

Environmental Regulation with Corporate Governance: the role of ICT

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June 2013



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CG & Environmental Regulation

- Corporate governance and corporate reporting systems are endeavouring to become more effective as a means to support better environmental regulation in organisations (Williams and Seaman, 2008).



GR Environmental Models

- The Global Report Initiative (GRI),
- Full cost accounting,
- The Brudtland report (United Nations, 2010),
- Triple bottom line method and
- Environmental management systems
 - are encouraged under corporate governance procedures and systems.



ICT systems can

- report and
- support better decision making
- on regulation and environmental controls
- across the enterprise, and
- provide indicators where these processes exceed imposed control limits.



CG & Design

- Affect the design of systems and decisions
- limited by the practice of *comply or explain*;
- relying on the good will of the company
- PUMA, 2011
- *Comply or explain* on environmental matters
 - can impact on the decisions of governing boards to disclose or not (KPMG, 2009),
 - and considered under competition protection



Existing Information

- Systems already provide compulsory information
 - for company and stakeholder publication,
- Systems can reasonably collect, measure and report on environmental impact.
- The International Federation of Accountants (IFAC), 1998 (ACCA, 2011),
 - listing a number of impacts of organisation activity on the environment and a large number of costs that the business might suffer internally.



International Federation of Accountants 1

- Reporting on measures such as
 - waste management metrics and processes,
 - compliance costs for pollution and
 - other compliance such as
 - health and safety,
 - environmental training attended and costs,
 - environment related maintenance, environment certification standards,
 - risk management reviews and others (ACCA, 2011).



International Federation of Accountants 2

- These direct and indirect costs are and can be recorded within current ICT systems.
- Some companies have included in their corporate reports such as PUMA in their first ever
 - “attempt to measure, value and report the environmental externalities caused by a major corporation and its entire supply chain” (PUMA, 2011)
 - and in an attempt to be transparent to the shareholders so as to maintain reputation (Government of Canada, 2012).



Using IFAC or similar

- Using current systems within this type of governance approach
 - impacts positively on ICT implementation, and
 - brings the organisation closer to better environmental management systems,
 - without adding significant systems development overheads,
 - which may not motivate an organisation from adding another perceived level of bureaucracy to the organisation.



Research

- Environmental regulation might work effectively using what is already established through corporate governance practices in conjunction with the current ICT systems.
- Basis for research into the role of ICT in environmental regulation:
 - explore a framework for implementation of ICT in the environmental regulatory context,
 - identify potential parallels with the application of ICT in corporate governance.



SFI - Lero

- “This work was supported, in part, by Science Foundation Ireland grant 10/CE/I1855 to Lero - the Irish Software Engineering Research Centre (www.lero.ie).”
- And supported by Dr. Tom Acton Nuig

