ESI Preprints

Not Peer-reviewed

Albania's Entities and Environmental Accounting: Current Public Disclosure and the Reality Behind Closed Doors

Msc. Florinda Zherri, Assistant Professor
Prof. Dr. Flutura Kalemi
Agricultural University of Tirana, Albania

Doi: 10.19044/esipreprint.5.2025.p389

Approved: 21 May 2025
Posted: 23 May 2025

Cite As:
Zherri F. & Kalemi F. (2025). *Albania's Entities and Environmental Accounting: Current Public Disclosure and the Reality Behind Closed Doors*. ESI Preprints.
https://doi.org/10.19044/esipreprint.5.2025.p389

Abstract

Environmental accounting (EA) has become an essential tool for incorporating environmental costs and performance into corporate reporting and decision-making. This paper analyzes the status of EA in Albania, a developing economy and EU candidate, by evaluating the public disclosure of environmental information and the internal practices of EA within enterprises. A content analysis was performed on the websites and financial reports of 100 big Albanian enterprises, in conjunction with a structured survey of 71 managers. Results indicate a substantial disparity between outward reporting and internal practices. Public environmental disclosures are scant; only a limited number of corporations release quantitative or financial environmental data, and nearly none produce independent sustainability reports, indicating a "gray" reporting environment. Survey results reveal that approximately one-third of organizations have initiated internal enterprise architecture practices or sustainability initiatives, albeit without external communication. Significant obstacles impeding wider implementation of Environmental Accounting (EA) encompass constrained financial resources, absence of regulatory mandates, inadequate stakeholder pressure, and minimal awareness or proficiency in sustainable accounting, literature indicated to be issues prevalent in poor nations. Analyzing the results via stakeholder, legitimacy, and institutional theories indicates that the lack of external pressures and obligatory frameworks has resulted in complacency in disclosure, notwithstanding increasing internal awareness.

The research underscores an immediate necessity for enhanced regulatory frameworks, capacity development, and stakeholder involvement in Albania. In aligning with the EU's CSRD (2022) and global reporting requirements, it is imperative to bridge the divide between public reporting and private practice to enhance corporate transparency and accountability.

Keywords: Environmental Accounting; Sustainability Reporting; Developing Nations; EU Corporate Sustainability Reporting Directive (CSRD); barriers of implementation

Introduction

Sustainable development has emerged as a global necessity due to the escalating threat of environmental degradation to economic and social welfare. Business entities are recognized as significant contributors to environmental degradation and essential participants in implementing solutions. The discipline of environmental accounting (EA) has developed to enhance conventional accounting by integrating environmental costs, obligations, and performance indicators into financial reporting and managerial decision-making. Essentially, EA offers a framework for firms to assess and disclose their environmental impacts in both monetary and non-monetary terms, hence improving transparency and stewardship. The necessity for environmental accounting, both theoretically and practically, is well-established. Notwithstanding its acknowledged significance, the practice and disclosure of environmental accounting exhibit considerable variation globally. A substantial body of literature has examined why certain firms adopt EA while others fall behind. Significant theoretical frameworks have been utilized to comprehend these actions. Stakeholder theory asserts that corporations would react to the expectations and pressures of their stakeholders - such as investors, regulators, consumers, employees, and communities - by revealing pertinent environmental information and enhancing performance..

Developing countries typically exhibit diminished external influences for EA, and Albania is no exception. The corporate sector in Albania is in the nascent stages of its sustainability journey, and anecdotal evidence indicates that environmental disclosure by Albanian entities is limited. Until the late 2010s, there was almost no issuance of independent sustainability reports by Albanian companies; a notable exception was a cement manufacturer, part of an international conglomerate, which published an audited sustainability report in accordance with Global Reporting Initiative (GRI) standards. The financial reporting framework in Albania has not officially incorporated environmental reporting, and previous studies indicate that Albania's accounting standards lack specific mandates or structure for environmental disclosure. The regulatory deficiency, coupled with insufficient stakeholder awareness, indicates that numerous corporations may see environmental information as confidential or immaterial, resulting in diminished openness. Nonetheless, the activities conducted behind closed doors - such as whether corporations are monitoring environmental costs internally or implementing sustainable practices without public disclosure - remain mostly ambiguous due to insufficient prior research.

Given Albania's bid for European Union (EU) membership, the matter of environmental accounting and reporting has acquired heightened significance. Compliance with EU requirements, including the recently enacted business Sustainability Reporting Directive (CSRD, 2022), would necessitate significant enhancements in business transparency regarding environmental, social, and governance (ESG) issues. This establishes both an expectation and an opportunity for Albanian organizations to enhance environmental accounting procedures. However, a deficiency persists in both the research and practice: to what degree are Albanian enterprises presently involved in environmental accounting, whether publicly or privately? What variables are impacting their behavior?

This study seeks to address the gap by exploring "Albania's entities and environmental accounting: actual public reporting and the reality behind closed doors." Specifically, we analyze both the external aspect (the environmental information companies publicly disclose) and the internal aspect (the extent of environmental accounting practices, awareness, and perceived obstacles within firms). The subsequent research questions (RQs) direct the investigation:

- RQ1: What environmental information, if any, do Albanian enterprises include in their official communications (financial statements, annual reports, websites)?
- RQ2: What is the internal status of environmental accounting in Albanian enterprises concerning adopted practices, managerial awareness, and perceived obstacles or facilitators for EA?

Our report offers a thorough examination of the status of environmental accounting in Albania by answering these inquiries. The results are analyzed using stakeholder, legitimacy, and institutional theories to comprehend how external forces and internal factors intersect to influence EA outcomes. The study not only records the existing disparity between public reporting and internal procedures but also examines its implications concerning Albania's sustainable development commitments and alignment with the EU. In the following sections, we initially examine pertinent literature regarding the global demand for EA and the recognized challenges in developing nations (Section 2). Subsequently, we delineate our methodology, encompassing content analysis and survey methodology (Section 3). Section 4 presents the results, followed by a discussion that connects the findings to theory and expectations in Section 5. Ultimately, we present recommendations for policy and practice in Albania (Section 7) and acknowledge the study's shortcomings (Section 6).

Review of Literature

Global Significance of Environmental Accounting and Theoretical Frameworks

Environmental accounting has gained international significance as stakeholders increasingly demand corporate responsibility for ecological effects. Climate change and environmental threats are widely acknowledged as financial challenges, rather than merely ethical concerns, impacting company performance and long-term economic stability. Environmental Accounting (EA) is seen as an essential instrument for firms to recognize and address environmental costs (such as waste, pollutants, and resource use) that conventional accounting may overlook. By quantifying environmental consequences in monetary terms (such as the expenses associated with pollution or the advantages of eco-efficient investments), Environmental Accounting (EA) facilitates improved internal decision-making and conveys sustainability performance to external stakeholders. Research indicates that incorporating environmental factors can stimulate innovation and enhance efficiency; for example, thorough examination of environmental expenses frequently uncovers opportunities for waste reduction, resulting in decreased operational costs and increased long-term profitability (Henri & Journeault, 2010; Burritt & Christ, 2016). Moreover, thorough environmental reporting can bolster a company’s reputation and brand equity, as investors and customers increasingly prefer enterprises with robust sustainability credentials. A seminal study by Eccles et al. (2014) identified a positive association between the quality of sustainability reporting and a firm's financial performance, indicating that "doing good" can coincide with "doing well" financially.

Three theoretical frameworks are frequently employed to elucidate corporate involvement, or the absence thereof, in environmental reporting: stakeholder theory, legitimacy theory, and institutional theory. Stakeholder theory posits that businesses are responsible to a diverse array of stakeholders who can influence or are influenced by the company's actions (Freeman, 1984). In the context of environmental disclosure, stakeholder theory posits that corporations will provide more environmental information when subjected to heightened demands or expectations from significant stakeholders, including regulators, investors, customers, local communities, and non-governmental organizations. For instance, when investors seek climate risk information or when significant customers mandate that suppliers adhere to environmental norms, organizations are strongly motivated to implement EA practices and provide relevant information (Fasua & Osifo, 2020; David, 2022). Conversely, in the absence of stakeholder interest or pressure, firms may deprioritize environmental projects.

Legitimacy theory enhances this perspective by emphasizing the societal "license to operate." It asserts that firms consistently strive to ensure their operations are regarded as legitimate by society, aligning with social values, norms, and expectations. Environmental legitimacy is attained by evidencing that the firm's environmental performance and effects are deemed acceptable by the public. Consequently, if a company's operations jeopardize the environment or attract scrutiny (for example, following a pollution event), legitimacy theory posits that the firm will react - typically by enhancing environmental disclosures or implementing more sustainable practices - to restore its reputation and align with societal expectations (Suchman, 1995; Deegan, 2002). Notably, legitimacy theory may yield a contrary prediction to stakeholder theory in specific instances: it frequently posits that organizations with compromised legitimacy due to inadequate environmental performance may disclose more information to project accountability or elucidate their mitigation efforts. Nonetheless, if external oversight is minimal (for instance, in an environment where regulators and the public exhibit limited interest in corporate environmental performance), even subpar performers may perceive no necessity to disclose, resulting in persistently low overall reporting levels.

