

## Formation of accounting and analytical support in terms of sustainable development policy

Tamara Hurenko

National University of Life and Environmental Sciences of Ukraine  
15 Heroiv Oborony Str., Kyiv, 03041, Ukraine  
E-mail: [gurenkot@ukr.net](mailto:gurenkot@ukr.net)  
ORCID ID: <http://orcid.org/0000-0003-2227-1488>

**Abstract:** *The need for a clear and balanced system of accounting and analytical support in terms of sustainable development is associated with the solution of both economic and social and environmental problems, which is due to the current state of the economy. Economic, social and environmental indicators must find a place in the system of accounting, financial reporting to further provision of analytical unit for making strategic management decisions at the macro and micro levels. Basically, it is necessary to identify not only groups of users of accounting information, but also groups of specific economic, social and environmental issues with the selection of objects involved in these processes.*

**Keywords:** *accounting and analytical support, sustainable development, accounting, analysis, strategic management.*  
JEL codes: M40, M41

### 1 Introduction

The concept of sustainable development is quite new for Ukraine. Increasing attention to social and environmental problems on the part of internal, and especially external users, leads to an increase in demand for information on environmental protection, especially by business entities. Enterprises spending money, material resources on the production of certain products and services, must plan them, protect the environment of their region and improve the social situation of their employees. Such costs must be reflected in accounting and financial reporting. These indicators will allow management to plan, determine the strategy for the future, considering the risks, to compare indicators of economic, social and environmental accounting for certain periods and with similar enterprises. Therefore, modern sustainable development accounting should become a new means of effective accounting and analytical support.

### 2 Methodology and data

The methodological foundations of the formation of the concept of sustainable development accounting were first reflected in the works of foreign researchers such as Burrit RL, Schaltegger S. (2000), James P. (1998) and others. In these works attention is paid to the consideration of both traditional accounting and sustainable development accounting with the need for analysis of environmental performance indicators for use by external and internal users. Also, scientists identify material flows in accounting that have a significant impact on the environment, which are expressed in quality, but must be determined in cash.

In Ukraine, researchers who have begun to consider the role of accounting for social and environmental issues in terms of sustainable development are: Zhuk V.M. (2009), Pelinho L.M. (2008), Sakhno L.A. (2009), Gritsishen O.D. (2015), Omarov Sh.A. (2014) and others. So Zhuk V.M. aimed in his work to explore scientific positions on the periodization of accounting and the prerequisites for changing its paradigms, to determine a new paradigm of accounting, based on the physiocratic ideas of harmonious development. Gritsishen O.D. and others identified the main environmental and social problems of the economy and management at the level of economic entities. Also, with the development of the theory and methodology of accounting, it is important to establish a holistic and effective accounting and analytical support in terms of sustainable development policy to meet the

needs of different groups of users, considering the factors and conditions of the enterprise. Therefore, it is possible to offer for business entities creation of accurate system of the organization of sustainable development accounting, development of forms of the administrative (internal) reporting (ecological and social).

### 3 Results of the discussion

For many years in a row, the world community has been working to increase not only economic efficiency, but also the preservation of the environment and social protection. That is, there must be a balance of economic, environmental and social components.

The concept of "sustainable development" is defined in the Law of Ukraine "On Stimulating the Development of Regions" (2005) as the main goal in the interests of all Ukraine, improving living standards, overcoming poverty and unemployment, the formation of the middle class. Stimulating the development of regions includes a set of legal, organizational, scientific, financial and other measures aimed at achieving sustainable development of regions through a combination of economic, social and environmental interests at the national and regional levels.

Omarov Sh.A. (2014) stressed that the UN World Commission on Environment and Development states that "sustainable development is development that meets the needs of the contemporary but does not jeopardize the ability of future generations to meet their personal problems".

Thus, sustainable development refers to such a model of human development, when the use of resources should be aimed at meeting human needs and at the same time provide conditions for the sustainability of the environment and natural systems with a view to the future. To achieve a balance between the three components (economic, social and environmental), it is necessary to focus efforts on creating a society that would be interested in the simultaneous preservation and improvement of the environment and increase the economic benefits of the population. Such harmony should be interrelated with both scientific and ethical problems of society. Balance must be in support of two principles:

- 1) preservation and maintenance of cultural heritage;
- 2) innovation and creativity.

Also, according to some scientists, there is a principle of eco-efficiency. It means that society (business entity) in the production of goods and services should use fewer resources, pollute the environment less and search for environmentally new technologies. At the same time, it is important to pay attention to the norms of consumption of food, industrial goods, etc., as a significant number of them are not used for a long time, which leads to spoilage and loss of original qualities. This harms both the producers themselves and society as a whole.

It is necessary to begin changes with:

1. analysis of the socio-political system;
2. creation of social programs on the interest of the population to take an active part in preserving the ecosystem;
3. creation of ecological programs and a number of normative-legislative acts on support, improvement of the state of the natural environment and ecosystem and system of control over them;
4. expanding the conditions of cooperation between the state, public organizations, enterprises and the population;
5. financial support from the state to address environmental and social problems that arise both at the national level and at the enterprise level;
6. formation of accounting and analytical support in terms of sustainable development policy in terms of preventing corruption. Psota V., Chyzhevskaya L. and others (2020) note that «corruption destroys the democratic system of state governance, threatens law and order, endangers honesty and social justice, impedes economic development and competition in the economy, and threatens the destruction of the moral principles of society».

