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Environmental Accounting Costs And Financial Performance Of Cement Manufacturing Firms In Coast Region, Kenya

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Abstract
Within the industrial landscape, the environmental impact of manufacturing operations has raised concerns about the associated costs for environmental remediation. This study delves into the interaction between these environmental accounting expenses and the financial performance of Cement manufacturing firms in Coast region, Kenya, moderating effect of corporate governance over the 2018-2022 periods. The research objectives were as follows:To analyze the influence of environmental remediation costs on financial performance, to evaluate the correlation between social activity costs and financial performance, to assess the effect of restoration cost on financial performance, to investigate the effect of upstream/downstream costs on the financial performance of Cement manufacturing firms in Coast region, Kenya moderated by corporate governance. The study was drawn from four foundational theories: Stakeholders Theory, Legitimacy Theory, Positive Accounting Theory, and Luhmann's Theory of Ecological Communication. These theories provided lenses to examine the intricate relationship between environmental costs and financial outcomes. Methodologically, a descriptive research design was employed, combining quantitative and qualitative approaches. The participant pool comprised 56 respondents, including Managers, Accountants, and Auditors. Data collection involved structured questionnaires for primary data and annual reports/accounts for secondary data from Cement Manufacturing Company Ltd in Coast Region. Data analysis encompassed descriptive statistics such as mean and standard deviation as well as inferential statistics including regression and correlation analysisusing the Statistical Package for the Social Sciences (SPSS). Findings of the study indicated th,at environmental remediation cost ($r=0.235$, $p=0.000$), social activities cost ($r=0.248$, $p=0.092$) and environmental remedial cost ($\beta = 0.538$, p-value=0.000) all have positive and substantial link between environmental costs and the financial performance of coastal cement producing enterprises. It confirmed that corporate governance acts as a moderator P-value of 0.003 in the relationship between the predictor variables and outcome variables. Therefore,the inclusion of the indicated environmental cost clearly benefits the company by enhancing its image and boosting its financial performance in the eyes of its stakeholders. The study alsoconcluded that there was a significant requirement to bear the expenses of environmental accounting for environmental remediation and restoration. The study suggests that organizations should incorporate the aforementioned environmental accounting costs into their annual reports as part of their corporate governance standards, especially considering theglobal adoption of green initiatives.

Keyword: *Environmental Remedial costs, Environmental Restoration Cost, Social Activity Costs Financial Performance*

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I. Introduction

Environmental costs are expenses incurred by enterprises in compliance with environmental regulations and sustainability efforts. They cover adherence to laws, mitigation of ecological impacts, pollution control, and penalties. These costs also include equipment acquisition and financial safeguards against degradation (Anselm & Okoye, 2020). An enterprise that embraces environmental accounting not only reflects fiscal prudence but also underscores its commitment to the larger social fabric. By weaving environmental considerations into the very fabric of corporate management, businesses demonstrate their willingness to contribute positively to the world

they operate within. This symbiotic relationship between sound management practices and environmental consciousness creates a fertile ground for sustainable business growth and societalwell-being. Furthermore, the implications of environmental accounting extend far beyond balance sheets and financial statements. Embracing this practice reflects a commitment to being ecologically conscious, an attribute that resonates with a society increasingly attuned to environmental concerns. Thus, environmental accounting encapsulates a company's ability to project itself as an ally in the collective pursuit of environmental preservation (Şimşek & Öztürk, 2021).

A study conducted by Alfaro and Diaz (2021) examined the influence of green initiatives on the financial performance of small and medium enterprises (SMEs), specifically focusing on amanufacturing firm located in Central Luzon. The findings of the study indicate that small, medium, and micro enterprises (SMMEs) have implemented various green initiatives that have led to a decrease in overall costs and expenses. These initiatives include the appropriate disposal and segregation of waste materials, the implementation of water management strategies such as

recycling wastewater and utilizing water-efficient equipment, as well as the efficient management of natural resources and raw materials. A study that investigated the influence of environmental expenses on the financial performance of a sample of 25 industrial firms in Iraq over the period of 2014 to 2018 found a positive association between conventional expenses and financial performance, however a negative association was shown between potential hidden costs and performance. There was a favorable association observed in external social costs as well. Nevertheless, a lack of association was observed between contingent expenses and performance (Al-Waeli, Ismail, & Khalid, 2020).