Institutional theory offers a comprehensive socio-economic viewpoint by analyzing how regulatory frameworks, professional standards, and industry practices influence organizational conduct. In developed markets, environmental reporting is progressively formalized and regulated, shown by stock exchange listing mandates, sustainability accounting standards, and integrated reporting frameworks, hence generating coercive and normative pressures for corporate compliance. In such contexts, failing to report may incur legitimacy costs or indicate non-compliance. Conversely, in numerous nations, environmental reporting commenced as a voluntary and disjointed endeavor, with corporations selecting from an array of criteria (GRI, SASB, TCFD, etc.) or reporting selectively. The absence of a standardized framework has historically resulted in inconsistencies and non-comparable reports. Companies may practice selective disclosure ("cherry-picking" advantageous metrics) without a holistic strategy, potentially utilizing sustainability reports more as public relations instruments than as accountability mechanisms. Institutional theory posits that in the absence of coercive pressures (binding laws or regulations) and robust normative frameworks (such as professional education prioritizing EA and industry best practices), corporate conduct will exhibit significant variability. Numerous companies may forgo environmental reporting entirely, particularly if they perceive no immediate advantage or if their competitors are similarly abstaining (absence of mimetic pressure). Recent global advancements are progressively bolstering institutional mechanisms supporting Environmental Accountability (EA): for example, the EU's Corporate Sustainability Reporting Directive (CSRD) of 2022 now requires standardized sustainability reporting from numerous companies, and the International Sustainability Standards Board (ISSB), established by the IFRS Foundation, has released new reporting standards (IFRS S1 and S2 in 2023) to establish a global benchmark for sustainability disclosures. These modifications signify a shift towards regarding sustainability reporting with equivalent rigor to financial reporting, which may ultimately extend to emerging markets as well.

Obstacles and Influential Factors in Developing Nations

The difficulties of executing environmental accounting are exacerbated in underdeveloped nations, where economic and institutional limitations sometimes obstruct the adoption of EA techniques and the scope of public reporting. Previous study delineates many principal obstacles and contributing elements in these contexts:

Restricted Financial Resources: Enterprises in emerging nations often function under stringent capital limitations and may perceive investments in environmental management systems or certifications as nonessential. The expenses associated with implementing new pollution control technology, acquiring certifications such as ISO 14001, or employing environmental professionals can be exorbitant, particularly for small and medium firms. In the absence of external incentives or subsidies, environmental activities are often deprioritized relative to essential company expenses. Per the resource-based view of the company, organizations with ample resources are more adept at executing EA, while resource-constrained firms prioritize survival and short-term financial gains. A 2012 global survey conducted by ACCA also identified the notion of elevated costs as a significant factor contributing to reluctance in voluntary environmental reporting. In underdeveloped nations, this obstacle is particularly pronounced: for instance, obtaining inexpensive finance for green initiatives is challenging, and governments infrequently provide financial incentives (such as tax cuts or grants) to mitigate initial expenses.

Expertise and Data Challenges: The implementation of environmental accounting necessitates specialized knowledge to quantify and assign monetary value to environmental impacts. Numerous companies have methodological challenges in evaluating environmental performance, such as assigning a monetary value to a ton of CO_2 emissions or estimating the costs associated with water pollution. Environmental impacts frequently encompass externalities and scientific uncertainty, rendering quantification intricate (Deegan, 2013). In fact, corporations may resort to reporting select non-monetary indicators (such as trash or emissions in tons) without including them into financial records, owing to the absence of recognized valuation methodologies. Furthermore, the quality and availability of data are critical concerns. Companies may operate across various locations or suppliers, making the collection of consistent environmental data difficult. Developing nations frequently lack comprehensive environmental monitoring infrastructure (laboratories, sensors, databases) and depend on manual data collection, resulting in increased variability and inaccuracies. Boiral et al. (2022) observe that discrepancies in data gathering among various sites and suppliers cause managers to doubt the veracity of sustainability metrics in comparison to established financial figures. Moreover, only a fraction of sustainability data, often comprising critical indicators such as carbon emissions, is subject to independent audit or assurance, if it is examined at all, even inside large corporations. In 2021, around 69% of large multinational corporations received some level of assurance for their sustainability reports, indicating that 31% lacked any assurance, and even those with assurance frequently addressed only a restricted range of criteria. In poor nations, external verification is exceedingly uncommon, attributable to the scarcity of qualified auditors and experience. These factors erode confidence in environmental data and may deter organizations from comprehensive reporting, as managers might fear that the data will not withstand inspection or find the process overly cumbersome from a technical perspective.

Inadequate Regulatory Frameworks: A recurring observation in emerging economies is the lack or ineffective enforcement of environmental reporting rules. In contrast to financial reporting, which is often obligatory and governed by stringent rules, environmental disclosure in numerous developing nations has predominantly been optional. Governments may implement fundamental environmental regulations (e.g., necessitating an Environmental Impact Assessment for certain projects or pollutant discharge licenses), although they frequently do not require firms to disclose environmental performance in annual reports or financial statements. As a result, numerous companies, particularly those concentrating on local markets, opt not to disclose any sustainability statistics publicly. This regulatory void results in a situation where firms possess significantly more knowledge about their environmental impacts than they disclose publicly, hence producing information asymmetry. Belal and Owen (2007) serve as a seminal reference, illustrating that in Bangladesh, the lack of statutory regulations resulted in limited and selective corporate social disclosures, with corporations frequently neglecting environmental considerations. The latest EU CSRD (2022) significantly alters the landscape in applicable jurisdictions by expanding mandatory sustainability reporting to encompass a wider array of organizations, including major unlisted firms, and mandates the use of standardized criteria. Nonetheless, those outside the EU or not adhering to these norms may lag behind. IFAC (2024) cautions that without the integration of international standards, developing markets may transform into a "gray zone" for capital markets, characterized by untrustworthy sustainability information, leading responsible investors to refrain from investment. In conclusion, absent a compelling impetus from regulators, numerous enterprises in developing countries exhibit inactivity or inconsistency in the adoption of EA.

Insufficient Stakeholder Pressure and Awareness: Stakeholder activity and public consciousness on environmental issues are typically diminished in emerging contexts, hence lessening the informal accountability pressure on corporations. Concerns such as poverty alleviation and economic progress frequently overshadow discussions regarding environmental protection. Belal et al. (2015) noted a trend of "prioritizing industrialization over sustainability" in numerous developing nations. Local communities may not request environmental information from corporations, and oversight by civil society or the media is frequently inadequate. In Albania, public and NGO influence on business environmental performance has traditionally been feeble, due to more pressing economic issues. According to stakeholder theory, a significant absent impetus is evident: if customers, investors, and communities do not inquire, corporations will not disclose information. Our analysis indicates that numerous Albanian managers regard the absence of customer or client need for certifications or reports as a primary factor for not participating in EA. A poll of managers (Wilson & Husnain, 2022) in various poor nations identified "low stakeholder interest" as a major impediment to sustainability reporting. Likewise, concerns regarding legitimacy are diminished; companies do not apprehend public reprisal for non-disclosure if society is not attuned to these matters. The outcome is a low-pressure equilibrium in which neither the market nor society significantly urges corporations to alter their environmental accounting practices.

Organizational Culture and Management Perspectives: Internal variables are pivotal. Numerous enterprises in emerging economies have a short-term, profit-oriented management strategy, which may foster opposition to innovative methods such as environmental accounting, viewed as costly with unknown advantages. If senior executives lack personal conviction on the strategic importance of sustainability, they may perceive Environmental Assessment as a bureaucratic encumbrance or a transient phenomenon (Gray, 2010; Qian et al., 2018). Organizational culture prioritizing quick financial results sometimes disregards non-financial measures. Stakeholder theory posits that managerial response is contingent upon leaders' perceptions of stakeholders' concern with the issue. If not, people are prone to disregard it. According to legitimacy theory, if a company's leadership perceives no legitimacy threat (due to insufficient external inspection), they lack motivation to modify internal values or promote environmental openness. In contrast, the uncommon instance of an ecologically aware owner or leader can markedly alter the scenario: research has indicated that the personal values of senior management can propel proactive sustainability implementation (Chang & Deegan, 2008). In underdeveloped nations, certain small enterprises spearheaded by "green" entrepreneurs may voluntarily exceed compliance due to authentic dedication, even in the absence of external forces. Our findings indicate that several micro-enterprises in Albania adopted sustainability methods solely based on the owner's values, contrary to the prevailing tendency (as elaborated later). Nonetheless, a prevalent assertion is that insufficient managerial support and limited internal awareness regarding EA are obstructive elements (Jamil et al., 2014). Numerous organizations lack training or exposure to environmental accounting ideas, which intensifies leadership's indifference or mistrust. In our poll, 70% of Albanian respondents indicated that they had never received information or training on environmental accounting, underscoring an educational and cultural deficiency inside firms. Table 1 delineates the relationship between these principal barriers and determinants and the theoretical viewpoints outlined.

