



IMPACT OF ENVIRONMENTAL ACCOUNTING SUSTAINABILITY ON THE PERFORMANCE OF SELECTED FOOD AND DRUG MANUFACTURING COMPANIES IN NIGERIA

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ABSTRACT

This research work examined the impact of environmental sustainability accounting. This study's objective includes determining that environmental sustainability accounting has impacted the market valuation of food and drug manufacturing companies. This study adopts a survey design. Copy of questionnaires was administered. ANOVA was used to analyse data collected statistically at 5% or 0.05 level of significance to determine the perception of environmental sustainability accounting on manufacturing companies. In testing the hypotheses, regression analysis was used. The discussion of the study shows that environmental sustainability accounting has helped food and drug manufacturing companies get better market valuation which has made them enjoy benefits such as accessibility to loans, improved community relation, easy product market perpetuation and other areas. Based on these discussions, recommendations amidst which are that manufacturing companies should adopt environmental accounting practices to enhance the better market valuation of their products and services.

Keywords: Environmental, Sustainability, Stakeholders and Companies

INTRODUCTION

The important strategic considerations for enterprises of any size are Environmental and social factors which are now greatly increasing. Environmental sustainability accounting has gained momentum over the years in different economies worldwide to pursue organisational and economic development to prevent the degradation of the environment, biodiversity loss and the use of unsustainable natural resources (Ngwakwe, 2009). Sustainability means decoupling economic and environmental performances, including investing in the environment, which drives the growth of an economy. Environmental sustainability accounting also entails seizing the opportunities for developing sustainable activities, building up new technologies and business models, creating new products and encouraging new demand patterns. In order to continue a business existence, organisations need not only to focus on gains or profit but also to consider the environment and must project transparency and accountability to society for its actions and inactions (Gibson & Co, 2000). Managers should be responsible for the repercussion of their actions (Ngwakwe, 2009).

Many stakeholders in general, and these in the Nigerian food and drug companies in particular, have also seen environmental sustainability accounting as an important component for improved Organisational performance, and equally enhance the quality of decision-making by the directors of the organisation, financial analysts and investors (Nwankwo & Ifeadi, 1988). Wrong (2000) noted that apart from helping to meet the increasing need for environmental and



management information, implementing environmental sustainability accounting is also said to have a great opportunity for all organisational sectors, especially those involved in food and drug manufacturing companies. It has also been said to promote sound management in economic and financial terms related to environmental issues.

STATEMENT OF THE PROBLEM

In previous decades, the uncoordinated effect of organisational activities on the natural environment has generated critical ecological concerns (Burritt, Hahn & schaltegger, 2002; Aragon-Correa & Sharma, 2003). The aggravation of happenings like climate change, depletion in the ozone layer, over-exploitation of natural resources, air pollution and toxic wastes are causing harm to the development of a sustainable planet and that economic system. Nonetheless, government policies in developing and developed countries and economies have analysed many environmental issues, and the effect of manufacturing organisations is important to achieve great ecologically sustainable development (Shrivastava, 1995). The thought or reasoning behind all of these is that organisation takes the larger percentage of environmental trouble.

The movement towards environmental sustainability has led many organisations to sacrifice part of their resources to source information from stakeholders and other interested parties regarding corporate social environment responsibility (Aragon-Correa & Sharma, 2003). Wildavsky (1994) opined that stakeholders and investors demand more of organisations' environmental information disclosure. The magnitude of costs and liabilities associated with environmental issues and their impacts on various stakeholders' decisions and activities towards the organisation could be something else. The concern of environmental issues has been overwhelmed with much attention in the wider community internationally; often, when comparing two or more countries, the cost implications companies' face in terms of market valuation, turnover effect, and profitability are yet to have a conclusive opinion (Manby, 2003). Overwhelming pressure on the organisation to be environmentally conscious has led the researcher to carry out the effect of environmental sustainability accounting practices on food and drug manufacturing companies that have adopted the practices in their operations.

OBJECTIVES

1. To determine the extent to which environmental sustainability accounting has impacted on market valuation of food and drug manufacturing companies.
2. To determine the extent to which environmental sustainability accounting has impacted the turnover of selected food and drug manufacturing companies.

HYPOTHESES

1. Environmental sustainability accounting has not significantly impacted the market value of selected food and drug manufacturing companies.
2. Environmental sustainability accounting has not significantly impacted the turnover of selected food and drug manufacturing companies

METHODOLOGY

This paper uses primarily descriptive and has a survey to investigate and analyse environmental sustainability accounting. This design will guide the researcher towards solving the research problem stated above. The primary method is used to source data. Data needed was collected with the aid of research instruments known as a questionnaire.



RESULTS

Hypothesis one

Environmental sustainability accounting has not significantly impacted the market value of food and drug manufacturing companies.

