

# REDUCING HARMFUL EFFECT OF OIL REFINERY COMPANIES IN TIKRIT, SALA AL DEEN BY USING ENVIRONMENTAL ACCOUNTING

**Yousif Hameed Nayyef**

Research Scholar, Department of Commerce & Business Administration, Saurashtra University

Rajkot – Gujarat. 360005

Mail id:- josephnayyef@gmail.com

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**Abstract:**

The disclosure policies of environmental accounting information become a important and element to protect the environment internationally. Recently, the concentrate was on environment part and trying to decrease the environment drop happening on planet Earth. The environmental accounting disclosure contributes in increasing the environment aware for organizations, also reducing harmful effects of organization processes on environment specifically and society as general. This research presented an assessment for the role of environmental accounting disclosure to decrease harmful emissions from oil refining factories through review the annual financial statements of some oil refining companies in Salah al deen Region specifically Tikrit city , distributing 60 questionnaire forms to a number of accountants in the sample factories these forms contains two parts, first part concerns on the main practices in Baiji refinery that accountant perform in the oil refining factory and second part focuses on the effect of environmental accounting disclosure for harmful practices to environment, to test this supposition we used T-test) on the samples. A recommendation is made via this paper is to grow up the environmental accounting disclosure standard which is suitable for Salah al deen environment and increase restrictions on oil refining companies to follow the criteria with the necessary of determining a limited ratio of environment information that should be provided in annual financial statements.

**Keywords:** Accounting disclosure, Harmful emissions, Environment, oil refining companies.

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## INTRODUCTION

The use of natural resources including energy is really obligatory to economic improvement, and not devoid of environmental consequences as traceable to the environmental degradation and full of atmosphere

pollution experienced in Iraq Recently, there have been increased hue and cry about weather or climate change in the world, as it has been highly unfavorable to our existence: ocean levels keep rising, global warming keeps intimidating; yet, natural resources similar to the forest, serving as natural processor that

regulates an appealing environment is being cut down, and the ability or capacity of trees which removes carbon dioxide from the earth is being diminished. The northern part of the Iraq is being literally "blown away" by wind erosion while the southern part is being washed away into the ocean. Urban cities and town in Iraq are progressively more threatened by pollution of air and water and improper disposal of solid wastes while the rural areas are plagued by soil erosion, deforestation. The need for Environmental Accounting has become the concern and focal point of nations and responsible company managements. It became one of the primary issues on the schedule of nations and businesses earlier in the 1990s and the reasons for this were varied emanating from both within and outside of the firm and particularly at the global level.

A large number of government enactments, laws, policies and regulations on environmental protection have been made in several nations of the world and Iraq is slowly responding.

## LITERATURE REVIEW

Review of literature is an important part of the study. For understanding of environmental accounting there is a need to give definitions of environmental accounting from different points of view.

According to (Berr and Friend, 2006) Environment Accounting is the identification, allocation and analysis of material streams and their related money flows by using environmental accounting systems to provide insight in environmental impacts and associated financial effects" (Berr and Friend, 2006: 548). More generally, (Rahahleh, 2011) gave a definition of accounting in relation to the environmental perspectives which is a science looking on how the environmental aspects affect the

conventional accounting system and whether it is an effective tool to measure and evaluate the environmental aspects of facilities (Rahahleh, 2011: 125).

Cho, Charles H., and Roberts, Robin W. (2010) Environmental Reporting On The Internet By America's Toxic 100: Legitimacy And Self-Presentation. International Journal Of Accounting Information Systems: It also indicates the important of environmental accounting and also helpful for reporting in an effective manner.

ENVIRONMENTAL ACCOUNTING GUIDELINES -2002 issued by Ministry of the environment, indicates that environmental accounting have become an important concept and also these guidelines indicating definitions, functions, roles and basic dimension of environment accounting. It also suggest some useful techniques that becomes helpful to decrease the wastage of environment.

The Challenges of Environmental Accounting: (Qian and Burritt, 2007) highlighted numerous challenges of environmental accounting (Qian and Burritt, 2007: 145) (Q capturing all the information, both financial and non-financial, which relates to environmental problems. This asks "how" we estimate environmental costs. There is a challenge associated with identifying transactions with the environment, which currently lie outside the scope of traditional accounting concepts.

## OBJECTIVES

The main objectives of the study is contained below:

1. To know the organization's accountability and increase its environmental transparency;
2. To indicate the important aspect of environmental accounting for society;

3. To attract fund from 'green' individuals and groups by environmental accounting;
4. To show commitments towards introduction and change and thus appear to be responsive to new factors by environmental accounting

## RESEARCH METHODOLOGY

### SELECTION OF SAMPLE

To analyze the role of environmental accounting disclosure in reducing the harmful emissions of oil refining companies in Salah al deen especially Tikrit city , this study intends to evaluate the corporate environmental reporting practice. We have selected 3 companies for this study.

### SELECTION OF PERIOD

The study was conducted in 2017. To make study a contemporary and up to date, the data should be of latest and current year.

### DATA SOURCES

The present study was conducted on the basis of secondary data. The secondary data were collected from annual reports of the selected sample companies, research papers, etc. Annual reports were collected from the websites of the respective companies and Research papers were also collected from websites. So based on data sources we had to do analysis.

