeman in the early 1980s (Freeman, 2015). Stakeholder Theory is an approach that recognizes and considers the participation of various parties who have an interest or stake in an organization or project (Jones et al., 2017). These parties, referred to as “stakeholders”, can be individuals, groups, or organizations that can influence or be influenced by the organization’s actions (Fassin, 2012). Stakeholder theory focuses on the recognition that organizations are not only accountable to shareholders, but also to all parties who have an interest or stake in the success or failure of the organization (Harrison & Wicks, 2013). This includes employees, customers, suppliers, local communities, and other parties directly or indirectly involved in the organization’s activities.

In the context of local government, stakeholders include local government, local communities, and the private sector involved in environmental issues. Stakeholder Theory is relevant because it provides an in-depth understanding of the dynamics of interactions, common interests, and potential conflicts among the parties involved (Miles, 2017).

The choice of Stakeholder Theory is not only as a basic concept but also as a guide for research methods. By involving local governments, communities, and the private sector in data collection, this research aims to explore the perceptions, expectations, and roles of each stakeholder regarding environmental accounting reporting practices.

While discussing the evolution of Stakeholder Theory, this research looks at the conceptual and methodological changes of this theory over time. An in-depth understanding of these changes in theoretical outlook helps contextualize the research findings within the relevant time frame.

By detailing basic concepts, illustrating practical applications in the context of local government, and investigating changes in theory over time, this research builds a strong theoretical foundation. This not only provides a deep insight into theoretical understanding, but also details the direct relevance to our research context in North Toraja district local government.

RESEARCH METHOD

The research method that will be used in this study is an ethnographic approach. Ethnography is a qualitative research method that in-depth explores and understand the social reality of a group or community (Holloway et al., 2010). The ethnographic method was chosen for this research due to the uniqueness and complexity of the situation in the field related to environmental accounting reporting practices in the local government of North Toraja regency. Ethnography as a qualitative research approach allows researchers to engage deeply with stakeholders, explore the cultural values underlying environmental accounting practices, and gain a more nuanced understanding of social interactions involving environmental issues.

The research steps will begin with participatory observation within the North Toraja district local government, involving direct interaction with stakeholders such as government officials, local communities, and private sector representatives on environmental issues.

In addition to observation, an in-depth interview method will also be applied to gain a deeper understanding of stakeholders' views, values, and expectations regarding environmental accounting reporting practices. Interviews will involve various parties, including government officials, environmental activists, and private sector representatives. Data collection will also involve analyzing documents related to environmental policies and accounting practices in North Toraja district local government. The documents will provide additional context for understanding the role of stakeholders in the context of environmental accounting reporting practices.

Respondents in this study will include various parties who have an interest or "stake" in environmental issues in North Toraja district local government. These include government officials, environmental activists, local community representatives, and business actors from the private sector involved in environmental policy. The total number of respondents is 15 people. The selection of respondents will be done purposively to ensure comprehensive representation of various perspectives and roles in the context of environmental accounting reporting practices.

Data analysis will be conducted using a qualitative approach. Data collected from participatory observation, in-depth interviews, and document analysis will be organized, coded, and grouped based on specific themes and patterns. Coding techniques will be utilized to identify key elements in environmental accounting reporting practices, while Theme analysis will help identify common patterns, differences, and commonalities in stakeholder perceptions. During the analysis process, the researcher will look for convergence and divergence between stakeholders' views, as well as look for relationships between environmental accounting practices and existing environmental policies. By combining data from various sources, this analysis is expected to provide a deeper understanding of the dynamics of environmental accounting reporting practices in North Toraja district local government.

The choice of ethnography as a research method not only provides a holistic and in-depth picture of the social, cultural, and economic contexts that influence environmental accounting practices in local governments. This method also allows researchers to explore the dynamics of relationships between actors at the local level, identify social norms that influence accounting practices, and immerse themselves in local culture.

RESULTS

Using an ethnographic approach, this research resulted in an in-depth understanding of environmental accounting reporting practices in the local government of North Toraja regency. Through participatory observation, in-depth interviews, and document analysis, rich qualitative data was collected, opening the door to a deeper understanding of the dynamics of environmental accounting practices at the local level. The results provide answers to the research questions, while revealing the implementation of environmental accounting practices, their impact on environmental policies, and how stakeholder perceptions influence these practices. These interesting findings provide significant insights in the context of environmental accounting practices within local government.

The results of this study illustrate the complexity of environmental accounting reporting practices in North Toraja district local government. Through a series of in-depth interviews with various stakeholders, it is apparent that the factors influencing this practice are not only economic and environmental in nature, but also closely related to the need for local cultural preservation. In one example, a local government official highlighted the close relationship between environmental accounting practices and local cultural preservation efforts. He emphatically stated,

“Our environmental accounting practices here are heavily influenced by the needs of the local culture preservation of local culture. We strive to maintain a balance between economic development and environmental and cultural heritage preservation.”

