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Abstracts of Parallel Session Papers Accepted

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Research issues emerging from a Sustainability fieldwork research

The aim of this paper is to develop an instrumental case study to identify the concerns and the critical research issues on sustainability which could impinge on management accounting research agenda. There is a need for more research critically analyzing the corporate response to sustainable development, and especially in regards to constructing the concept and the managers themselves (Tregidga and Milne, 2006, p. 237). Reflecting and interpreting the understanding of sustainability by top managers of different functional areas of targeted organizations, we realise that despite the existence of an strategic approach to sustainability and a unique symbolic organizational discourse around sustainability, there are many interesting insights within the discourses of managers that suggest considering managers not as mere agents. Melé et al. (2011, p.1) denounce that in recent decades, it has been quite common to consider the manager as a mere agent of the principal rather than a professional with skills and strong sense of responsibility and accountability; and conclude that this leaves to ‘people being consider as resources for gains’ and that there is a necessity for a more humanistic and holistic vision of business and management. In doing this research we tried to avoid taking for granted considerations about the role of manager as a mere follower/supporter of organizational discourse. Instead some arguments can be found that suggest a more profound sense of responsibility and accountability that it could be initially thought. However, many limitations exist in order these individual discourses to permeate the organizational discourse around sustainability. Taking into account all the above arguments, the paper tries to address the case insights to critically reflect on some challenges for management accounting research arising from the sustainable development agenda.

Francisco Ascui and Heather Lovell, University of Edinburgh

Carbon accounting and the construction of competence

Carbon accounting has evolved rapidly over the past twenty years to encompass a wide range of activities with significant financial implications. This paper examines how competence in carbon accounting is being defined and claimed by different actors and communities. Specifically, it focuses on the role of the accountancy profession in carbon accounting, charting its engagement over time and its relationship with other communities involved in carbon accounting. The paper draws on theories of framing, epistemic communities and boundary-work to help explain the multiple activities and meanings associated with carbon accounting, the role that professions are playing within this, and the emergence of new institutions that mediate between different communities to achieve policy change.

Ralf Barkemeyer: Leeds University

CEO Statements in Corporate Sustainability Reports – Substantive Information or Background Noise? (with Giulio Napolitano and Frank Figge)

Corporate sustainability reporting plays a pivotal role in evaluating corporate ESG engagement: it provides a substantial part of the information that is used to evaluate corporate sustainability performance. It is commonly seen as a key instrument for companies to not only provide information on their sustainability performance, but also to comment on and to explain this performance to (potential) investors and other stakeholders. Any mechanism for investors to sanction or promote specific types of ESG engagement – and to hold companies accountable for this engagement – inevitably relies on the accuracy of the information provided by the company. However, it has repeatedly been suggested that companies tend to “cherry pick” sustainability-related aspects that show their company in a positive light, and in turn tend to omit more controversial aspects of corporate sustainability performance in their sustainability reports.

The aim of this paper is to shed light on the question whether or to what extent corporate sustainability reports can actually serve as accurate and fair representations of corporate sustainability-related performance. It presents the results of a sentiment analysis of 640 CEO statements of corporate sustainability reports and corporate financial reports from 80 companies and eight sectors. The analysis builds on previous research in the context of corporate financial reporting which has identified a robust relationship between corporate financial performance and the rhetoric
that is used in corresponding corporate financial reports. If corporate sustainability reports are in fact accurate
reflections of corporate sustainability performance, a similar relationship should exist between sustainability
performance and the rhetoric that is used in sustainability reports.

Three sentiment metrics are used for the linguistic analysis of CEO statements: risk mention (certainty), truthfulness
(deception) and positivity (optimism). The CEO statements have been extracted manually from PDF files and stored
as simple text files. For the analysis, a rule-based approach (term count based on category term lists) is used to score
each documents along the three sentiment dimensions. Existing psycho-social dictionaries (DICTION, LIWC and GI)
have been adapted for the purposes of the analysis and evaluated via N-fold cross validation, and those with
enhanced performance have subsequently been adopted for the generation of the final document scores.