Table 1. Principal Obstacles/Elements in EA Execution and Their Theoretical Associations

Barrier/Factor	Theoretical Link
Financial resource constraints	**Resource-Based View / Stakeholder Theory:** Firms with limited resources avoid costly EA initiatives . Unless stakeholders (e.g. investors) provide financial support or demand it, cost is a deterrent (Elhossade, et al., 2022; Abubakr, et al., 2024; Hossain, 2019; IFAC, 2024; Zatini, et al., 2025).
Difficulty in measurement & data	**Institutional Theory (Normative/Cognitive):** Lack of standardized methods and expertise makes EA technically challenging . In weak institutional environments, no normative pressure ensures capability-building, so firms struggle to quantify impacts reliably (Deegan, 2013; Arendt, et al., 2020; Biral, et al., 2022; IFAC, 2021; UNCTAD, 2023)
Weak regulatory requirements	**Institutional Theory (Coercive):** In absence of coercive laws or standards, firms face no legal mandate to report . Under legitimacy theory, abiding by minimum legal requirements means if none exist for EA, non-disclosure is not seen as illegitimate (Gray & Bebbington, 2001; Oyedokun, 2021; Elijido-Ten, 2004; Hahn & Kühnen, 2013; Latif, et al., 2020; Benvenuto, et al., 2023) .

Lack of stakeholder pressure	**Stakeholder Theory:** If key stakeholders (customers, investors, public) do not demand environmental accountability, firms have little incentive to engage in EA . **Legitimacy Theory:** Low public awareness means companies do not fear legitimacy loss for ignoring EA (Wilson & Husnain, 2022; Qian, et al, 2021; Ikram & Khalid, 2019; Sarkis, et al., 2010; Alnaim & Metwally, 2024) .
Management attitude & culture	**Stakeholder/Legitimacy Theories:** Management's stance depends on perceived stakeholder expectations . In a profit-focused culture, seen through legitimacy theory, unless external norms shift, internal values resist change . Champions with personal "green" values (agency of leaders) can override these trends (Chang & Deegan, 2008; Nazari, et al., 2015; Benvenuto, et al., 2023; Hahn & Kühnen, 2013; Ali, et al., 2024; Adnan, et al., 2010; Amran, et al., 2013).
Knowledge and training gap	**Institutional Theory (Normative):** Weak educational and professional infrastructure on sustainability leads to low awareness (no normative pressure to conform to EA best practices). This undercuts adoption, as identified in many developing contexts . Stakeholder theory also implies that if managers don't understand EA, they won't recognize potential stakeholder benefits, perpetuating low engagement (Elhossade, et al., 2022; Zatini, et al., 2025; Ikram & Khalid, 2022; IFAC, 2024).

Impediment/Element Theoretical Connection, Sources: Assembled by the author from diverse publications (Belal & Owen, 2007; Hahn & Kühnen, 2013; Dissanayake et al., 2020; Nazari et al., 2015; etc.) and the referenced theoretical frameworks.

The Albanian Context and Research Deficiency

Albania, as an evolving economy in Southeast Europe, illustrates the aforementioned issues. The nation's accounting and corporate governance systems have been reformed to align with international norms, such as the adoption of IFRS for financial reporting; however, obligations for environmental and sustainability reporting are nearly nonexistent. A 2014 study on environmental liabilities in Albania determined that accounting procedures and regulations failed to establish an adequate framework for reporting environmental concerns. Since that time, there have been gradual enhancements (e.g., heightened discourse on environmental issues in specific corporations' annual reports), however no overarching mandate has been established. Environmental disclosures by Albanian corporations are predominantly voluntary and limited.

Before this study, information regarding the involvement of Albanian enterprises in environmental accounting was exceedingly scarce. No academic research have systematically quantified the number of enterprises disclosing environmental information or the extent to which Albanian firms internally implement environmental accounting. Nonetheless, expert assessments and geographical analyses reveal a substantial disparity. For instance, adjacent nations that are EU members or aspirants have commenced the implementation of EU non-financial reporting regulations, but Albania remains behind. The singular significant instance of advanced sustainability reporting in Albania was ANTEA Cement (a subsidiary of the TITAN group), which, until about 2015–2020, was allegedly the only company in the country to produce a GRI-standard sustainability report. The company stated in its integrated report that, to its knowledge, it was the only entity in Albania with such a standardized sustainability report. This underscores the remarkable nature of detailed reporting within the Albanian environment.

Concurrently, Albania has environmental challenges including urban air pollution, industrial waste management difficulties, and the necessity for sustainable natural resource utilization. In pursuit of EU entry, adherence to European environmental norms is crucial. The EU's CSRD (2022) is expected to be implemented by transposition into national legislation, necessitating that several Albanian enterprises, particularly large and publicly listed entities, would soon be obliged to report on their environmental and social performance in accordance with EU regulations. This forthcoming transition necessitates an evaluation of the current status of Albanian enterprises and the challenges they encounter in adopting environmental accounting.

In conclusion, the literature and contextual analysis indicate that Albanian enterprises likely exhibit minimal public environmental disclosure, possibly attributable to the stated hurdles (regulatory deficiencies, insufficient pressure, etc.). Nonetheless, it is conceivable that certain corporations have initiated internal initiatives, such as implementing ISO 14001 environmental management systems or monitoring certain environmental indicators for internal use, which are not disclosed in public reports. This study investigates both outward reporting and internal procedures and awareness. This approach offers a foundational evaluation for Albania and enhances the discourse on environmental accounting in developing nations, utilizing Albania as a case study to demonstrate the disparity between real practices and public responsibility.

Methodology

To address the research topics, we utilized a dual-method approach: content analysis of public disclosures and a structured survey of corporate managers. This hybrid methodology enabled us to juxtapose the exterior environmental claims of corporations with their internal actions, or at the very least, how managers see their practices and obstacles.

Content examination of Public Environmental Reporting: A sample of 100 enterprises in Albania was selected for examination. The sample concentrated on medium and large corporations across key industries, principally identified via the national registry of significant taxpayers, which encompasses the nation's largest firms by revenue. The sample's industry distribution comprised manufacturing (about 33 enterprises), trade (25), construction (16), energy and mining (8), with the remaining in services including transport and telecommunications. For each corporation, we gathered all publicly accessible information pertaining to environmental problems. This included annual financial statements and notes, annual reports or independent sustainability reports (if available), official news releases, and content from the company's website (parts on corporate responsibility, environment, health and safety, etc.). We sought any references to environmental policies, projects, measures, or expenditures. The temporal scope for content analysis encompassed recent years, specifically articles from 2020 to 2023, so ensuring the capture of the contemporary reporting status.

We employed a manual qualitative content analysis method, examining documents for specified keywords (e.g., “environment,” “sustainability,” “emissions,” “ISO 14001,” etc.) and recording the presence or absence of diverse forms of environmental information. We identified the following key categories:

- Environmental policy or strategy: Does the company indicate the existence of an environmental or sustainability policy/commitment?
- Environmental management systems: Any mention of certifications such as ISO 14001 or internal environmental management frameworks.
- Environmental initiatives: Detailed accounts of projects or measures (energy efficiency, waste reduction, etc.).
- Quantitative data on environmental performance: for instance, emissions levels, resource use, waste generation, etc.
- Environmental expenditures or liabilities: for instance, capital investments in environmental initiatives, provisions for environmental cleanup, and fines or penalties incurred.
- Risk disclosures: Inclusion of environmental or climate-related hazards in risk management sections.
- Governance and accountability: Is there a board member or committee assigned to address environmental concerns? Is there a manager designated for sustainability?

The disclosure, or absence thereof, of each corporation was documented. We also compiled aggregate indicators, such as the proportion of enterprises that reported possessing an environmental policy and the percentage that disclosed quantitative environmental data. This is a comprehensive overview of public reporting practices, or the lack thereof.

Survey of Managers on Internal Practices and Perceptions: To investigate the "reality behind closed doors," we developed a structured questionnaire aimed at those accountable for finance or management within Albanian enterprises. These individuals were often chief financial officers (CFOs), accounting managers, or sustainability managers, when applicable. The survey was disseminated to the identical cohort of organizations utilized in the content analysis (when feasible) and to supplementary enterprises using professional networks and an online survey link. We obtained 71 legitimate responses, encompassing a varied array of sectors akin to the content analysis sample. The sector distribution of the responding companies closely reflected the sample frame: manufacturing (~25% of respondents), trade (~24%), services (~18%), construction (~10%), with additional sectors including energy and transport. This indicates that our study encompassed a wide representation of the corporate environment.