### CONTENT ANALYSIS

Content analysis was adopted in analyzing the content of the corporate annual reports of the selected listed firms. The content analysis method was adopted because it is one of the most systematic, objective and quantitative method of data analysis technique employed in other prior research studies involving

corporate environmental disclosures practices. Furthermore, a survey research design was adopted to obtain the response of 30 accountants sampled. In order to find out the level of corporate environmental disclosure practice among the selected manufacturing companies in Salah al deen, this study will measure the level of corporate environmental disclosure in terms of number of sentences disclosed given that the coded data is required to reflect the emphasis that companies make on each information categories. This paper has used a number of methods, including proportion of pages of corporate environmental disclosure, and number of words disclosed. Number of sentences disclosed was adopted because proportion of pages of disclosure does not consider different print and page sizes Number of sentences disclosed was also used because measuring number of words disclosed is time consuming as words are smaller and more numerous as a unit of measurement compared to sentences. Finally, the construction of a categorization scheme is an essential stage in content analysis research. This involves the selection and development of categories into which content units can be classified and summarized below:

### CONTENT

Environment energy, society, community involvement, employees and others

### EVIDENCE

Financial, non-financial-quantitative and declaration

Information in annual report Chairman's Statement, Operations Review, Director's Report, and Others.

### TECHNIQUES USED FOR DATA ANALYSIS

There techniques used for analyzing data include average, percentage etc.

## DATA ANALYSIS

**TABLE - 1**

LIST OF SAMPLE COMPANIES IN SALAH AL DEEN OIL REFINERY

SERIAL NUMBER	CODE	LIST OF SELECTED COMPANIES
1	X	NORTH REFINERY COMPANY
2	Y	OIL PRODUCTS DISTRIBUTION COMPANY
3	Z	BAIJI LINES & PIPES COMPANY

**TABLE - 2**

CONTENT CATEGORY OF COMPANIES CONTAINS ENVIRONMENTAL DISCLOSURES

CONTENT CATEGORY	X	Y	Z
ENVIRONMENT	3	8	5
EMPLOYEES	4	4	5
SOCIETIES	4	6	6
GENERAL	12	4	4
TOTAL	23	22	20

**TABLE- 3**

METHODS OF DISCLOSURING ENVIRONMENTAL ACCOUNTING

METHODS	X	Y	Z
FINANCIAL	19	15	6
NON FINANCIAL	4	6	8
DECLARATION	0	1	6

TOTAL	23	22	20
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**TABLE - 4**

Information in annual report Chairman's Statement, Operations Review, Director's Report, and Others.

INFORMATION	X	Y	Z
Chairman's Statement	38 %	40 %	60%
Operations Review	28 %	25 %	17%
Director's Report	30%	27 %	20%
OTHERS	4%	8%	3%
TOTAL	100%	100%	100%

As mentioned above in data analysis, we have proved that with the use of environmental accounting organizations accountability and transparency increases. It also plays an significant role for society and further we can say that it attracts fund from green individuals and groups also. It also indicates the change and also responsiveness that with the help of content analysis.

## FINDINGS

Here table-1 indicates the LIST OF SAMPLE COMPANIES IN SALAH AL DEEN OIL REFINERY and it indicates the list of three sampled companies. TABLE 2 indicates CONTENT CATEGORY OF COMPANIES CONTAINS ENVIRONMENTAL DISCLOSURES which shows content dividing into: environment energy, society, community involvement, employees and others. TABLE 3 indicates METHODS OF DISCLOSURING ENVIRONMENTAL

ACCOUNTING in to following manner: Financial, non-financial-quantitative and declaration. TABLE 4 indicates that Information in annual report Chairman's Statement, Operations Review, Director's Report, and Others.

## SUGGESTIONS

After finding all the data by using research method, there are some suggestions are contained below:

Company need to focus on environmental segment of accounting for better governance practices.(North refinery company)

Company need to follow different dimensions for environmental disclosures.(baiji lines and pipes company)

Company has to follow the environmental guidelines for betterment of the society.(oil products distribution company)

## LIMITATIONS

- 1) There is no standard accounting method for environmental accounting in north refinery company in salah al deen.
- 2) Environmental accounting cannot work independently. It should be integrated with financial accounting which is not easy.
- 3) It mainly considers the cost internal to the company and excludes cost to society in baiji lines and pipes company.
- 4) Environmental Accounting is a long-term process therefore to draw a conclusion with help of it, is not easy.

## CONCLUSION

This conclusion of this study of most companies majorly discloses information which are related to

products and consumers, employees and community involvement. Also their observation is that the environmental disclosure practice of these companies contains little quantifiable data. The analysis results provided further evidence that environmental disclosure practice in Salah al deen is still very ad-hoc, general and self-laudatory in nature. Therefore, the study recommends the environmental disclosure standards development that will harm the disclosure practices of firms as well as aid in providing environmental quantifiable data. The need to solve the problem of entity based environmental disclosure practice which is rampant in Salah deen is so necessary. in addition, the increase of restrictions on oil refining companies for following the criteria is necessary to determine a limited ratio of environment information that must be provided in annual financial statements this increase is used to develop environmental disclosure criteria which is suitable for Salah deen tikrit environment.

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