A study conducted on the correlation between environmental expenses and financial performance of two plastic manufacturing firms in South Africa (SA) revealed a positive association between environmental costs and profits as reflected in the financial statements of both companies for the years 2018 and 2019 (Bhana, Suknunan, & Aliamutu, 2023). Another research study in Africa was conducted to examine the influence of environmental expenses on the financial performance of oil and gas firms in Nigeria. The study, which employed an ex-post facto research design, discovered that th e expenses associated with staff development had a negative yet statistically insignificant impact on return on assets. Similarly, community development costs and employee health and safety costs were found to have a positive but statistically insignificant effect (Enekwe, Ugwudioha, & Uyagu, 2023).

A study in Uganda found that Environmental Social and Governance (ESG) adoption and bank characteristics positively influence the financial performance of commercial banks. However, these factors have a minor negative impact on Return on Equity (ROE) and Return on Assets (ROA) (Awuor, 2023). A study conducted in Kenya examined the impact of corporate social responsibility expenses on the financial performance of sugar manufacturing companies in the country. The study aimed to achieve three specific objectives: firstly, to assess the influence of community development costs on financial performance; secondly, to examine the effect of environmental responsibility costs on financial performance; and thirdly, to evaluate the impact of economic responsibility costs on the financial performance of sugar manufacturing companies in Kenya. The findings indicate that the costs associated with community development, economic responsibility, and environmental responsibilities have a notable impact on the financial performance (Isanya, & Atieno, 2023).

Statement of the Problem

An organization is a crucial instrument utilized in the development of a nation's economy because of the important function it plays in a country's economy. According to Olufemi and Yisa (2020), a company's financial success is seen as the most crucial sign of sustained organizational growth and is used to gauge the economic, social, and political progress of a nation. Adesunloro, Udeh, and Abiahu (2019) emphasize the importance of companies providing trustworthy and credible efforts to stakeholders for business success. They also highlight the impact of corporate enterprises on host communities' environment, personnel, and natural resources.

Mining of natural resources has led to environmental degradation in many parts of the world, with deforestation, air and water pollution, and soil erosion as expected consequences (An, Jiang, Liu & Li, 2023). In Kenya environmental activities including mining has affected the five major water towers which are the Aberdares, the Mau Forest Complex, Mount Kenya, and Mount Elgon reducing the availability of water by 62 million cubic meters over the last decade (Njora, & Yilmaz, 2022). Manufacturing companies, like Cement Manufacturing firm in Coast Region, are adopting environmental accounting practices to address resource depletion and improve financial performance. However, the challenge lies in integrating environmental protection costs while still improving their financial performance. İmşek and Öztürk' (2021) study on Istanbul province found a strong correlation between environmental accounting practices and corporate financial success, with companies prioritizing environmentally friendly practices often disclosing significant environmental information. Similarly, Peavler (2017) observed that businesses that engage in environmental management tend to achieve a "win-win" situation, leading to improved financial performance. However, some researchers like Agyapong and Nuertey (2017) disagreed and argued against significant spending on the environment, claiming that such

expenditures negatively affect a business's financial performance. These inconsistences in the findings call for further study of the topic. A study by King'wara et al., (2020) found a positive correlation between environmental disclosure and firms' return on assets in Kenya, but no significant correlation was found with return on equity. However, this study did not analyze the environmental costs on financial performance which this study tends to bridge the gap.