The survey instrument was organized into sections corresponding to our research topic and guided by literature on EA factors:

1. Contextual Information: Company demographics (sector, scale, ownership framework) and respondent position.
2. Knowledge and Awareness: Inquiries assessing managers' comprehension of environmental accounting and sustainability reporting principles. We inquired whether they were familiar with or had utilized frameworks such as GRI, or if they had undergone any training in environmental accounting. We inquired about their perceived knowledge of national and international sustainability regulations.
3. Current procedures: An inquiry regarding the company's internal implementation of diverse EA procedures. This encompassed binary or multiple-choice inquiries regarding aspects such as internal tracking of environmental costs, establishment of environmental performance objectives, implementation of environmental management systems (e.g., ISO 14001 certification), and measurement of carbon footprint or other metrics. We inquired whether they had ever compiled any type of sustainability report, regardless of its public availability, or disseminated environmental information to stakeholders, such as investors or the parent firm.
4. Implementation Barriers: Utilizing a Likert scale (1=Strongly Disagree to 5=Strongly Agree), we provided respondents with a compilation of potential barriers found in the literature (refer to Section 2.2) and requested them to evaluate their level of agreement with the significance of each barrier for their organization. The obstacles comprised, for example, “Insufficient financial resources for environmental initiatives,” “Absence of legal mandates,” “Lack of

pressure from customers or investors," "Management disinterest," "Inadequate expertise or guidance," and "Environmental reporting perceived merely as a marketing tactic rather than a valuable practice," among others. This enabled us to identify the barriers viewed as most severe.

5. Perceived Advantages and Assistance: Utilizing a Likert scale, we inquired about prospective advantages ("The implementation of environmental accounting may lower expenses or enhance our reputation") and the types of support or incentives that would facilitate the adoption of EA ("We would benefit from government-sponsored training/guidelines," "We would appreciate collaboration with universities or experts on EA," etc.). We aimed to ascertain managers' perceptions of the usefulness of EA and the factors that may incentivize its adoption.
6. We incorporated a prompt for supplementary remarks, encouraging respondents to articulate any issues or experiences related to environmental accounting in their own terms. This qualitative aspect offered context and illustrations that enhanced our understanding.

The survey questions were created based on previous research to guarantee content validity. The barrier items in section 4 were directly derived from prevalent problems identified in the literature, such as insufficient knowledge, financial constraints, absence of external pressure, regulatory gaps, and inadequate internal culture. We conducted a pilot of the questionnaire with select experts to verify clarity and relevance, implementing minor modifications before to full rollout.

Data Analysis: We aggregated frequencies and instances of environmental disclosure for the content analysis. The findings were predominantly descriptive (e.g., "X% of companies report possessing an environmental policy"). Descriptive statistics were employed in the survey to encapsulate the replies, including mean scores for Likert-scale items and percentage of affirmative and negative answers. This article emphasizes descriptive insights, presenting key percentages and central themes without extensive exploration of inferential statistical tests. In a broader research setting, statistical analysis could be employed to examine relationships; however, this discussion focuses on a direct comparison between reported and actual activities.

The integration of approaches facilitates triangulation. If enough survey respondents assert that their organization has adopted specific practices, we can verify whether any proof of those practices is present in their public disclosures. If our content analysis reveals minimal public reporting, the survey will ascertain if this is attributable to a genuine absence

of activity or merely a deficiency in disclosure.
All data was gathered in compliance with ethical research guidelines. The survey was conducted anonymously, and participants were guaranteed that only aggregated findings would be disseminated. Due to the potentially sensitive implications of acknowledging insufficient environmental action, anonymity was essential for eliciting honest replies.

Results

Public Environmental Reporting: Findings from Content Analysis

The content analysis indicates that environmental disclosure among Albanian enterprises is remarkably deficient. A significant majority of the 100 corporations examined do not disclose any meaningful environmental information in their annual reports or on their websites. Principal discoveries encompass:

- *Overall prevalence of environmental information:* Merely 20% of corporations disseminated any environmental information in their public communications, and this was frequently minimal. Approximately 80 out of 100 corporations made no reference to environmental effect, strategies, or performance at all. The variation was sector-specific: around one-third of manufacturing firms referenced environmental issues, whereas only roughly 13% of trading companies disclosed such information. Industries such as services and energy were intermediate, with approximately one in four companies referencing environmental concerns. These references, however, were typically superficial.
- *Policy statements:* Merely 15% of corporations expressly indicated the existence of an environmental policy or commitment. Often, this was encapsulated in a solitary sentence inside the corporate profile or CEO statement (e.g., “We are dedicated to environmental protection and regulatory compliance”). Only a few organizations (about 2-3) offered additional details, like the specification of policy objectives or environmental management systems. The majority of corporations lacked a clearly articulated environmental policy. Approximately 12% of the sampled organizations reported the implementation of an environmental management system certified to ISO 14001. These primarily comprised larger manufacturing or construction companies whose activities had considerable environmental influence. The disclosure usually appeared as a statement in the annual report or on the website indicating ISO 14001 certification. Although 12% is a tiny percentage, it is significant that numerous companies possess international standard certificates. It indicates that certain companies, particularly those engaging with

foreign partners or markets, are willingly implementing these systems to enhance performance or comply with supply chain mandates. Nevertheless, the statistic indicating that over 90% lack such certification underscores the restricted dissemination of environmental management methods within the Albanian corporate sector.

- *Sustainability reporting and standards:* Almost no Albanian enterprises provide independent sustainability or environmental reports that adhere to global standards (e.g., GRI). Historically, one company in the cement industry was the sole example of a comprehensive sustainability report that was both audited and compatible with GRI standards. Excluding that instance, our investigation did not identify any company issuing a GRI report or its equivalent. Certain corporations incorporate a segment on environmental and social matters in their annual reports, particularly if they are subsidiaries of overseas multinationals that mandate ESG reporting. However, these parts are generally concise. The absence of uniform reporting results in a deficiency of comparability and depth, aligning with prior observations that GRI-based reporting has been "virtually non-existent" in Albania until recently.
- *Environmental hazards and compliance*: Merely 2 out of 100 organizations were identified as recognizing environmental issues in their public documentation. This suggests that the disclosure of environmental risks, including potential liabilities, regulatory changes, and climate-related threats to the firm, is exceedingly uncommon. Likewise, discourse regarding adherence to environmental regulations was predominantly lacking; companies appear to assume legal compliance as a given and do not expound upon it in their reports. This low occurrence indicates that corporations either do not formally evaluate these hazards or, if they do, opt not to disclose them. This also indicates the absence of regulatory mandates to incorporate such information in financial disclosures.
- *Governance and accountability:* We saw a significant lack of transparency about environmental governance frameworks. Only one corporation specifically said that a board committee or a senior executive was accountable for environmental issues. Another corporation reported possessing a structure, such as a Health, Safety, and Environment (HSE) department, for addressing environmental concerns. No other firm indicated any internal accountability for environmental performance beyond those mentioned. This indicates that environmental concerns have mostly not been incorporated into

corporate governance for most corporations (e.g., absence of sustainability committees, lack of referenced environmental managers).

- *Quantitative data about environmental performance*: The most notable discovery is the significant lack of empirical data. Merely 2 companies (2%) revealed any quantifiable environmental performance metrics (e.g., emission levels, resource use). In such instances, the disclosures were restricted: for instance, a beverage firm revealed its annual water conservation and CO_2 emission reductions attained through efficiency initiatives. Another company supplied several statistics pertaining to recycling and trash minimization. These are exceptional instances; often, firms refrain from disclosing data such as total greenhouse gas emissions, energy consumption, water usage, or garbage production. Our data indicates that even corporations in heavy industry did not publicly disclose such figures. Consequently, stakeholders possess little quantitative criteria to assess the environmental performance of Albanian enterprises.
- *Environmental expenditures and accounting entries*: In alignment with the aforementioned, financial disclosures about environmental expenditures or liabilities are nearly nonexistent. Merely 2% of corporations, specifically two entities, disclosed any financial data pertaining to the environment. One corporation indicated the establishment of an environmental provision, presumably for prospective remedial expenses. None of the companies revealed particular environmental capital expenditures or fines incurred for environmental violations. This indicates that environmental expenditures are predominantly unrecognized in financial statements - they are either not incurred, unacknowledged, or not delineated from general expenses in reporting. This indicates a near-total absence of environmental accounting integration in external financial reporting: environmental expenses are not specified nor emphasized, and environmental liabilities, if there, are rarely acknowledged or quantified in public disclosures.

In conclusion, the public disclosure of environmental issues by Albanian enterprises is largely minimal or non-existent. A limited number of comparatively advanced companies offer minimal disclosures (policy statements, ISO certification, a few performance indicators), although they are the exception. The general assessment is characterized by "gray" reporting, a term used by Gray (1993), who noted that numerous countries' business reports largely lack environmental (green) information. Our findings support the hypothesis derived from legitimacy theory that, in an environment characterized by minimal external demand, corporations will not willingly disclose significant information regarding their environmental impact. The subsequent section's findings indicate if this absence of reporting correlates with a deficiency in action, or if certain companies are internally involved in EA without public disclosure.