Following a brief descriptive overview of the results with regards to country of origin, sector affiliation and pollution
intensity as well as development of the three metrics over time, the following hypotheses regarding the rhetoric used
in the CEO statements under analysis are tested:

H1: There is a positive (negative) relationship between corporate financial performance and optimism
(deception/certainty) scores measured in sustainability report CEO statements

H2: There is a positive (negative) relationship between corporate ESG engagement/performance and
optimism (deception/certainty) scores measured in sustainability report CEO statements

H3: The level (oscillation) of optimism, deception and certainty scores is higher(lower) in sustainability
report CEO statements when compared to corporate financial report CEO statements

The classification of corporate ESG engagement and performance will build on the evaluation of publicly available
social and environmental performance data as well as a number of publicly available ESG rankings and ratings. The paper
concludes with a discussion of implications for the usefulness of sustainability reports as a basis of information
for ESG-related investor interventions.

Jan Bebbington: St Andrews University
Accounting for sustainable development: (re)constructing the agenda (with Carlos Larrinaga)

This paper seeks to create a synthesis between elements of the sustainable development literature and the
accounting literature that purports to deal with sustainable development. We argue that while accounting for
sustainable development has created numerous insights into organisations and the accounting function, it has
retained the commitment of its source discipline of accounting. As a result, this paper takes a sustainable
development perspective as its starting point, explores contemporary issues within ‘sustainability science’ and uses
this is suggest two new avenues of focus and exploration that accountants may investigate. In particular, the paper
focuses on the notion of boundaries and how their definition shapes subsequent possibilities for accounts (and
accounting).

Keywords: Accounting; sustainable development; sustainability science; organizational boundaries

Cornelia Beck: University of Sydney
Reporting is legitimacy: A disconnect between reporting and action? (with J. Dumay and Geoff Frost)

The purpose of this paper is to present two case studies outlining an historical analysis of the external reporting of
non-financial information.

Methodology – In the case studies we combine both secondary data from publically available company reports and
interviews with key decision makers and influencers in the production of non-financial reports.

Findings – Our preliminary results show that in the two case study companies reporting and action was disconnected,
for example, accounting for carbon. We also found a similar disconnect between the predominant reporting model
adopted, the Global Reporting Initiative (GRI), and how it was implemented.

Contribution – This paper adds to our understanding of non-financial reporting practice because it highlights how the
rhetoric of reporting is not reconciled with the action inside the companies.

Limitations and implications for future research – Our case studies are limited to the specific approach to non-financial
reporting taken by two distinctive companies. While the results are not generalisable per se, they add to the insights
required to inform future non-financial reporting and subsequent management actions.

Key words: GRI, reporting, non financial information, rhetoric, Australia
Ataur Rahman Belal: Aston University
Corporate social responsibility reporting in a multinational subsidiary in Bangladesh: a longitudinal case study (and D.L. Owen)

The main aim of this paper is to examine the underlying reasons for the development and the subsequent discontinuation of corporate social responsibility (CSR) reporting in a multinational subsidiary in Bangladesh. The research approach employed for this purpose is a longitudinal case study using evidence from documentary analysis and a series of in-depth interviews conducted over a nine year period (2002-2010). Although early social disclosures (via annual reports) in the company can be traced back to the 1980s the stand alone CSR reporting process started in 2002. It appears that while the process was initiated with the encouragement of its head office based in London the social reporting process gave the reported subsidiary a formal space to legitimise its activities in Bangladesh where both tobacco control regulation and strong anti-tobacco movement were gaining momentum. At the start of the process in 2002 corporate interviewees were very receptive of this initiative and reiterated that it would not be a one off exercise. However, at the backdrop of increasing criticism of the CSR activities of the organisation at home and abroad the process was brought to an abrupt end in 2009 as part of a global rationalisation initiative. The paper unpacks the underlying factors responsible for the cessation of CSR reporting in the organisation.