Despite the numerous and broad research done on effects of environmental accounting, conclusive findings have not been realized especially on financial performance of the manufacturing companies a case of cement manufacturing companies in coast region Kenya. These costs eat into the profits of the firm and therefore, there is a need to analyze the environmental accounting costs on the financial performance of a Cement Manufacturing Company. This study therefore sought to breach the gap by analyzing environment accounting costs on financial performance of Cement Manufacturing Companies in Coast Region

General Objectives

The Purpose of the study was to analyze the environmental accounting costs on financialperformance of Cement Manufacturing Company in Coast Region

Specific Objectives of the Study

I. To examine the effect of environmental remedial cost on financial performance ofCement Manufacturing Company in Coast Region
II. To determine the effect of social activity cost on financial performance of CementManufacturing Company in Coast Region
III. To Examine the effect of restoration costs on financial performance of CementManufacturing Company in Coast Region
IV. To analyze the moderating effect of corporate governance in the relationship between environmental costs and financial performance of Cement Manufacturing Company inCoast Region

II. Literature Review

Stakeholders theory

The stakeholder concept, which was initially suggested by Richard Edward Freeman in 1984, served as the inspiration for the environmental accounting technique that was used in this study. A collection of secondary actors or individuals, or any collective body, that has the ability to impact or be influenced by the functioning and achievement of an organization's goals is referred to as a stakeholder in the theory. This definition is based on the supposition that the theory makes. According to KaoDui, Muyun, and Mandella's (2019) definition of an organization, it can be conceptualized as a convoluted network that brings together a variety of different interests. As a consequence of this, it is essential for the organization to recognize and respect the interests of the various stakeholders that are involved in the operation of the business, while also making an effort to strike a balance between these sometimes-competing interests

Legitimacy theory

The concept of legitimacy theory, which has its origins in the social contract, sheds light on the manner in which organizations conduct themselves in conformity with the norms that have been established by society. According to Olaleye and Igbekoyi (2020), this idea is dependent on the perception that the stakeholders have of the company. According to the social contract theory, in order for an organization to get the required licenses for sustained operation, it must first fulfil the societal expectations that have been established and then meet the performance standards that have been established.

Agency Theory

The concept of agency theory was proposed by Jensen and Meckling in their seminal work published in 1976. Theoretical perspectives posit that managers are driven by self-interest and prioritize their own goals and objectives, often disregarding the interests and aspirations of their principals. However, it is argued that effective monitoring and control mechanisms can mitigate this behavior. Managers are appointed by owners to act as their representatives in overseeing business operations, with owners providing resources and granting managers complete autonomy in resource allocation for the purpose of wealth generation. Shareholders typically delegate managing responsibilities to appointed agents due to factors such as their large numbers, limited managerial expertise, and time limitations, with the aim of enhancing financial outcomes (Xiaoyang & Hashim, 2023).

Environmental Costs

The Environmental Remediation Costs highlights the need for the companies to show proper attention for the welfare of people in every community. Environmental issues are a focus of both policymakers and the

general public in societies built on solid minerals. This is the case because environmental problems are indifferent to any particular group of people. A consolidated description and identification of environmental costs has proven difficult due to their nature and component parts, especially when they are masked by fixed expenses. It is important to contrast a few definitions, though. Even if polluting companies must pay for environmental cleanup, environmental degradation has caused leaders all over the world to worry for the rest of their lives (Oshiole, Aruna, & Ndubuisi, 2020).

The combination of a transaction's private costs plus the costs that consumers incur as a consequence of being exposed to the transaction but not paying or being charged for it (Berger 2017) is the social activity cost. It stands for the sum of both internal and external costs. To better understand the costs of mineral depletion for recommended economic remedies on how this may be utilized to a range of economic concerns, the social cost of obtaining raw materials for cement has been examined. According to Maundu (2020), fresh attention has been focused on costs imposed to others that are not compensated for the stakeholders. According to emerging literature, instead of focusing on maximizing shareholder wealth, businesses produce value for the interests of the shareholders to more inclusive and broader interests, including the interest of more stakeholders. The dominant role of shareholders in the literature is increasingly waning and losing favor, making room for the worth of stakeholders to be considered. However, problems have arisen when trying to accurately estimate and quantify shareholder value due to a lack of suitable financial indicators.

