Achievement of Environmental Goals at Visy

# Introduction

With the increasing awareness among the public concerning the environmental related issues, business organizations are finding it essential to implement certain measures so as to protect the environment from the day to day activities undertaken by them. They have realized that in order to survive in this competitive era, it becomes essential for them to take initiatives that helps them in protecting the environment in a most effective manner. This essay is concerned with analyzing the management accounting system of Visy, the world’s largest privately owned paper, recycling and packaging company in helping the organization to achieve its environmental goal. In assessing the major steps undertaken by the organization in order to achieve its environmental goal, the National Packaging Covenant and Environmental Report for the financial year 2004 will be examined in detail.

# Environmental Goal of Visy

Visy has been quite focused with respect to its environmental goal of becoming a more environmentally sustainable packaging manufacturer and also the user in Australia. In order to become an environmentally sustainable packaging manufacturer, Visy has integrated its environmental code of practice for packaging with that of its management systems. It has also been constantly engaged in reducing, recycling and reusing the more used packaging and avoiding disposal. Thus the main goal of Visy towards the environment is to comply with the regulations so that the negative impacts on the environment can be avoided and this could be possible by being committed towards increasing the sustainability of the packaging and recycling industry. In order to achieve its goal, the company has taken various initiatives such

as improvement in the recovery rates, light weighting and also the better designing and development of new markets (Environmental Management System (EMS) 2010).

# Role of Management accounting in attaining the Environmental Goal

Accountants have a major role to play in helping the organization in attaining its environmental goal in a most effective manner. Management accounting is basically concerned with satisfying the informational needs of the internal management of the organization. The focus of such management is on the monetary as well as the non monetary information that basically helps in addressing the activities such as formulation of business policies and the most effective use of the available resources. The accounting and the accountant has a major role to play in ensuring the proper management of environmental management system as they have access to both the monetary and the non monetary information of the organization. They also have the skills to make the most appropriate use of such available information for decision making. Accounting in general plays an important role in organization by framing rules and regulations concerning the management of finance to which all the organizations have to comply with. Similarly, the accountant and the accounting can help in implementing an Environmental Management Systems (EMS) within the organization by bringing the traditional functions of accounting in the day to day environmental management process. An effective implementation of EMS would result into better management of the issues related to the environment as it helps in incorporating the accounting mechanism that basically deals with the environmental performance evaluation, valuing the impact of the environmental activities undertaken by the organization and helps in monitoring the success achieved with regard to environmental related actions (Wilmshurst and Frost 2001).

It has also been proved by the studies conducted in the past that the accountants and the accounting have a major role to play in the proper management of environmental system within the organization. According to Wilmshurst and Frost (2001), accountants can help an organization in identifying the information related to environment so that they can take important decisions (Wilmshurst and Frost 2001). In another study conducted by Ans Kolk (2006), on sustainability, accountability and corporate governance, it has been found that the companies are constantly engaged in striving for the transparency and accountability by offering important information pertaining to its environmental, legal and ethical aspects to the public. In the study, a clear linkage between the corporate governance and sustainability which includes environmental aspects has been found (Kolk 2006).

# Assistance of Management Accounting in attaining Environmental goals at Visy

At Visy, the top management has identified that the good business practice and good environmental outcomes go hand in hand. As such, the management has been highly concerned with the environmental related aspects from the packaging business run by the company. The management accounting is basically concerned with the internal management of the organization, by having a focus on the physical flow of information such as water, energy, materials and waste and also on the monetary information concerned with the earnings, costs and savings. The management at Visy has issued a series of values to its staff in order to provide guidance on the day to day activities performed by them so as to remain environmentally effective. The management at Visy is also considering the integration of Environmental code of practice for packaging into its management system so as to comply with the rules and procedures as laid down in the code. In order to make the

internal operation effective toward the environment, the management accounting at Visy is designed in a way that provides higher prioritization to the capital allocated to water and energy as these have been considered as a major resource management issue in Australia. Further, in order to achieve the efficiency in the environment related aspects, Visy also conducts Energy Audits so that its water management plans can be developed that results into the efficient use of water and recycling at Visy sites. The management accounting is very effective at Visy as, there has been target set for every division with respect to the usage of Energy and Water as these are considered to be the scarcest resources. Thus the overall management accounting at Visy aims at achieving internal efficiency within the organization so that it remains environmentally competitive and able to achieve its environmental goal (The Visy Report 2010).

# Conclusion

This essay is basically concerned with assessing the effectiveness of the management accounting at Visy in achieving its environmental goal. The accountant and the accounting have a major role to play in making an organization environmentally effective. This has been proved by the various studies as undertaken in the past concerning the role of accounting in the environmental management system. By assessing the management accounting system at Visy, it can be concluded that it is quite effective in enabling the organization to achieve its goal of environmentally effective in packaging and recycling.

References

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