

Malaysian Companies' Carbon Performance and Carbon Risk Management Via the Mediating Role of Carbon Accounting

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Abstract

A major source of carbon dioxide (CO₂) emissions and rising CO₂ levels has been identified as industry and industrial usage (UNDP, 2013; van der Hoeven, 2011), which has been blamed for its resistance to adopt carbon technology and desire to carry on as normal. Carbon emissions damage the environment and have an impact on company operations in every country on the planet. Thus, organisations must take action to reduce greenhouse gas emissions, which calls for globally coordinated resolutions. Carbon accounting can assist concerned companies in managing their CO₂ emissions in this area. Incidentally, carbon accounting can help concerned organizations deal with their CO₂ emissions. Carbon accounting is the practise of allowing the measurement and monitoring of carbon emissions in order to motivate improved performance, as measuring, documenting, and communicating are key accounting principles. Accountants play a vital role in the development and implementation of carbon accounting. The Association of Chartered Certified Accountants (ACCA) has provided guidance on carbon accounting to help all companies, regardless of size, by making it easy to understand and available to all. This study broadens the understanding of carbon management in businesses that have Malaysian ISO 14001 certification. The study focused on the role that carbon accounting plays in mediating the relationship between carbon risk management and carbon performance. The structural equation modelling (SEM) was used to evaluate the data. The study finds that carbon performance is much enhanced by carbon risk management and carbon accounting. It is noteworthy that carbon accounting serves as the primary mediator in the relationship between carbon risk management and carbon performance.

Keyword: Carbon risk management, Carbon accounting, Carbon performance, Carbon emissions, Malaysia, ISO 14001