Lies Bouten: IESEG School of Management Lille-Paris
CSR reporting: The mastery of the internal dynamics

Through in-depth semi-structured interviews with senior managers, this study tries to reveal the reasons behind both the presence and the absence of corporate social responsibility (CSR) disclosures in the annual reports of Belgian listed companies. Using a neo-institutional theory lens, the narratives indicate that although companies might feel some institutional pressures to report CSR information, ‘institutional isolating mechanisms’ might hinder companies to include this type of information in their annual reports. A conservative attitude towards reporting in general appears to constitute an institutional isolating mechanism in the context of CSR reporting.

John Byrd: University of Colorado at Denver
Do shareholder proposals affect corporate climate change reporting and policies? (with Elizabeth Cooperman)

This study examines the effect of shareholder proposals submitted for vote at the annual meeting on how companies report and address climate change issues. We use a sample of shareholder resolutions from 2006 through 2009 submitted to US corporations to see if there is any change in how the sample companies reported greenhouse gases or stated their climate change initiatives. We compare these changes to those made by similar companies during this time period. We also compare these targeted companies to non-targeted industry peers to try to identify the characteristic(s) that caused them to be targeted by activist investors.

Charles H. Cho, ESSEC Business School and Den Patten, Illinois State University
The Quality of Corporate Social Disclosure in French Companies: An approach through accounting principles (with Jean-Noël Chauvey, Université de Montpellier 1 and Sophie Giordano-Spring, Université de Montpellier 1)

A considerable body of prior research presents evidence suggesting that differences in corporate social and environmental disclosure appear to be driven by concerns with organizational legitimacy. However, these prior investigations typically measure disclosure using either space/extensiveness or item-specific content measures. In this study, we determine the quality of social and environmental disclosures based on the attributes of relevance, reliability, and clarity as recommended by the Global Reporting Initiative and Solomon (2000). We also specifically focus on companies’ choice to include disclosure of negative performance. As noted by Clarkson et al. (1997) firms are reluctant to disclose information of a negative nature, and as such, inclusion of such items indicates better neutrality in the reporting, and thus potentially increased reliability. Based on a sample of 98 publicly traded French companies, we find that, consistent with prior evidence, both the extensiveness and the quality of the French disclosures appear to be positively associated with firm size and membership in environmentally sensitive industries. We also document that inclusion of negative information is associated with both more extensive and higher quality reporting. This result is consistent with Patten’s (2000) finding that increased disclosure of environmental liability information by U.S. firms led to increases in disclosure of offsetting positive information. These results are all consistent with legitimacy theory arguments. Finally, we investigate whether differences in disclosure for the French firms are associated with membership in corporate social responsibility indexes. Perhaps justifying management reluctance to disclose negative information, we find disclosure of negative items is negatively associated with membership in social responsibility indexes. However, we also show that both more extensive and higher quality
The purpose of this paper is to investigate the complex processes through which conceptual resources, values and principles are (or may be) translated into specific organizational praxis. A narrative of the attempts made by a value-based organization to develop and adopt practices which were grounded on the ideal concept of stewardship and related values and principles is reported (for a consideration of the concept of stewardship refer to Contrafatto & Bebbington, 2011). In particular, the paper seeks to investigate three aspects: i) the symbolic structures and meaning systems of stewardship, as envisaged in our case study organization, and the processes from where they originate; ii) the intra-organizational dynamics through which principles and values of stewardship are translated into practices; iii) the role exerted by the process of accountization of stewardship: i.e. the development of accounting techniques to account, manage and report stewardship and the effects on various elements of organizational life including meaning systems, rules and routines.

This task was undertaken through prolonged action research which was conducted in partnership with staff and trustees of the Falkland Centre for Stewardship (FCS), a value-based organization operating in Scotland. Data and information were gathered through: i) semi-structured interviews with individuals who worked within the case study organization; ii) document analysis of the information available in the public domain; iii) participation in workshops and seminar organized by FCS and feedback prepared by the researchers about those meetings; and iv) observations made in the field during the research. The empirical evidence has been interpreted through the lens of symbolic interactionism (Blumer, 1969) in order to construct a nuanced narrative of what has been defined as an ‘epic journey’ undertaken by the case study organization in its attempts to operationalize stewardship principles and values. In Falkland, metaphorically speaking, the process through which stewardship ideas, values and principles were translated into practice, appeared to be an ‘odyssey’, that is, a long series of meanderings and adventure filled with experience and hardship, prompted and guided by stewardship.
Stuart Cooper: Aston University
Climate change reporting and performance: Green progress or green wash in the English and Welsh Water Industry (with D. Saul, C. Brewster, A. Badran and A. Maziotis)