Therefore, at the micro level it is important to form accounting and analytical information with a wide disclosure of economic indicators and a list of environmental and social issues

that are urgent (Table 1).

Table 1 Accounting and analytical support for sustainable development of enterprises

Types of information	Appointment
Accounting information	formation of the base of input and output information for drawing up plans of development of the business entity; reliability of formation of indicators of accounting and financial reporting on economic, social and environmental activities
Analytical information	application of effective methods of analysis according to economic, social and environmental accounting
Environmental information	formation of information as a financial statements on environmental costs and equipment involved in the production of certain products; formation of strategic programs of ecological development and disclosure of problematic issues in its implementation; identification of risks, strengths and weaknesses in environmental accounting
Social information	formation of information as financial reporting on social security of employees of the enterprise; formation of information on social costs and incentives to improve the results of the enterprise and support the ecosystem of the region; formation of operational and strategic plans (programs) of social development and disclosure of problematic issues in its implementation; identification of strengths and weaknesses of social development of the business entity; determining the relationship of the social sphere at the micro and macro levels; introduction of methods for assessing the intellectual potential of the enterprise with the introduction of data in the forms of financial reporting

According to Kubashchikova Z., Tumpach M. and Yukhashova Z. (2020), based on the results of the analysis, enterprise management and its effective operation depend on "risks", which are usually associated with confidence in improving the results of activities that and are confirmed by annual reports.

It is possible to support conceptual approaches to sustainable development in its priority areas, which were developed by the All-Ukrainian public organization "Living Planet" (Table 2).

Table 2 Priority areas for sustainable development

Types of priority areas	Directions of sustainable development*	Display of results of sustainable development**
Sustainable consumption	rational consumption of natural resources; saving water, electricity, heat consumption; waste sorting; making economical purchases of food; giving preference to environmentally friendly products from the manufacturer	close cooperation between economic and accounting services; implementation of constant calculations and accounting of the territories necessary for production, processing and quantity of the used natural resources at all stages of a life cycle of production
Sustainable production	production of necessary goods at minimal cost of natural resources and waste minimization; reduction of risks in production processes for the environment and society; reducing the amount of waste and	analysis of production processes; planning the use of resources taking into account their properties and qualities; reflection separately in the accounting of costs for the production of eco-products and

	emissions into the environment at the location of production; motivation and training of staff in rational management; waste reuse	revenues from its sale; application of ecological technologies and equipment; development of marketing service; implementation of environmental management system at the enterprise
Sustainable energy	reduction of intensive carbon emissions in energy; use of cleaner types of fossil fuels	emission control; development of a general program to support energy efficiency; accounting and analysis of the results of actions on energy efficiency
Sustainable purchases	value for money while minimizing environmental damage; achieving a balance between the economy, society and the environment; pure competition, transparency; meeting the requirements of state policy and the goals of world society; compliance with the law	accounting for product costs throughout the life cycle of the product (from purchase to disposal); accounting and legal support of social factors; monitoring of procurement and compliance with legal requirements; establishing internal control over the state of the environment and solving social problems
Sustainable development of settlements	cooperation of local bodies and business entities with the population; improving the management of settlements; determining community priorities in addressing sustainable development issues; promotion of rational nature management; increasing population mobility; local health care	reflection of the results of cooperation in the Management Report; accounting and internal control over cooperation with the population
Sustainable lifestyle and education	management of the principle of conservation of natural resources by the current generation for the future; ensuring broad awareness of the state of the environment and the impact on the future (impact analysis)	conducting continuous training of employees on environmental issues; support (motivational mechanism) of employees to improve economic performance with the use of environmental effects; analysis of the results of sustainable development systems on social and environmental issues; display of reliable information in the Report on management and control and reliability of indicators

\* Source: Summarized according to the All-Ukrainian public organization "Living Planet"; \*\* Source: Developed by the author

It can be noted that the selected significant areas of sustainable development are relevant. But, in our opinion, it is still necessary to connect these problematic issues with the system of accounting and analytical support, as well as the legal basis. This will provide an opportunity to improve the management system of environmental and social blocs in the

relationship with the economic, to conduct a comparative analysis and evaluate the activities on the basis of well-developed social and environmental accounting..

#### 4 Conclusions

Therefore, we can conclude that sustainable development in the system of accounting and analytical support should include:

- interest, first of all, of the state in improvement of social conditions of a society and preservation of environment with application of accurate legislative base and nulilnyh conditions of their performance by local bodies and subjects of managing; detection and redemption of corruption moments;
- cooperation of the public, corporate and private sectors on the use of resources for production, procurement and ongoing monitoring and control of both external and internal;
- expanding the requirements of financial reporting to reflect environmental and social costs and revenues;
- verification of the reliability of the indicators of the Management Report;
- development of accounting-information, accounting-analytical, accounting-legal systems in the general management system.

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