The expense incurred as a result of restoring the environment. According to Iheduru and Chukwuma (2019), the expenses that come from non-compliance with environmental rules and organizational policies are referred to as environmental costs. This definition was provided by the authors. The expenses that are being mentioned in the literature are those costs that are obligatory for businesses in order for them to maintain compliance with regulatory standards. These costs are incurred with the purpose of limiting or eliminating the release of hazardous substances, as well as implementing corporate practices that attempt to mitigate the environmental consequences of a company's operations (Chinedu, Udama, & Ali, 2019).

III. Methodology

Research design: The researcher approach was that of a mixed method which involved both quantitative and qualitative design. The verifiability concept, which requires employing accurate measurements of the study variables, is the foundation of quantitative research and qualitative. Verifiability is defined as confirmation, proof, or substantiation. Experimentation, causal-effect, correlational, and survey research are a few types of research designs that fall within the category of quantitative research (Munyau, Iravo & Omwenga, 2017)..

Location of the study: Coastal region within the premises of Cement Manufacturing Company in Coast Region, strategically located in the Bamburi area of Mombasa County, Vipingo area of Kilifi County, Kenya and Kaloleni area in Kilifi County.

Target Population: The target population under scrutiny comprises the 65 personnel occupying roles within the accounting department and managerial positions at Cement Manufacturing Company

Sample size : 65 staffs

Data collection: The data was collected with a well-structured questionnaires supplied to the staff by the researcher.

IV. Result

Response rate

This study was conducted using a sample size of 65 people. Of the 65 questionnaires distributed, only 7 were not returned. The study's achieved response rate of 89 percent is considered satisfactory. A higher response rate is beneficial to ensure that the findings accurately represent the characteristics of the target group. Thomas (2021) states that a response rate surpassing 50% is deemed adequate for analysis.

Reliability

The results showed that all constructs exhibited Cronbach's Alpha values falling within the recommended range of 0.7 to 0.9, indicating that the datacollection instrument was reliable. Based on this reliability test, it was proven that the scales utilised in the investigation were dependable in capturing the constructs

Construct	Cronbach'sValue	Alpha Number Items	Comment
Environmental remedial Costs	0.891	6	Reliable
Social Activity Costs	0.878	6	Reliable
Environmental Restoration Costs	0.838	6	Reliable
Corporate Governance	0.874	6	Reliable

Level of Education

The respondents' ability to comprehend concerns pertaining to environmental costs and financial performance of coastal cement production enterprises in Kenya is greatly enhanced by education.The study found that 62% of participants employed in coast cement manufacturing firms possess bachelor's degrees and CPA qualifications, while 28% hold diplomas and 10% have postgraduatedegrees. This indicates their capacity to effectively complete questionnaires and comprehend the environmental costs and financial performance of cement manufacturing companies. In their study, Mustafa et al. (2023) discovered that technical experts play a vital role in collecting dependable data within manufacturing organizations. These experts possess the necessary abilities to effectively manage and account for various processes within the firm, as confirmed by respondents with this expertise

Years of experience

The study aimed to determine the duration of work experience of the respondents employed at coast cement production enterprises in Kenya. The findings are illustrated in Figure 4.2. 46% of the respondents had been employed by the organization for 20 years or more, while 30% had worked for 10-20 years, 14% for 5-10 years, and 6% for less than 5 years. Typically, in the manufacturing sector, promotions to managerial positions and accounting roles are mostly determined bythe length of service and the individuals' level of experience. The reason for this is that the majority of individuals in managerial positions and accountants, who werethe focus of this study, had been employed by the firms for more than 10 years. Consequently, it may be inferred that most participants possess extensive expertise and, as a result, comprehend the impact of environmental expenses on the financialOutcomes of corporations. The results were consistent with the findings of Braxton and Francis (2018), which indicated that participants with extensive job experience are more likely to contribute accurate data regarding the research problem due to their specialized knowledge in the area under investigation

Social Activity Cost and Financial Performance

The variable representing Social Activity Cost consisted of four items, as outlined in Table 4.2.Social Activity Cost has been linked to the enhancement of Corporate Social Responsibility (CSR) in order to gain a competitive edge. Such CSR activities can bolster a company's reputation, ultimately leading to improved financial performance in the long term. The creationof investment options that can generate financial value for all relevant stakeholders is the outcome of management's focused efforts to enhance stakeholder value (Cosmulesea et al., 2019).