Climate change is an environmental issue that has increased in political importance both in the UK and globally. This is evidenced through the Copenhagen Conference on Climate Change in December 2009 and in the UK through the Government’s 2008 Climate Change Act. This paper is concerned with understanding how climate change has emerged as a substantive issue in the English and Welsh Water industry. This industry is chosen as it is one that is both a significant contributor to greenhouse gas emissions and is also likely to be dramatically affected by climate change. Therefore, we suggest that it is an industry that will need to mitigate against and adapt to climate change.

Our research has two objectives:
1. We are interested in understanding how the extent of climate change disclosures by WASCs has evolved over the last decade. Further, we wanted to explore the role that the regulator, Ofwat, had in influencing the level of climate change disclosure undertaken by the WASCs.
2. We are interested in exploring whether changes in levels of climate change disclosure have also been reflected in changes in climate change performance.

Ericka Costa: University of Trento and EURICSE
Does standardization improve the quality of Corporate Social Reporting? Empirical evidence from Cooperative Banks in Italy (with Caterina Pesci)

The aim of the paper is to investigate the volume and quality of disclosure from 99 cooperative banks (CBs) in Italy in 2008 and 2009. The investigation evaluates the relationship between the adoption of the ABI standard, a specific corporate social reporting for the banking sector, and the level of disclosure by considering how standardizations might improve the volume and the quality of the information reported.

Moreover, the paper sheds light on how corporate social reporting (CSRep) is used for impression management rather than incremental information purposes by determining whether the Italian CSRep from CBs contains narrative and descriptive data that can be used to narrow information asymmetries between managers and stakeholders i.e. ‘incremental information’ or to manage their perceptions i.e. ‘impression management’. The findings suggest that the adoption of the standard might increase the volume and the quality of the social and environmental disclosure even if the CSRep appears to be used mainly for impression management strategies rather than for promoting incremental or useful information.

Keywords: Corporate social reporting (CSRep), Italian cooperative banks (CBs), mandatory and voluntary disclosure, guidelines, standard, impression management.

Cornelia Dascalu: Academy of Economic Studies, Bucharest
Corporate Management Orientation towards Social and Environmental issues: A Romanian story

Monitoring entities environmental impact is a complex process entailing ability, respect for the environment and the reduction of the ecological footprint. This research defines Romanian trends from the perspective of the effects and actions to adapt to climate change and characterizes corporate management in terms of compliance with environmental management systems requirements. The study assesses the current state of environmental management implementation and identifies relevant items that companies use to include social and environmental issues in corporate management. Comparing the results of the survey with Eco-Management and Audit Schema certification requirements leads to the development of a framework for the implementation of environmental management in Romanian entities.

Aracéli Cristina de Sousa Ferreira and Alessandra de Lima Marques: Universidade Federal do Rio de Janeiro
Economic Valuation Methods: the perception of the accountants of the hydroelectric power sector in Brazil

The aim of this study was to verify the perception of accountants of the electric power companies in Brazil regarding the use of economic valuation methods for measuring environmental impacts in hydroelectric power generation. These methods would be used in the internalisation of impacts in compliance with accounting theory criteria of
recognition, measurement and disclosure of a relevant economic activity. This exploratory study showed that 74% of respondents were accountants and 92% of them believed that companies should internalise environmental impacts. They adopted a conservative stance in relation to the use of estimated values or those obtained in hypothetical markets.

Colin Dey, University of Stirling and Ian Thomson, University of Strathclyde
The Other Invisible Hand – Mis-placed Faith in Self-Organising Eco-Systems

In this paper we explore the impact of the nature and scientific origins of self-organising ‘eco-systems’ and possible consequences for developing sustainable accounting. Within parts of sustainability policy arenas and accounting literature there is a faith in the self-organising properties of eco-systems and nature, which is translated into ‘laissez-faire solutions’ requiring no human governance, assuming nature has her own invisible hand to rectify the follies of humanity. However, ‘self-governance’ can be an equation to make a mathematic model work rather than based on observable natural phenomena.