Internal Practices and Perceptions: Survey Results

The managers' survey offers insight into the developments occurring behind closed doors concerning environmental accounting. The findings indicate that, although public disclosure is limited, there is somewhat increased internal activity, albeit still in the nascent stages for the majority of organizations. We present the principal findings:

- *Awareness and training*: Respondents possess a limited understanding of environmental accounting. Merely 30% of managers reported having had any training or education in environmental accounting or sustainability reporting in recent years. In contrast, almost 70% reported lacking instruction on these subjects. Indeed, 40% of respondents acknowledged that they had not obtained any information regarding this topic from any source, including training, professional organizations, or media. This underscores a considerable awareness deficiency - numerous financial professionals in Albania remain unacquainted with EA concepts, indicative of the absence of such material in university curricula or ongoing professional development, a notion supported by IFAC (2024), which advocates for the modernization of accounting education to incorporate sustainability. Several respondents indicated in their comments that they became aware of certain terminology, such as "environmental management accounting," solely through participation in the poll, highlighting the novelty of the notion in this context.
- *Current execution of environmental accounting techniques:* We inquired if companies have initiated the implementation of any environmental accounting or sustainability practices. Approximately 32% of firms (23 out of 71 respondents) have initiated some type of internal EA practice. This may encompass basic activities such as quantifying power consumption to more formal initiatives like implementing an environmental policy or acquiring ISO 14001 certification. Simultaneously, 44% (31 companies) reported that they have not yet adopted any such practices. The remaining 24% ("16 don't know" responses) indicates that those respondents were uncertain about their company's position, possibly due to the absence

of a formal practice and their lack of personal engagement with it. The data indicates that almost one-third of companies are initiating sustainability efforts, despite a minimal percentage publicly disclosing any information. It verifies a disparity between internal practices and external disclosures: numerous corporations that engage in internal actions fail to communicate them transparently.

- *Characteristics of practices among adopters*: Among the respondents indicating that their company has initiated Environmental Assessment (EA) practices, prevalent examples included: monitoring energy or water usage to enhance efficiency, establishing waste segregation or recycling initiatives, adherence to ISO 14001 (notably, several of the 12% with ISO certification provided responses), and incorporating environmental criteria into investment decisions (such as evaluating environmental impact for new projects). Several individuals indicated that they have commenced the internal calculation of their carbon footprint or environmental KPIs, frequently motivated by mandates from international partners or parent corporations. It is essential to acknowledge that these efforts are predominantly operational or managerial and have not yet been reflected in public reports.

The inclination to initiate Environmental Accounting practices was greater in specific sectors, consistent with anticipated environmental impact. Manufacturing and construction companies exhibited the highest adoption rates, with almost 80% of manufacturing firms and 71% of construction firms implementing at least one sustainable strategy. Sectors such as services and trading experienced a decline, with approximately 60-65% reporting some impact. This tendency is rational, as companies with more substantial environmental footprints (such as factories and building sites) are likely to experience a heightened necessity or external pressure (e.g., from overseas clientele) to mitigate those impacts. Notably, certain micro and small firms were included among the adopters. Our survey encompassed several diminutive firms (fewer than 10 employees), and unexpectedly, several reported participation in environmental initiatives. For example, one small design agency claimed to be "100% green" in its operations by utilizing solar power and offsetting emissions, motivated by the founder's principles. This corroborates our previous observation that firm size is not an unequivocal indicator; driven small firms might defy the trend. Statistically, size did not demonstrate a substantial impact on adoption rates in our sample, maybe due to sample biases or the pronounced effects of individual cases.

Identified obstacles: The poll illuminated the barriers that managers perceive most acutely. The most highly rated obstacle, based on the percentage of respondents who agreed or strongly agreed, was the "lack of pressure from customers/clients." Approximately 41% of respondents assigned this barrier a high rating (4 or 5 on the 5-point agreement scale), making it the barrier with the highest overall consensus. One responder stated, “Our local clients do not request any environmental certifications or reports, so it is not a priority for us.” This supports the prior theoretical assumption that in the absence of stakeholder demand, corporations perceive less incentive to take action. The subsequent often referenced obstacles were:

Financial cost apprehensions: Numerous managers, particularly from firms that have not embraced Environmental Accounting (EA), regard the supplementary expenses associated with environmental projects or reporting as considerable. Non-adopters assigned a high average rating of approximately 4.2/5 to the statement “Environmental accounting would incur significant financial costs for us,” in contrast to adopters, who ranked it lower at 3.0/5. This suggests that cost represents a significant obstacle for enterprises that have yet to commence operations – a quintessential hindrance.

Absence of regulatory mandates: A significant majority concurred that “If there were more stringent laws or obligatory requirements, we would comply, but in their absence, we do little.” This indicates that corporations mostly acknowledge the ineffectiveness of the voluntary method, yet they would adhere to regulations. A manager remarked, “We adhere to all Albanian environmental laws; however, as reporting is not mandated, we do not engage in it.” If it is necessary tomorrow, we will certainly comply.

Adequate knowledge/expertise deficiency: Approximately 50% of respondents concurred that they "lack sufficient know-how or guidance" to execute environmental accounting. This correlates with the training deficiency. Companies lack confidence in initiating processes and determining metrics, resulting in their reluctance. Management and cultural disposition: The responses were rather divided; approximately one-third explicitly concurred that their senior management "does not regard environmental accounting as significant" or that the corporate culture prioritizes short-term financial objectives over sustainability. Some individuals remained indifferent or expressed disagreement, frequently indicating that their own participation may elicit greater interest. Nonetheless, the absence of intrinsic motivation was recognized as a concern by numerous individuals.

A significant minority of respondents perceived that "sustainability reporting is primarily a public relations/marketing endeavor rather than a source of genuine value." Those who concurred with this viewpoint were predominantly from companies that do not engage in Environmental Accounting, suggesting a level of cynicism or skepticism regarding the efficacy of reporting. This mentality can serve as an impediment, as it diminishes possible advantages.

Perceived advantages and motivations: Conversely, participants who have adopted EA methods or exhibit a favorable disposition generally believe in specific benefits. A significant proportion of adopters concurred that "enhancing environmental practices can diminish operational expenses (via efficiency)" and "it enhances our company's reputation and stakeholder confidence." Adopters also exhibited greater consensus with assertions such as "Our company would derive long-term advantages from incorporating environmental considerations." This disparity in perception between adopters and non-adopters indicates that once a company initiates engagement with environmental accountability, they begin to recognize its value, whereas those who have not remain skeptical or uninformed – a quintessential knowledge/experience gap.

Required support: There was widespread agreement among both adopters and non-adopters that additional external assistance would be beneficial. Approximately 85% of participants concurred that the government ought to furnish more explicit recommendations or training on environmental accounting and reporting, and that various incentives (such as recognition, subsidies for sustainable initiatives, or streamlined reporting frameworks for little and medium-sized enterprises) would motivate them. A considerable percentage (about 60%) expressed a willingness to collaborate with institutions or experts to establish EA systems, and many desire workshops or pilot projects for experiential learning. A mere 18% expressed a willingness to incur substantial sums for external consultants to execute EA, suggesting a preference for public or subsidized support. One reply expressed a preference for assistance from universities or the state through projects or training, rather than using costly consultants, indicating a sensitivity to expenses.

Internal versus external disparity: A significant revelation from integrating the aforementioned results with the content analysis is the substantial divergence between internal actions and outward disclosures. Of the 23 companies that reported implementing sustainability strategies, only a few publicly acknowledged such efforts. Numerous organizations engaged in internal initiatives, such as those adhering to ISO 14001 or implementing energy conservation programs, are not publicly disclosing these efforts, potentially overlooking an opportunity to highlight their achievements. In response to inquiries regarding their limited publicity, some managers indicated that either (a) they believed the public or investors would lack interest, (b) they were awaiting formal requirements or guidelines for reporting, or (c) they were apprehensive that partial or voluntary reporting could invite unwarranted scrutiny or necessitate additional effort to uphold.

This suggests a prudent strategy; companies opt for silence over voluntary disclosure, potentially until it becomes customary.

The survey results illustrate a complex reality: a minority of Albanian enterprises are beginning to adopt environmental accounting or management techniques, primarily motivated by pragmatic considerations such as efficiency, fulfilling partner expectations, and individual initiative. Nevertheless, the majority are still in preliminary phases or have yet to commence, citing various obstacles. Knowledge deficiencies and the absence of external stimuli are widely evident. External action is poised to occur, either via regulation or capacity-building, to alter these views and behaviors.