The majority of respondents agreed with the statement that the direct cost of social action has an impact on the financial performance of the organization, as evidenced by a mean of 2.98 and a standard deviation of 0.84. Furthermore, a significant number of participants concurred that engaging in social activities enhances the reputation of a firm, hence positively influencing its financial performance. This is evidenced by a mean score of 3.82 and a standard deviation of 0.85. According to the data, the majority of the respondents felt that implementing managed social activity leads to increased efficiency and has a favorable impact on the company's financial performance. This is supported by a mean score of 3.66 and a standard deviation of 1.02. The participants also concurred that Social Corporate Responsibility leads to increased prioritization of expenditures as a social activity expense, as indicated by a mean of 3.70 and a standard deviation of 1.02

Environmental Restoration Cost and Financial Performance

Environmental restoration cost refers to the expenses incurred in implementing business procedures aimed at minimizing the environmental repercussions of a company's operations (Chinedu, et al., 2019). In total, three items were chosen for inclusion in the factor analysis, These costs pertain to the allocation of resources for the purpose of preventing, reducing, and avoiding environmental harm, as well as mitigating the impact and restoring the ecosystem to its original state (Agboola & Oroge, 2019).

The results indicated that a significant number of participants concurred with the first statement, which stated that the cost of remedial actions has a direct impact on the financial performance of the company. This was demonstrated by a mean score of 3.90 and a standard deviation of 0.74. Similarly, for the second statement, which claimed that remedial costs do not affect the financial performance of the company, a majority of respondents agreed, as evidenced by a mean score of 3.89 and a standard deviation of 0.67. The participants concurred that effectively controlling remedial expenses has a significant and beneficial influence on the company's financial performance, with a mean of 3.85 and a standard deviation of 0.78.

Corporate governance, environmental costs and financial performance

The variable concerning environmental costs and corporate governance consisted of four identified items, as shown in Table 4.12. Corporate governance is linked to ensuring adherenceto the company's corporate governance policies and code of ethics, resulting in the company incurring environmental costs in accordance

with established policies. Organizations that adhere to Good Corporate Governance (GCG) principles are acknowledged for their enhanced credibility and superior performance (Miladiasari et al., 2021).

Based on the responses, it was noted that most of the participants agreed that the company hadan appointed officer who is responsible for ensuring adherence to the company's corporate governance principles and code of ethics. This is supported by a mean score of 4.13 and a standard deviation of 0.76. The current composition of skills and experience on the Board of Directors is deemed to be in the company's best interests, as indicated by a mean score of 3.79 and a standard deviation of 0.94. Similarly, the company's internal controls are considered to be sufficient, properly documented, and periodically reviewed, as evidenced by a mean score of 2.09 and a standard deviation of 1.33. The participants concurred that the Board of Directors oversee management's actions in addressing flaws and weaknesses highlighted by the internal audit function and/or external auditors. This is supported by a mean score of 3.86 and a standarddeviation of 0.96.