Jesse Dillard: Portland State University
In Search of Heterglossia: Agonistic Democracy and CSEAR’s Agenda (with Judy Brown)

Over the past couple of years, there has rightly been, and continues to be, much deliberation and soul searching concerning the future of social accounting in general and CSEAR specifically as evidence by Gray(2002); Gray(2004); Gray, et al (2009). Our purpose here is to consider an alternative perspective, agonistic democracy, as a way for gaining additional understandings of the current context and possibly providing a basis for future deliberations. Following from the work of Brown (2009) as well as Bebbington, et al (2007) and Thomson and Bebbington (2005), the primary basis for our analyses and suggestions come from the work of Bakhtin and Mouffe as they develop ideas surrounding dialogic engagement and polyvocal or pluralistic democracy. Jabri, et al (2008) consider organizational change understood within a Bakhtinian context suggesting that consensus (hegemony) is generally the objective of intentional change processes within social systems. An alternative to the traditional view suggests that as the voices collapse into one (consensus), the tyranny of the monological engagement stifles the pluralistic nature of the multiple standpoints of the participants. Such consensus oriented practices tend to obscure the unresolved contestations and the related asymmetrical distributions of power. We explore the possibilities and implications for a polyvocal perspective in considering the direction of social and environmental accounting as it emerges through extant social contextualizations such as the CSEAR community.

Delphine Gibassier: HEC
The life cycle of carbon accounting through a French multinational: strategy and enfranchisement in the continuous improvement of carbon accounting standards

This paper aims at studying what carbon accounting strategy a French multinational has used to engage in carbon emissions reduction, how this has affected its external legitimacy, and how it is now becoming part of the rule-setting process for carbon accounting standards. We are looking at the strategy taken by a company in regards to carbon accounting standards, how their decisions influence the way they are looked upon by external stakeholders, how they manage to get enfranchised in the standard setting process. We will show the struggle between the internal engagement in carbon emissions reduction strategy and the external legitimacy game. We will also look at the web of actors related to carbon accounting within which the company is embedded and how they get influenced and how they manage or not to influence them back.

Jane Gibbon: Newcastle University Business School
Value: whose, what and how? Issues of finance and the third sector

The work is set in the contested area of proving value and understanding impact of third sector and values based organisations. The paper explores the development of the social return on investment and social impact bonds that have both recently been supported by the UK government as the way forward to support the raising of finance within the third sector. An examination of the issues surrounding third sector social impact measurement and how to prove social, financial or environmental value within a third sector (or civil society, social economy, non-profit) context is central to this paper. Current approaches to proving value within the third sector are being overwhelmed by the
The paper examines differences between the world views of the market and the third sector. Underlying these world views are four main assumptions that are problematic when transferred between the two sectors and become embedded within understandings of value: social, financial or a mixture of both. The first assumption being the purpose of the organization or the test of their success; the second is the issue of scale and efficiency; the third is around control issues or who has ownership, the investor or investee and finally, how does the investment period end if this has been defined. The mixing of these world views provides a confused basis upon which to approach an understanding of social impact and transformation which is sometimes termed ‘blended value’ (Nicholls, 2009).

The focus of this paper is on two recently developed approaches that underpin the blended value approach to understanding social impact within the third sector. These are ‘social return on investment’ (SROI) and ‘social impact bonds’. The techniques and language used are firmly set within a world view based within the financial markets and the techniques are in need of examination by critical financial scholars to expose the issues, tensions and flaws that are central to other financialization agendas. The lure of magic numbers is not based within a third sector world view. Whilst the debates are not yet fully being played out within the context of third sector, these could draw upon the debates within accounting and finance and the financialization agenda of the capital markets. The ‘magic numbers’ produced by the blended value approach are used to make decisions that will affect and control future funding within the third sector. The following quote from John Pearce, who developed much of the work on the practice of social impact within the social economy over many years, captures the essence of the issues:

“My biggest concern is that SROI is about using the language of business. It’s adopting the corporate sector approach of generating the maximum return for shareholders – for the people who put the money in. In third sector organisations this is most likely to be the government. This quickly suggests that the government is the most important stakeholder. Remember the co-operative principle that labour should hire capital – go too far down the SROI route and you’ll have capital hiring labour. Or the government hiring the third sector” (Pearce, 2008).