Discussion

The results of our analysis indicate a significant disparity between the environmental claims made by Albanian enterprises and their actual practices. In analyzing these data, we utilize the previously established theoretical frameworks to elucidate the factors contributing to this disparity and juxtapose the literature's assumptions with the actual observations. From a stakeholder theory perspective, the minimal presence of environmental information in Albanian corporate reporting results logically from insufficient stakeholder pressures. Stakeholder theory predicts that if important stakeholders (investors, customers, regulators, community) do not require environmental accountability, corporations will not provide it voluntarily. Our findings robustly corroborate this concept. Managers expressly said that insufficient pressure from customers or investors is a primary reason for not pursuing EA, with "no one requests it" being the foremost obstacle. Furthermore, Albania's capital market is limited and mostly influenced by short-term financial factors; environmental performance has not yet become a requirement for bank loans or investments, and there is a negligible presence of activist investors. Moreover, public understanding and civil society engagement regarding corporate environmental matters are constrained. This backdrop corresponds with previous findings in underdeveloped nations (Belal & Owen, 2007; Belal et al., 2015) indicating that stakeholders frequently refrain from applying pressure, leading to limited corporate openness. The empirical observation that around 80% of corporations provide no environmental disclosures, and merely 2% present quantitative data, can be attributed to the lack of incentives driven by stakeholders. Companies do not recognize a detriment from non-disclosure or an advantage from disclosure in the present environment.

Legitimacy theory provides an additional perspective. One may inquire: considering that Albania continues to confront substantial environmental issues (such as pollution), would firms not pursue legitimacy by demonstrating environmental responsibility? Legitimacy theory posits that they will, but solely if their legitimacy is jeopardized or if societal norms shift to anticipate such disclosures. In Albania, the social contract concerning corporate environmental responsibilities seems to be deficient. Our findings indicate that firms do not perceive a legitimacy threat from their environmental impact, presumably due to insufficient challenges from society and regulators. For instance, even industries recognized for their pollution, such as oil extraction or mining in Albania, have not encountered significant public crises or pressure campaigns that compel them to engage in defensive transparency. Legitimacy theory suggests that underperformers may release more information to manage perceptions; however, in this case, underperformers (assuming most are indeed underperforming or failing to handle impacts effectively) refrain from disclosures, indicating that the external pressure mechanism is inactive. Albanian enterprises arguably sustain legitimacy by adhering to minimal legal standards; specifically, as long as they comply with fundamental environmental requirements and face no protests, they perceive their legitimacy as secure without further reporting obligations. This aligns with the quotation from our literature: in a low-pressure climate such as Albania, we did not anticipate numerous companies to disclose environmental statistics, and this assumption was fulfilled. Legitimacy theory can elucidate one facet: why do certain organizations implement internal processes notwithstanding the absence of external pressure? This may represent proactive legitimacy management in expectation of forthcoming norms. Companies with overseas partners or ambitions for worldwide markets may foresee the necessity of demonstrating environmental credentials in the future. By obtaining ISO 14001 or initiating emissions measurement at this time, they develop internal capabilities to ensure preparedness for any legitimacy demands that may emerge, such as EU rules or customer requirements. This is an endeavor to attain pragmatic legitimacy with certain stakeholders (Suchman, 1995) - for instance, corporations mandating certification for suppliers. Some survey replies indicated that organizations sought environmental certification due to expectations from a foreign client or parent company. In terms of legitimacy, Albanian enterprises are conforming to the standards of an international stakeholder to preserve legitimacy in that relationship, despite the absence of local normative requirements.

Institutional theory elucidates the structural and normative context influencing these results. The absence of a coercive regulatory system in Albania is a critical element. In the absence of obligatory sustainability reporting regulations, corporations incur no legal repercussions for failing to provide information. Our findings indicate that firms acknowledge they would increase their efforts if mandated by legislation, exemplifying a scenario where coercive pressure is now lacking but may be impactful if implemented. The institutional void encompasses normative pressures: Albania's professional accounting organizations, educational establishments, and business groups have just lately initiated discussions on sustainability, if they have done so at all. A robust professional standard asserting that "effective accounting encompasses environmental accounting" has yet to be established. This is evidenced by the limited training and understanding among managers, indicating an immature normative institutional framework. Mimetic pressures are minimal; if no peers are releasing sustainability reports, a company lacks an industry benchmark to imitate and may hesitate to differentiate itself or reveal sensitive information unnecessarily. Institutional theory also encapsulates the emerging dynamic: the global movement towards standardization, exemplified by CSRD and ISSB standards, may ultimately impose coercive pressure on Albania through EU accession prerequisites and normative pressure as global corporations and investors disseminate expectations. Initial indications suggest that the few enterprises exhibiting increased activity are frequently subsidiaries of multinational corporations (subject to coercive pressure from their parent company) or those engaged with EU markets (experiencing mimetic pressure to conform to international standards). It is anticipated that as these companies lead by example, others will emulate them; however, this mimetic impact has not yet shown significantly, presumably due to the scarcity of examples and their limited publicity. Albania is now in the nascent phase of developing the institutional mechanisms for EA.

Contrasting anticipations with outcomes: Prior to the study, it could have been anticipated, considering Albania's EU candidacy and global trends, that a moderate proportion of bigger Albanian enterprises would have initiated sustainability reporting in some capacity. It would be logical to anticipate that banks or telecommunications businesses, typically early adopters in other sectors, may release CSR reports. Our data, however, indicate that essentially none of the large corporations engage in such practices. The extent of the public reporting gap is more significant than expected. Regarding internal procedures, we anticipated minimal adoption; yet, the poll indicated a higher engagement level (32% adoption) than a skeptic might presume (it is not 0%; some organizations are definitely implementing measures). This signifies latent progress under the surface. The relationship between knowledge and action is noteworthy: our findings corroborate other empirical research indicating that more awareness is associated with greater adoption. Organizations with managers possessing greater awareness of EA were markedly more inclined to use it, underscoring the significance of education and information dissemination as a catalyst. One expectation of stakeholder and legitimacy theories is that corporations in environmentally sensitive industries will disclose information or take action more frequently due to increased legitimacy risk or stakeholder interest. In Albania, we observed that those sectors, specifically manufacturing and construction, exhibited greater rates of internal adoption. Nevertheless, they continued to withhold external disclosures. This indicates that although they acknowledge the necessity of managing the environment operationally (perhaps for reasons of efficiency or regulatory compliance), they do not perceive a requirement to disclose this publicly. They may be apprehensive that revealing environmental data could invite scrutiny, as some corporations fear adverse reactions if the data is unfavorable, leading them to choose for silence - a tendency noted by certain legitimacy theory experts.

A significant topic of discussion is the disparity between public perception and private reality. The term "Reality Behind Closed Doors" is fitting; internally, organizations may be engaging in activities beyond public awareness. This disparity may provide challenges. From a stakeholder perspective, stakeholders cannot incentivize or promote corporations for sustainability initiatives if they are uninformed about them. From a company's standpoint, any goodwill derived from environmental responsibility is relinquished if it remains concealed. Why would firms choose not to capitalize on reputational advantages from positive actions? The perceived dangers of disclosure - such as accountability, continual reporting, and providing information to regulators or NGOs that could be detrimental - likely outweigh the minimal reputational benefits in a society that has not yet fully recognized the value of such initiatives. In other words, firms may deliberately remain silent about their benevolent actions to prevent establishing a precedent or attracting scrutiny. This indicates a trust issue; they may lack confidence that disclosures will be addressed favorably or equitably.

By correlating data with theory, it is evident that all three viewpoints possess explanatory efficacy.

Stakeholder hypothesis is substantiated by the association between low pressure and minimal reporting.

Legitimacy theory is demonstrated by the generally low need for legitimacy restoration, with the exception of enterprises exposed internationally.

Institutional theory is demonstrated by the absence of regulation and the explicit indication that the introduction of regulation would alter behavior, since respondents expressed a readiness to comply if required. Our research aligns with findings from earlier studies conducted in poor countries. Hahn & Kühnen (2013) observed that firm size and international orientation are prevalent drivers of sustainability reporting; in Albania, larger firms and those with overseas affiliations were marginally more engaged, while still not publicly reporting. Belal and Cooper (2011) identified a disparity between the external statements of companies in Bangladesh and their internal practices, frequently resulting in minimal disclosures; likewise, Albanian organizations exhibit slightly greater internal actions while maintaining limited external communication. One distinction is that in certain nations, external CSR reporting increased despite its low quality, occasionally serving merely as superficial embellishment.

In Albania, firms have mostly refrained from reporting altogether instead of producing potentially shallow sustainability reports. This may be perceived as either a significantly delayed condition or a more candid approach (no reporting is preferable than deceptive reporting). The discourse would be deficient without considering the forthcoming EU directive (CSRD). The significance cannot be exaggerated: once Albanian organizations, especially in the banking sector or large enterprises, are required to comply, we anticipate a profound transformation. Where legitimacy and stakeholder pressures have not incited action, a legal mandate is likely to do so. The inquiry, however, is: are they prepared? Our data indicate a negative conclusion at this time. If corporations were required to prepare ESG reports tomorrow, many would have difficulties with data and expertise. This highlights the necessity for capacity improvement (as discussed in the recommendations).

In conclusion, the disparity between Albania's present condition and the anticipated criteria for EU alignment is substantial. The theoretical frameworks anticipated minimal interaction in light of Albania's setting, and our empirical research corroborates these predictions. Theory also proposes avenues for enhancement: augment stakeholder pressures (via awareness and activism), elevate legitimacy concerns (by educating the public on corporate environmental accountability), and implement stringent institutional pressures (such as rules, standards, and education). Our proposals in the subsequent section derive directly from these consequences.