Financial Performance of Coast Region Cement Manufacturing Firms

The study focused on analyzing the relationship between environmental expenses and financial performance of coastal cement production enterprises. The analysis was conducted over a period of five years, as presented in Table 4.6. The financial performance of cement manufacturing firms on the coast of Kenya was assessed by measuring the return on assets. This metric is closely linked to the firms' output and their ability to generate positive changes despite incurring environmental costs (Gopang, Nebhwani, Khatri & Marri, 2017). The study focused on the financial performance of cost cement manufacturing enterprises in Kenya. The dependent variable was the financial performance, while the independent factors included environmental remedial costs, social activity costs, and environmental restoration costs. The variable that acted as a mediator was corporate governance. The financial performance of cement manufacturing enterprises in Kenya is determined by various factors and activities, such as return on assets, return on equity, and gross profit margin

The incurrence of environmental expenses within an organization is anticipated to have an impact on various developments, particularly in terms of stakeholders' attitudes towards the enterprise. Falope, Offor, and Ofurumet (2019) found that the expenses associated with environmental restoration, social activities, and environmental remediation impact the return on assets of manufacturing companies. The corporations anticipate that by considering and accounting for environmental costs, they will be able to implement certain adjustments that will improve the organization's financial performance. The data indicate that most respondents felt that incurring environmental expenditures led to an increase in Return on Assets (ROA), as evidenced by a mean of 3.85 and a standard deviation of 0.74. The participants also concurred that by incurring environmental expenses, there was an increase in Return on Equity (ROE), as indicated by a mean value of 2.2 and a standard deviation of 19.3. The participants also concurred that the inclusion of environmental expenses resulted in profit maximisation, asindicated by a mean value of 3.5 and a standard deviation of 15.5 for improved gross profit margin.

Table : Financial Performance

		ERT	SAC	RC	ROA	ROE
ROA	Pearson Correlation	.396	.276	.264	1	.610
	Sig. (2-tailed)	.257	.440	.461		.061
	N					
ROE	Pearson Correlation	.178	.444	.213	.610	1
	Sig. (2-tailed)	.623	.198	.555	.061	
	N					

On the correlation of the study variables, the researcher conducted a Pearson Product Moment correlation. From the findings on the correlation analysis between Return On Assets and various environmental accounting costs, the study found that there was positive correlation coefficient between Return On Assets and environmental remedial cost as shown by correlation factor of 0.396, the study also found a positive correlation between ROA and as shown by correlation coefficient of 0.276, association between ROA and environmental restoration costs was found to have positive relationship as shown by correlation coefficient of 0.264.

From the finding on the correlation analysis between ROE and various environmental accounting costs, the study found that there was a positive correlation coefficient between ROE and environmental remedial cost as shown by correlation factor of 0.178. The study also found a positive correlation between ROE and social activity cost as shown by correlation coefficient of 0.444. Association between ROE and environmental restoration costs was found to have positive relationship as shown by correlation coefficient of 0.213.

This is an indication that there was positive relationship between financial performance of coastal cement manufacturing firms and environmental restoration costs, environmental remedial costs and social activity costs.

Correlation analysis

Correlation is a statistical metric that quantifies the degree of linear association between two variables. Correlation analysis is a statistical method used to quantify the degree of linearassociation between two datasets, indicating the extent to which two variables vary together. Thecorrelation coefficient ranges from -1 (indicating a perfect negative correlation) to 0 (indicatingno correlation) to +1 (indicating a perfect positive correlation) (Mwaruta et al., 2022). Acorrelation coefficient of -1 signifies a complete negative association, while a correlationcoefficient of 1 signifies a complete positive correlation

V. Summary, Conclusion And Recommendations

The study established a notable correlation between the dependent variable, which is the Financial Performance of cement manufacturing enterprises in Kenya, and the independent variables, namely environmental remediation cost, social activity costs, and environmental restoration cost. The data exhibited satisfactory and trustworthy internal consistency, hence enabling the utilization of the data for making inferences. The response rate was good as it encompassed three cement manufacturing enterprises along the coast, with all surveyed participants situated in Kilifi and Mombasa. The study aimed to determine the impact of Environmental Accounting Cost on the Financial Performance of Coast Cement

Manufacturing businesses in Kenya, driven by several theoretical frameworks that support the conceptualized variables. The study utilized a descriptive research methodology, employing a stratified sample technique to collect both quantitative and qualitative data. The data was collected through the use of a questionnaire administered to all study subjects. The results are derived from a thorough analysis of the data, using various statistical measures such as Modelfitness R^2, ANOVA Model F-statistics, and significance levels. These measures are used to determine whether to accept or reject the Null hypothesis. Additionally, the regression coefficients are examined for each independent variable, as well as for the overall moderated regression model. Here are the results of the study.