The paper concludes that more work is needed both on the theory and practice of social impact evaluation. The methods need to be critically evaluated and understood by both academics and practitioners with an awareness of the issues that may unintentionally result from their use, such as redirecting resources to the project with the highest return.

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Rob Gray: University of St Andrews
Sustainability + Accounting Education: The elephant in the classroom

Despite the growing importance of sustainability and the sustainable development agenda and despite the growing presence of papers recognising the critical interaction between sustainability and accounting and finance (and, indeed, with all social science) there has been a relatively muted response apparent within the accounting education literature itself. This relative lack of literature may well be unexpected but what is not unexpected is the difficulty that accounting and finance teachers have in developing such demanding new ideas with accounting and finance students in the classroom. Without in any sense gainsaying the considerable impediments to innovation, this paper seeks to address a more fundamental difficulty- that of the way in which sustainability is approached and represented in both the literature and the classroom itself. The contention is that unless sustainability is keeping you awake at night, you do not understand it. The paper seeks to support this contention and then offers an example of one undergraduate course which is explicitly designed to stop students sleeping peacefully.

Wendy Green: University of NSW
Determinants of greenhouse gas assurance provider choice: Evidence from organisations purchasing GHG assurance in Australia (with Stuart Taylor and Jennifer Wu)

This study investigates the determinants of greenhouse gas (GHG) assurance provider choice in Australia. Prior studies have employed empirical analysis to attempt to answer this question. The unique contribution of this study is that it is the first to address this question from the perspective of the purchaser of this service. Through utilising a
questionnaire completed by organisations purchasing assurance on their GHG data, the study reveals a rich data set of the factors that these organisations consider influential during the GHG assurance provider selection process. Results indicate that when making their GHG assurance provider decisions these organisations consider factors related to the assurance provider to be relatively more influential than factors related to the nature of the GHG emissions. Regardless of the type of assurance provider engaged, the assurance purchasers recognised the need for both assurance and environment science competencies in a GHG assurance engagement, however, differences in the factors considered important in the GHG assurance provider decision were noted between organisations purchasing their assurance from accounting firms and those selecting an environmental consulting firm. Specifically, team assurance knowledge was a significant factor influencing GHG assurance provider choice for organisations selecting an accounting firm, while organisations selecting an environmental consulting firm as their GHG assurance provider indicated that team engineering and science skills significantly influenced their decision. Our analyses also suggest that industry sensitivity and Audit Committee influence may be two characteristics driving the assurance provider decision. These findings suggest that assurance of GHG disclosures is beginning to evolve into a sophisticated, specialised and competitive area. As such, these findings have implications for both the assurance profession and regulators.

Angela Hecimovic, University of Sydney and Conny Beck, University of Sydney
Independent Assurance of Corporate Social Disclosure: Producing “Certificates of Comfort” or Enhancing Credibility? (with Sharron O'Neill)

Increased sustainability reporting practices have turned to a growth in independent assurance of corporate social disclosures. It is not clear, however, whether there is a relationship between the provision of independent assurance and the credibility of social disclosure. This study addresses this concern by comparing the credibility of occupational health and safety (OHS) disclosures subject to independent assurance against OHS disclosures that were not assured in an Australian context. Results indicate that Australian companies do not follow the global surge in assurance of their voluntary disclosures.
Keywords: OHS, Assurance, corporate social disclosure

Andreas G. F. Hoepner: St Andrews University and Ralf Barkemeyer, University of Leeds
Sustainability-related Media Coverage in 41 Countries: Regional-level Patterns or a North/South Divide? (with Frank Figge)

This research analyses levels of public awareness of environmental and socioeconomic issues in sustainability in developing and developed countries as measured by relative levels of perceived media salience. The study utilizes a worldwide sample across 41 different countries in the years 2006 to 2010 to analyze how country and region of origin as well as levels of socioeconomic development impact the sustainability-related media agendas of 115 leading national broadsheet newspapers. Coverage key issues in global sustainability such as poverty, climate change, HIV/AIDS and corruption are analysed to identify national and regional-level patterns in sustainability-related media agendas.