Limitations

This study offers significant insights into environmental accounting in Albania; however, it possesses numerous shortcomings that warrant acknowledgment:

The report examined 100 enterprises and received 71 survey responses in Albania; nevertheless, despite encompassing several prominent corporations, it may not accurately reflect all businesses in the nation. Small and micro enterprises, which predominate in quantity within the Albanian economy, were inadequately represented. Consequently, the results are predominantly relevant to medium and large firms. Exercise caution when generalizing findings to extremely tiny enterprises or informal sector entities.

- Self-Reporting Bias: The survey data depend on managers' self-reported behaviors and perceptions. Response bias is a significant concern; specifically, managers who elect to reply may possess a heightened interest in sustainability, so exaggerating the actual extent of internal EA adoption. Conversely, some respondents may underreport specific actions or attitudes due to social desirability bias (e.g., reluctance to acknowledge a total absence of action). We endeavored to alleviate this by guaranteeing anonymity; yet, the potential for bias persists.
- Depth of Content Analysis: Our content analysis was predominantly qualitative, concentrating on the presence or absence of information. We did not conduct a comprehensive quantitative assessment of disclosure quality. It is conceivable that we overlooked certain nuanced disclosures or that certain corporations have their environmental consequences referenced in a fragmented manner (for instance, a notation in financial statements regarding provisions) that we did not comprehensively quantify. Nonetheless, due to the often minimal disclosure, this is unlikely to alter the overarching perspective. A further constraint is that our examination was restricted to publicly accessible papers; if a corporation disseminates environmental information directly to certain stakeholders (but not via websites or reports), our study would not encompass that data. The study offers a temporal snapshot of activities over the early to mid-2020s. This is an era of swift transformation in global sustainability reporting. Albanian enterprises may soon alter their practices in response to external factors, such as the potential initiation of reporting in 2024–2025 in anticipation of the CSRD. Our findings may rapidly become obsolete if a surge in adoption occurs. In contrast, historical patterns, such as comparisons to five years prior, were not expressly examined; hence, we cannot conclusively determine the rate of improvement, just that present levels are low.
- Extent of assessed internal practices: Environmental accounting encompasses a wide range of concepts, which our study distilled into specific practices and views. We did not quantify the real enhancements in environmental performance or the financial results of EA techniques. We also did not thoroughly examine allied domains such as social responsibility or company governance, which may interact with environmental measures. The study's scope was intentionally narrow, hence it does not offer a comprehensive sustainability profile of organizations, focusing just on the environmental accounting aspect.

- Comparative context: A direct comparison group (e.g., analogous surveys in another country) was not incorporated. Understanding whether Albania considerably deviates from its peers or adheres to conventional patterns will enhance understanding. Our references to other developing nations are derived from literature; nonetheless, a controlled comparison was beyond our reach.

These constraints present opportunities for subsequent investigation. Longitudinal studies could monitor the progression of Albanian enterprises in Environmental Accountability over time, particularly following the passage of the Corporate Sustainability Reporting Directive. Comprehensive investigations may encompass more companies or comparative analyses with adjacent nations. Furthermore, further study may integrate interviews to obtain more profound qualitative insights from business managers and stakeholders (regulators, investors) to comprehend their viewpoints on corporate environmental accountability in Albania.

Conclusions

This study analyzed the condition of environmental accounting and reporting in Albania, highlighting a significant disparity between public disclosures and internal practices. Albanian corporations predominantly refrain from addressing environmental issues publicly; only a handful provide environmental data, and nearly none offer thorough sustainability disclosures. Internally, a significant proportion of organizations have commenced the implementation of environmental accounting standards or sustainability programs, notwithstanding the lack of external visibility of these efforts. The research indicates that the absence of external pressure and regulatory mandates has resulted in complacency regarding openness, aligning with stakeholder and legitimacy theories. Simultaneously, some progressive organizations are undertaking voluntary measures, frequently motivated by efficiency objectives or adherence to international standards, indicating an emerging acknowledgment of sustainability's significance in private discussions.

The results have significant consequences as Albania prepares to conform to EU sustainability standards. Reconciling the disparity between actual practices and public disclosures will be essential. Enhanced environmental accounting and reporting would augment corporate openness and credibility, while also better equipping Albanian enterprises for entry into European markets and adherence to impending obligations such as the CSRD. Albania's corporate sector faces a pivotal decision: maintain the current state of limited accountability or evolve towards enhanced environmental transparency and performance in accordance with global trends.

Suggestions

Informed by our study's findings, we advocate the following actions for politicians, professional organizations, and business leaders in Albania to enhance environmental accounting and bridge the public-private practice divide:

- **Implement and Enforce Environmental Reporting Regulations**: A decisive and robust regulatory initiative is essential to overcome inertia. Policymakers should include EU-aligned sustainability reporting mandates into Albanian legislation to prepare for compliance with the EU CSRD. This might commence with the incremental implementation of mandates for large corporations and publicly traded entities to include environmental and broader ESG information in their annual reports. Regulators, such as the financial regulatory authority or stock exchange, ought to establish criteria about the structure and content of these disclosures, maybe adopting the European Sustainability Reporting Standards. Equally significant, enforcement procedures must be established; corporations should be aware that non-compliance would incur repercussions. Explicit, obligatory regulations will establish an equitable competitive environment and necessitate that corporations invest resources in EA, addressing the deficiencies of the existing voluntary framework.
- **Capacity Building via Education and Training:** To rectify the discernible knowledge deficit, focused initiatives are required to enhance proficiency in environmental accounting. University accounting curricula must be revised to incorporate modules on sustainability accounting and reporting (De Silva & Nilipour, 2024) to ensure that new graduates possess awareness upon entering the workforce. Professional organizations, such as the Institute of Authorized Chartered Auditors of Albania, ought to provide continuing professional development courses focused on environmental accounting practices, standards, and technologies. Government and international funders could fund workshops and certification programs for corporate accountants and managers on implementing Environmental Accounting, such as training in materiality evaluations, carbon footprint calculations, or GRI report preparation. The poll revealed significant interest from corporations in obtaining training and workshops; fulfilling this need will enable firms to take action. Moreover, cultivating collaborations between corporations and local colleges or consultants for pilot initiatives can

provide practical experience. A "train-the-trainer" methodology may prove beneficial: establish a core group of local specialists who may then mentor several enterprises.

- **Enhance Stakeholder Awareness and Engagement**: Stakeholder pressure will escalate as stakeholders recognize and demand environmental accountability. Initiatives must be undertaken to enhance public consciousness regarding business environmental effects and the significance of sustainability reporting. For example, NGOs and media in Albania could initiate benchmarking and disseminating the scant environmental information available, potentially through an annual "sustainability transparency" ranking of enterprises, to foster competitiveness and awareness. The government and civil society can also support stakeholder dialogues - forums in which corporations must respond to inquiries from community organizations or investors regarding their environmental performance. Investor education is essential: the financial sector (banks, pension funds) should be motivated to integrate ESG criteria into their lending and investment strategies. Should banks inquire about environmental risk management from loans, corporations will pay attention. International purchasers of Albanian goods, such as textiles or minerals, should be encouraged to mandate environmental norms within supply chains, utilizing foreign stakeholder power. The objective is to alter society norms such that a corporation failing to report or manage environmental issues is perceived as an anomaly, thereby leveraging the soft power of legitimacy concerns to enhance stringent laws.
- **Encourage Early Adopters and Exemplary Practices**: To motivate enterprises to exceed compliance, Albanian authorities should implement incentives for outstanding environmental accounting and performance. Recognition awards or public commendations for organizations who publish sustainability reports or attain specific certifications can offer positive reinforcement and enhance their reputation. The government may contemplate tax incentives or subsidies for enterprises investing in green technologies or acquiring environmental certifications, thereby mitigating some of the early "luxury" expenses. Establishing a national sustainability reporting prize or index might incentivize corporations to embrace transparency. Such measures indicate that ethical actions will be recognized and appreciated, facilitating a transformation in management perspectives from perceiving EA as an expense to regarding it as a chance for favorable visibility.