Environmental Remediation Cost

The primary aim was to determine whether incurring costs for environmental restoration has an impact on the financial performance of cement production enterprises located on the shore.All three answers got a mean score exceeding three, indicating that the majority of respondents agreed with the statement regarding environmental cleanup cost. This aligns witha literature analysis that examined the influence of environmental management accounting on the financial performance of Nigerian consumer products companies that are publicly traded. The data indicate that an increase in spending on environmental remediation costs led to an improvement in financial sustainability. The majority of the respondents concurred that implementing environmental protection and reduction measures is highly likely to enhancethe financial performance of coastal cement producing enterprises. Consistent with the findings of the literature analysis, conducting frequent and comprehensive evaluations of the environment can assist businesses in enhancing their profitability and effectively fulfilling their environmental obligations (Ihenyen & Ikegima, 2022).ROA, or return on assets, is a crucial factor in determining the financial performance of coastal cement manufacturing companies. The study discovered that by investing in environmental remediation costs, the company was effectively transforming its investments into net revenue and utilizing its assets efficiently. Organizations can mitigate environmental degradation and minimize future liability by expending costs for environmental repair. The majority of the responders concurred with the remarks. The respondents' perception suggests that the cost of environmental remediation plays a crucial role in improving the financial performance of cement manufacturing firms along the coast of Kenya. This aligns with the findings of the reviewed literature, which argue that voluntary investments in environmental costs often yield financial benefits by reducing pollution-related expenses, enhancing efficiency, minimizing environmental costs, and mitigating future liabilities (Endiana et al., 2020.

Social Activity Costs

The study's second purpose was to ascertain whether the expense of social engagement had animpact on the financial performance of cement production enterprises located on the coast of Kenya. This variable was identified as a factor that impacts the financial performance of coastal cement production companies. The study revealed that a significant number of respondents agreed that organizations' that bear the cost of social activities are more likely to mitigate potential risks, adhere to societal values, attract investments, and ultimately enhance their financial sustainability. The average score of the four items above three, indicating that amajority of the respondents agreed with the representation of environmental social activity costs. These costs are directly linked

to the financial performance of coastal cement producingenterprises. The respondents' perception suggests that incurring costs related to social activities is crucial for improving financial performance.

Regarding CSR, most respondents concurred that it had a notable impact on enhancing financial sustainability. The majority of respondents also concurred that environmental conservation would significantly enhance the return on assets (ROA) and return on equity (ROE) of organizations', resulting in improved financial performance for coastal cement producing enterprises. This aligns with the findings of the literature review, which suggest that the interests of stakeholders are closely tied to the goal of maximizing profits. It also highlights the importance of management's intentional pursuit of strategic actions and optimalinvestment decisions, both of which contribute to the continuous increase in the economic value of utilising corporate resources and enhancing the stock price of the company. (Al-Jaifi,2020)

Environmental Restoration Costs

Environmental restoration refers to the costs associated with the process of restoring the natural environment. The third objective aimed to determine the impact of environmental restoration expenses on the financial performance of coastal cement manufacturing companiesin Kenya. Among the three items, it was agreed that when organizations' incur costs for environmental restoration, they are likely to ensure compliance with regulatory standards by restricting or eliminating the release of hazardous substances. This, in turn, helps to mitigate the environmental impacts of a company's operations and ultimately affects the financial performance of coastal cement manufacturing firms. Another crucial factor that influences thecost of environmental restoration is the involvement of operational expenses in restoring the environment. This factor also has an impact on the financial performance of coastal cement manufacturing firms. This finding aligns with the existing literature, which emphasises the importance of allocating environmental restoration costs fairly to facilitate smoother operations (Mbalu & Kamau, 2022). The restoration of the environment to its original has a direct impact on the financial performance of coastal cement manufacturing companies.This aligns with existing research, which found a significant correlation between the return onequity of selected firms and their expenses related to environmental restoration (Emmanuel &Ifeanyichukwu, 2021)