S/N	Questions	S/A	A	U	D	SD	Mean
1	Environmental waste protection by companies is a welcomed development.	119	89	8	5	2	4.4260
2	disclosing information regarding the environmental performance of your company has influenced the activities of various stakeholders' group	75	83	17	24	24	3.7219
3	Environmental sustainability accounting help companies on awareness of environmentally responsible for their community	126	29	51	8	9	4.1434
4	Environmental sustainability practices have improved your company's relationship with its host community	69	73	22	13	46	3.4753
5	Environmental sustainability accounting has helped in improved the market valuation of your company	62	115	21	13	12	3.9058
6	Environmental sustainability practices have enhanced public perception of your products as environmentally friendly	87	59	38	11	28	3.7443

Source: Research Survey, (2021)

TABULAR REPRESENTATION OF T-TEST RESULT

	Test Value = 0						
	t-call	t-crit	Df	Sig (2-tailed)	Mean difference	95% confidence interval of the difference	
						lower	Upper
Environmental sustainability accounting and market value	132.679	2.021	36	.051	3.70359	3.6488	3.7583

MEAN AND STANDARD DEVIATION RESULT

	N	Mean	Std. deviation	Std error mean
Environmental sustainability accounting and market value	2230	3.7036	1.31817	.02791

The result of t-test statistics is used to determine if the mean difference is statistically significant to the acceptance region of 3.5 in explaining the impact of environmental sustainability in explaining the market value of food and drug companies. From the result, it can be discovered that the t-cal of 132.679 > t-critical of 2.021 at 0.05 level of significance based on the decision rule of t-test statistics; the null hypothesis stated for the study is therefore rejected. In contrast, the alternate hypothesis is accepted to the effect that environmental sustainability accounting has significantly impacted the market value of food and drug manufacturing companies. The result above shows that the average mean value of 3.7036, above the acceptance region, shows that environmental sustainability accounting has helped food and drug manufacturing companies improve their market value.



Hypothesis Two

Environmental sustainability accounting has not significantly impacted the turnover of selected food and drug manufacturing companies.

S/N	Question	SA	A	U	D	SD	Mean
1	Environmental sustainability practices are an important concept for companies to imbibe	76	77	36	14	20	3.7847
2	Environmental sustainability practices have enhanced the improved marketing of your company's product.	63	89	27	16	28	3.6412
3	Environmental sustainability practices have helped in enhancing customer patronage of your company.	83	85	24	12	19	3.9013
4	Environmental sustainability accounting by food and beverage companies has helped increase your company's sales.	54	96	34	28	11	3.6905
5	Environmental sustainability has enhanced the improved marketing of your company.	66	89	31	23	14	3.7623
6	Environmental sustainability gives an organisation a competitive advantage over its competitors.	77	78	28	24	16	3.7892
7	Environmental sustainability practices adopted have enhanced customer preference for your company's products.	93	61	16	33	20	3.7802

Source: Research Survey, (2021)

TABULAR REPRESENTATION OF T-TEST RESULT

One simple Test

	Test Value = 0						
	T	t-crit	df	Sig (2-tailed)	Mean Difference	95% confidence interval of the difference	
						Lower	Upper
Environmental sustainability accounting and turnover.	143.850	2.021	36	.056	3.74798	3.6969	3.7991

TABLE SHOWING MEAN AND STANDARD DEVIATION RESULT

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Environmental sustainability accounting and turnover	2230	3.7480	1.23039	.02605

The result of the t-test statistics in table 10 is used to determine if the mean difference is statistically significant to the acceptance region of 3.5 in explaining the turnover performance of food and drug companies. From the result, it can be discovered that the t-cal of 143.850 > t-critical of 2.021 at 0.05 level of significance based on the decision rule of t-test statistics; the null hypothesis stated for the study is therefore rejected. In contrast, the alternate hypothesis is accepted to the effect that environmental sustainability accounting has significantly impacted



the turnover of selected food and drug manufacturing companies. The table above shows that the average mean value of 3.7480, which is above the acceptance region, proves that environmental sustainability accounting has helped food and drug manufacturing companies improve their turnover.

CONCLUSION AND RECOMMENDATIONS

In line with the discussion, the researcher concluded that environmental sustainability accounting has helped food and drug manufacturing companies get a better market valuation. It has made them enjoy benefits such as accessibility to loans, improved community relation, and easy product market perpetuation. The study also concluded that environmental sustainability accounting has helped in the turnover performance of food and drug manufacturing companies, leading to improved product sales and patronage of local products.

The following recommendations were made: That manufacturing company should adopt environmental accounting practices to enhance the better market valuation of their products and services. That manufacturing company should ensure that environmental accounting practices are adopted to be seen as companies producing environmentally friendly commodities

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