In exploring further perspectives, interviews with three additional respondents from local government revealed additional dimensions of environmental accounting practices. The second respondent, an environmental expert, emphasized the need to actively involve the community in decision-making processes related to environmental issues. He stated,

“It is important to understand that environmental accounting practices are not only about regulations and policies, but also how we can bring the community together in environmental conservation efforts.”

Meanwhile, the third respondent, a finance officer within the local government, highlighted the importance of proper budget allocation in supporting environmental accounting practices. In his view,

“Adequate financial resources are essential to support effective implementation of environmental accounting practices. This includes investment in training, technology, and an in- depth understanding of the impact of environmental policies.”

Finally, the fourth respondent, an employee in research and development, emphasized the need for innovation in environmental accounting practices. He revealed,

“We need to continue to innovate environmental accounting reporting methods to ensure that we can accurately measure the impact and take measures that match the changing dynamics of the environment and local culture.”

Interviews with various respondents revealed a number of significant findings. Firstly, the integration of environmental accounting practices with local cultural preservation shows that socio-cultural aspects play a central role in environment-related decision-making in local governments. This provides a richer context for environmental accounting practices, which are not only understood as a tool for measuring environmental impacts, but also as an instrument for maintaining a balance between economic development and cultural sustainability.

Secondly, respondents' perspectives regarding the active involvement of the community underscore the need for a participatory approach in environmental accounting reporting. In this context, environmental accounting practices are considered to be not only the responsibility of local governments, but also shared responsibility that involves the entire community. This confirms that the success of environmental accounting practices is not only measured in terms of compliance with regulations, but also from the level of community involvement and understanding of environmental issues (Aladwan, 2018).

Thirdly, the spotlight on budget allocation as a determinant of the success of environmental accounting practices suggests that appropriate financial investments are required to support related infrastructure, training and technology. Thus, the sustainability of these practices depends on adequate financial support from local governments (Ciborra & Navarra, 2005).

Fourth, the emphasis on innovation in environmental accounting reporting signals the need to continuously adapt to the evolving dynamics of the environment and the needs of society. Innovative environmental accounting practices can be a driver of positive change, enabling more accurate monitoring and more effective responses to changing environmental challenges (Elliot, 2011).

Overall, the interviews show that environmental accounting practices in North Toraja district local government not only reflect economic and environmental responsibility, but also become a reflection of cultural values, community involvement, prudent budget allocation, and the spirit of innovation. The integration of these aspects provides a foundation for understanding the complex dynamics of environmental accounting practices at the local level and provides direction for future improvement and development efforts.

The importance of development sustainability in this local context emerged as a central finding in this research. Cultural context becomes a key cornerstone in environmental decision-making, with stakeholders seeking to achieve a balance between economic growth, nature preservation and cultural heritage. The ethnographic approach in this research provides an in-depth understanding of how cultural values underpin environmental accounting practices, which in turn influence environmental policy dynamics at the local level.

Interviews with private sector representatives provided a rich perspective on environmental accounting practices in North Toraja district. The statement, 'We see accounting practices environmental as an opportunity to demonstrate corporate social responsibility', reflects the private sector's view of the importance of this practice in the context of corporate social responsibility. From these statements, respondents underlined that environmental accounting reporting is not only seen as an obligation to comply with regulations, but as a strategic part of their business vision that includes corporate social responsibility and building a sustainable corporate image.

An in-depth interpretation of these interviews highlights that the private sector in the region views environmental accounting practices as a strategic tool to support a sustainable corporate image. In this context, corporate social responsibility is not only limited to compliance with environmental regulations, but also as a positive contribution to the local community and environment (Idowu & Towler, 2004). These findings have major implications in shaping the relationship between the private sector and local government, with the potential to create more effective joint initiatives in addressing environmental challenges at the local level.

A similar perspective emerged from the second interview with private sector representatives. They explained, "Active participation in environmental accounting reporting is not only an obligation, but also an opportunity to build a sustainable corporate image. We integrate this practice as an important part of our business strategy." In this quote, respondents emphasize that environmental accounting reporting is not just considered a duty to be performed, but a strategic opportunity. The integration of this reporting is considered a key element in the business strategy to create a sustainable corporate image.

DISCUSSION

The importance of environmental accounting practices in the context of corporate social responsibility became apparent through interviews with private sector representatives. Respondents not only see it as an obligation to be complied with, but also as a strategic opportunity to build a sustainable corporate image. The integration of environmental accounting reporting in business strategy demonstrates the commitment of the private sector to contribute to environmental sustainability and create positive impacts within local communities (Maama & Appiah, 2019).

The results of this study make a significant contribution to the understanding of environmental accounting reporting practices in the regional government of North Toraja regency. Through the approach of ethnographic, qualitative data collection through participatory observation, in-depth interviews, and document analysis, this research highlights the complex dynamics of environmental accounting practices at the local level.