Conclusion of the Study

This study sought to determine the impact of environmental accounting charges on the financial performance of cement manufacturing firms located on the coast of Kenya. Based onthe analysis of existing literature and the conclusions of the study, it was determined that the expenses related to environmental accounting charges have an impact on the financial performance of coastal cement manufacturing companies. The study draws the following conclusions based on its findings and outcomes. These findings are based on the inferred correlations between the statements and the overall variables, including their impact on the financial performance of cement production enterprises located on the coast of Kenya. The results thus provide a concise summary of each variable, arranged in order of importance, which influences the financial performance of coast cement producing enterprises in Kenya.

The expenditures associated with environmental restoration have a considerable favorable impact on the performance of cement production enterprises located on the shore. The research findings indicate that increasing the allocation of resources towards environmental remediation expenditures is positively correlated with both financial performance and stakeholders' interest. The financial performance of coastal cement manufacturing enterprises was positively influenced by all components of environmental cleanup expenses. The null hypothesis was refuted.

The financial performance of coast cement production enterprises was positively and significantly influenced by the costs associated with environmental social activities. The discovery demonstrates that higher expenditures on environmental social initiatives also have a favorable effect on income. Therefore, companies have the power to promote environmentalsustainability and enhance their financial sustainability in the future. The costs associated with all kinds of environmental activities had a beneficial impact on financial performance. The null hypothesis was disproven.

It has been noted that corporations incur expenses on environmental restoration in order to ensure compliance with regulatory standards and minimize the emission of dangerous substances, which in turn impacts their financial performance. The allocation of resources towards environmental restoration efforts resulted in the improvement of degraded land and subsequently led to an overall enhancement in the organization's financial performance. The financial performance was positively influenced by all areas of environmental restoration expenditures. The null hypothesis was refuted.

The correlation and regression analysis demonstrated that the relationship between environmental accounting costs and financial performance of coast cement manufacturing enterprises in Kenya was influenced by corporate governance. The rejection of the Null hypothesis suggests that there is a moderating influence of corporate governance between the dependent and independent variables. The fundamental feature of corporate

governance involves the composition of the Board of Directors (B.O.D), the work of the Audit committee,and the establishment of internal controls.

Recommendations of the Study

This section provides recommendations based on the findings of the study and the evaluation of relevant literature on the costs associated with environmental accounting. Based on thefacts and conclusion presented, the study proposes solutions to enhance the existing financial performance of coast cement producing enterprises in Kenya. The suggestions are derived from the independent variables of environmental remediation costs, environmental social activity costs, and environmental restoration costs. Based on the study's findings, the report proposes the following recommendations to the government, policymakers, and coastal cement producing companies.

The study suggests that industrial organizations should prioritize the efficient and effective allocation of environmental expenses to enhance their financial performance. According tothe study findings and literature evaluation, the study suggests that the government should establish legislation and regulations regarding corporate environmental responsibility. The government ought to regularly undertake surveys to ascertain the environmental repercussionscreated by manufacturing enterprises. The coastal cement production companies should conduct research on the most effective methods to enhance the environment without compromising their profitability.

Contribution of the study to the existing knowledge

This study has validated that the expenses associated with environmental remediation, environmental social activities, and environmental restoration have a substantial influence on the financial performance of coastal cement manufacturing companies in Kenya. The study has found that corporate governance acts as a moderating element, influencing the relationship between environmental accounting expenses and financial performance of coast cement manufacturing enterprises in Kenya. The study determined that the independent variables exhibit a flow pattern based on their levels of significance. This suggests that if one were to select any of the variables, they should begin with the one that has the highest level ofsignificance. The study also supports the stakeholder theory, which emphasizes the need of organizations acknowledging and valuing the interests of the different stakeholders involved in their company operations by allocating resources for environmental accounting expenses.

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