- **Ensure Compliance with EU and Global Standards**: In light of Albania's EU integration path, it is imperative for enterprises to begin aligning with European and international sustainability frameworks promptly. Regulators and business associations must to share information regarding the EU CSRD requirements and deadline to prevent enterprises from being unprepared. Pilot initiatives may be implemented in which a select group of volunteer organizations generate "mock" sustainability reports in accordance with GRI or ESRS criteria, receiving expert comments to facilitate experiential learning. Albania may contemplate the adoption of ISSB's IFRS S1 and S2 standards for sustainability disclosure, contingent upon translation and suitability, to ensure worldwide reporting consistency. Harmonizing local environmental indicators, such as those mandated in environmental licenses, with the reporting requirements for ESG disclosures can enhance efficiency. Preparation at this stage will facilitate a seamless transition when these standards become obligatory; organizations who proactively align will gain a competitive advantage and evade a last-minute rush. Enhance Data Infrastructure and Verification: To facilitate reliable environmental accounting, collaboration between the government and industry is essential to refine data collecting and verification methods. This may entail investment in environmental monitoring infrastructure, such as national databases for emissions variables and enhanced laboratories for pollution measurement, which corporations can leverage. The environmental ministry and statistical agencies may collaborate to provide sector-specific rules for calculating environmental indicators, such as carbon emissions, thereby providing enterprises with a unified methodology. Furthermore, the establishment of a local assurance/audit market for sustainability information should be promoted. Educating financial auditors or establishing a niche for environmental audit specialists would ultimately enhance the legitimacy of reported data and foster investor confidence.
- **Integration of Corporate Governance**: Companies should include environmental accountability into their governance frameworks as a strategic risk management imperative. Boards of directors ought to contemplate the formation of sustainability committees or the allocation of explicit oversight responsibilities for ESG issues. We advise that organizations appoint a leadership position (e.g., a sustainability manager or HSE manager) if one has not been established, to spearhead internal EA initiatives and engage with stakeholders. The inclusion of environmental performance on the

boardroom agenda indicates a commitment from leadership. corporate executives in Albania are urged to perceive environmental accounting not merely as a bureaucratic obligation but as a strategic element of contemporary corporate management - one that may facilitate efficiency, foster innovation, and enhance market access, particularly in EU markets. By exemplifying best practices, these progressive organizations can motivate their counterparts and progressively transform the business culture to prioritize sustainability.

By adopting these ideas, Albania can expedite its advancement in environmental accounting, converting the current dichotomy of "actual reporting versus concealed reality" into a framework of transparent, trustworthy, and responsible business practices. The endeavor necessitates synchronized efforts from governmental bodies, educational institutions, civic society, and the corporate sector; however, the advantages - ranging from superior environmental results to bolstered worldwide standing and investor trust - will justify the exertion. As global trends increasingly favor corporate accountability, Albania's prompt adaption in this domain will bolster its sustainable growth and European Union integration objectives.

Conflict of Interest: The authors reported no conflict of interest.

Data Availability: All data are included in the content of the paper.

Funding Statement: The authors did not obtain any funding for this research.

References:

1. Association of Chartered Certified Accountants (ACCA). (2012).. ACCA, Londër.
2. Ali, W., Wilson, J., & Husnain, M. (2022). Determinants/Motivations of Corporate Social Responsibility Disclosure in Developing Economies: A Survey of the Extant Literature. *Sustainability, 14*(6), 3474. https://doi.org/10.3390/su14063474
3. Belal, A. R., & Owen, D. L. (2007). The views of corporate managers on the current state of, and future prospects for, social reporting in Bangladesh: An engagement-based study. *Accounting, Auditing & Accountability Journal, 20*(3), 472–494.
4. Belal, A. R. (2015). Social and Environmental Accountability in Developing Countries. Në D. Jamali, C. Karam, & M. Blowfield

(Ed.), *Development-Oriented Corporate Social Responsibility, Vol. 1* (fq. 153–166). Greenleaf Publishing.

5. Boiral, O., Heras-Saizarbitoria, I., Brotherton, M.-C., & Bernard, J. (2022). Ethical issues in the assurance of sustainability reports: Perspectives from assurance providers. *Journal of Business Ethics, 178*(3), 695–714. https://doi.org/10.1007/s10551-020-04609-w
6. World Commission on Environment and Development (WCED). (1987). *Our Common Future*. Oxford University Press.
7. Burritt, R. L., & Christ, K. L. (2016). The role of environmental management accounting in the transition to more sustainable business practices. *Sustainability Accounting, Management and Policy Journal*, *7*(1), 4–25.
8. Chang, M., & Deegan, C. (2008). Motivations for organisational social and environmental disclosure in an emerging economy: Evidence from China. *Proceedings of the Asian Pacific Interdisciplinary Research in Accounting (APIRA) Conference, Sydney*.
9. European Union. (2022). Directive (EU) 2022/2464 of the European Parliament and of the Council on corporate sustainability reporting (Corporate Sustainability Reporting Directive). *Official Journal of the European Union, L 322*, 15–80.
10. De Silva, T. A., & Nilipour, A. (2024). Is the accounting curricula keeping up with sustainable development? *Accounting Education*, 1–29.
11. Deegan, C. (2002). Introduction: The legitimising effect of social and environmental disclosures – a theoretical foundation. *Accounting, Auditing & Accountability Journal*, *15*(3), 282–311.
12. Deegan, C. (2013). The accountant will have a central role in saving the planet… really? A reflection on "green accounting and green eyeshades" twenty years later. *Critical Perspectives on Accounting, 24*(7–8), 448–458.
13. Dissanayake, D., Tilt, C., & Xydias-Lobo, M. (2020). Mandatory corporate social responsibility reporting in an emerging economy: The case of the mining sector in Indonesia. *Journal of Business Ethics*, *152*(3), 863–887.
14. Fasua, E. B., & Osifo, E. E. (2020). Environmental accounting and corporate performance: Evidence from the Nigerian oil and gas industry. *International Journal of Academic Research in Business and Social Sciences*, *10*(9), 330–345.
15. Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*. Boston: Pitman.

16. Gray, R. H. (2010). Is accounting for sustainability actually accounting for sustainability…and how would we know? An exploration of narratives of organizations and the planet. *Accounting, Organizations and Society, 35*(1), 47–62.
17. Hahn, R., & Kühnen, M. (2013). Determinants of sustainability reporting: A review of results, trends, theory, and opportunities. *Journal of Cleaner Production, 59*, 5–21.
18. Henri, J.-F., & Journeault, M. (2010). Eco-control: The influence of management control systems on environmental and economic performance. *Accounting, Organizations and Society, 35*(1), 63–80.
19. International Federation of Accountants (IFAC). (2024). *Emerging Markets and Sustainability Information: Building Trust in a "Gray Zone"*. IFAC Policy Paper.
20. IFRS Foundation. (2023). *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information* and *IFRS S2 Climate-related Disclosures*. Londër: IFRS Foundation.
21. Jamil, C. Z. M., Mohamed, R., Muhammad, F., & Ali, A. (2014). Environmental management accounting practices in Malaysian SMEs: Challenges and opportunities. *Proceedings of the International Conference on Accounting Research* (pp. 25–34).
22. Nazari, J. A., Herremans, I. M., & Warsame, H. A. (2015). Sustainability reporting: External motivators and internal facilitators. *Corporate Governance, 15*(3), 375–390.
23. Qian, W., Rogers, R., & Zollmann, J. (2018). The influence of governance and culture on sustainability reporting in emerging markets. *International Journal of Disclosure and Governance, 15*(2), 87–105.
24. Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review, 20*(3), 571–610.
25. Ali, W., Wilson, J., & Husnain, M. (2022). Determinants/Motivations of Corporate Social Responsibility Disclosure in Developing Economies: A Survey of the Extant Literature. *Sustainability, 14*(6), 3474.
26. Arendt, R., Bachmann, T., Motoshita, M., Bach, V., & Finkbeiner, M. (2020). *Comparison of different monetization methods in LCA: A review* (Vol. 12). Sustainability.
27. UNCTAD. (2023). *Sustainability Reporting in Developing Countries: Challenges and Opportunities.* United Nations Conference on Trade and Development. Retrieved from https://unctad.org/topic/sustainability-reporting.

28. Gray, R., & Bebbington, J. (2001). *Accounting for the environment.* Sage Publishing.
29. Elijido-Ten, E. (2004). *Determinantes of environmental disclosures in a developing country: an applicaiton of the stakeholder theory.* Swinburne University of Technology.
30. Zatini, G., Della Porta, A., & Za, S. (2023). *Deciphering Barriers and Strategies in Environmental Management Accounting (EMA) Adoption: A Comprehensive Two-Decade Analysis.* Corporate Social Responsibility and Environmental Management.
31. Ikram, S., & Khalid, O. (2022). The determinants of environmental accounting practices: Proposal of a theoretical model. *Revue du Contrôle de la Comptabilitê et de l'Audit, 6*(1), 202-219.
32. Sarkis, J., González-Torre, P., & Adenso-Diaz , B. (2010). *Stakeholder pressure and the adoption of environmental practices: The mediating effect of training.* (Vol. 28). Journal of operations management.
33. Alnaim, M., & Metwally, A. (2024). *Institutional Pressures and Environmental Management Accounting Adoption: Do Environmental Strategy Matter?* (Vol. 16). Sustainability.
34. Latif, B., Mahmood, Z., San, O., Said, R., & Bakhsh, A. (2020). *Coercive, Normative and Mimetic Pressures as Drivers of Environmental Management Accounting Adoption.* Sustainability.
35. Benvenuto, M., Aufiero, C., & Viola, C. (2023). *A systematic literature review on the determinants of sustainability reporting system* (Vol. 9). Heliyon.