The findings suggest that this practice is not only influenced by economic and environmental factors, but is also strongly linked to the need for local cultural preservation. An in-depth understanding of the close relationship between environmental accounting practices and local cultural preservation was gained through the emphatic statement of a local government official. The respondent emphasized,

"Our environmental accounting practices here are heavily influenced by local cultural preservation needs. We try to maintain a balance between economic development and preservation of the environment and cultural heritage."

Interviews with respondents from local government also revealed additional dimensions of environmental accounting practices. From the perspective of an environmental expert, the need to actively involve the community in decision-making related to environmental issues was highlighted. The respondent emphasized,

"It is important to understand that environmental accounting practices are not only about regulations and policies, but also how we can bring the community together in environmental conservation efforts."

Furthermore, a finance officer within the local government highlighted the importance of proper budget allocation to support environmental accounting practices. In his view,

“Adequate financial resources are essential to support effective implementation of environmental accounting practices. This includes investment in training, technology, and an in-depth understanding of the impact of environmental policies.”

Meanwhile, a research and development officer emphasized the need for innovation in environmental accounting practices. He revealed,

“We need to continue to innovate environmental accounting reporting methods to ensure that we can accurately measure the impact and take measures that match the changing dynamics of the environment and local culture.”

These interviews with various respondents provide a comprehensive picture of the complexity of environmental accounting practices at the local level. The integration of aspects such as cultural preservation, community participation, prudent budget allocation, and a spirit of innovation form the basis of a deep understanding of the dynamics of the practice.

In addition, the importance of environmental accounting practices is also apparent in the context of corporate social responsibility from a private sector perspective. Interviews with private sector representatives illustrate that environmental accounting practices are perceived as an opportunity to demonstrate corporate social responsibility. They not only see it as an obligation, but also as an integral part of their business strategy to create a sustainable corporate image.

An in-depth interpretation of these interviews highlights that the private sector in the region views environmental accounting practices as a strategic tool to support a sustainable corporate image. Corporate social responsibility is not only limited to compliance with environmental regulations, but also as a positive contribution to the local community and environment (Abu Al-Haija et al., 2021). These findings have major implications in shaping the relationship between the private sector and local governments, with the potential to create more effective joint initiatives in addressing environmental challenges at the local level.

Overall, this research not only illustrates the complexity of environmental accounting practices in North Toraja district local government, but also provides direction for future improvement and development. The findings provide a deep understanding of how cultural values, community involvement, prudent budget allocation, and the spirit of innovation are key elements in understanding and improving environmental accounting practices at the local level.

CONCLUSION

This research, which uses an ethnographic approach, provides an in-depth understanding of environmental accounting reporting practices in the local government of North Toraja regency. Through the methods of participatory observation, in-depth interviews, and document analysis, rich qualitative data was collected, opening the door to a deeper understanding of the dynamics of environmental accounting practices at the local level. The findings show that this practice is not only influenced by economic and environmental factors, but also closely related to the need to preserve local culture.

In this context, environmental accounting practices are integrated with local cultural preservation efforts, suggesting that socio-cultural aspects play a central role in environment-related decision-making in local governments. The results of interviews with various stakeholders reflect how important this practice is as a tool to maintain a balance between economic development, environmental preservation, and cultural heritage.

In addition, perspectives from respondents highlighted the need for a participatory approach in environmental accounting reporting. This practice is considered not only the responsibility of local governments, but also a shared responsibility involving the entire community. The success of environmental accounting practices is not only measured in terms of compliance with regulations, but also from the level of community involvement and understanding of environmental issues.

The spotlight on budget allocation as a critical success factor for environmental accounting practices emphasizes the need for adequate financial investment. Adequate financial support from local governments is considered crucial to support the effective implementation of environmental accounting practices, including investment in training, technology, and an in-depth understanding of the impacts of environmental policies.

Interviews with private sector representatives provide an additional dimension, suggesting that environmental accounting practices are perceived as a strategic tool to support a sustainable corporate image. Corporate social responsibility is seen not only as compliance with environmental regulations, but also as a positive contribution to the local community and environment.

Overall, this research not only illustrates the complexity of environmental accounting practices in North Toraja district local government, but also provides direction for future improvement and development. The results of this study provide an in-depth understanding of how cultural values, community involvement, prudent budget allocation, and the spirit of innovation become key elements in understanding and improving environmental accounting practices at the local level.

This research has several limitations that need to be considered. Firstly, the research focus is limited to North Toraja regency local government, so generalization of findings needs to be done with caution to avoid misinterpretation in other contexts. Second, time and resource constraints may have affected the depth of analysis of all aspects of environmental accounting practices. Therefore, some nuances or dimensions of the practice may not have been fully revealed.

As a next step, the following suggestions can be taken as a basis for further research. Firstly, involving more participants from various walks of life and sectors to get a more comprehensive perspective on environmental accounting practices. Second, expand the scope of the study to other regions or local governments to compare practices and understand contextual differences.

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DECLARATION OF CONFLICTING INTERESTS

The authors declared no potential conflicts of interest.

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