Previous research in the field has shown that distinct media agendas can be identified between different countries as well as between developed and developing countries, with the latter showing a marked bias towards environmental sustainability in developed countries. However, it can also be expected that regional-level patterns emerge: for example, the strong environmental movements and environmental institutionalization in Western Europe can be assumed to have triggered comparatively high levels of media coverage on environmental issues across Western European broadsheet newspapers. A cross-sectional regression model is used to identify whether a range of factors including country affiliation, regional affiliation, Human Development Index (HDI) scores, or individual characteristics of the newspapers and their editors-in-chief, can serve to explain the sustainability-related media agendas reflected by respective coverage levels. The findings of this research can thus serve to shed light on generic sustainability-related values and priorities in different national contexts.

Sophie Hoozee and Lies Bouten: IESEG School of Management Lille-Paris
Exploring the Interface between Environmental Reporting and Management Accounting

Through in-depth semi-structured interviews with both general and finance managers, this study investigates the interface between environmental reporting and management accounting. More specifically, when a company not only discloses environmental information but also sets formal environmental objectives, its decision-making and control systems should be modified accordingly. However, we show that the dominant institutional pressure that drives the
environmental reporting decision will determine whether management accounting systems will actually be affected or whether environmental reporting merely serves as a cosmetic disclosure.

**Cynthia Jeffrey and Jon Perkins: Iowa State University**

Energy Taxes and Energy Intensity: The Impact of Taxation on Carbon Dioxide Emissions

Using panel data methodology, we examine European Union (EU) country data from 2000 to 2007 to investigate the impact of carbon taxes on CO₂ emissions. To isolate the effects of tax policy from general economic growth or population growth, we examine overall carbon emission intensity (CO₂ emitted per unit of Gross Domestic Product (GDP)). We find that increases in both tax revenue collections and tax rates were associated with decreases in overall carbon emission intensity. Moreover, because carbon emissions can be reduced either by using fuel with a lower carbon content (effectiveness) or by using less fuel per unit of output (efficiency), we decompose the overall carbon emission intensity measure into an effectiveness component (CO₂ emitted per unit of energy consumed) and an efficiency component (energy consumed per unit of GDP). We find that increases in both tax revenue collections and tax rates were associated with decreases in both components. Finally, we bifurcate our sample into 2000–2004 and 2005–2007 periods to investigate the impact that the EU’s introduction of a cap-and-trade emissions trading system had on the carbon tax / CO₂ emission relationship. We find that in the 2005–2007 period, changes in tax revenue collections and tax rates were related to our overall intensity and efficiency measures, but not to our effectiveness measure.

**Stephen Jollands: University of Exeter**

Re-examining the role of management controls in the practice of pursuing legitimacy (with Chris Akroyd)

In this paper we investigate the paradox of reporting being the dominant focus of the extant social and environmental literature while practitioners seem to view their own reports with a high degree of cynicism. Thus we aim to re-examine the role of the sustainability (social and environmental) report and other management controls with reference to legitimacy theory. In order to conduct this investigation we utilise a longitudinal case study with the data analysed through the theoretical lens of actor-network theory. Our findings indicate that the sustainability report is not designed to overcome challenges to the organisation’s legitimacy. Further it does not include any references to matters of concern that are highly controversial. Rather it only refers to issues that the organisation already has firm plans to address. Thus it is aimed at reaffirming existing identities and roles thereby locking in the support of existing customers and consumers. The role of other management controls depends on the level of controversy that these concerns are linked with. In situations of low controversy (labelled as ‘cold’ overflows) the management controls in question have a similar role as the sustainability report. However in situations of high controversy (labelled as ‘hot’ overflows) management controls act to identify issues and motivate an expansion or reduction in organisational activity. We also find that the resulting initiatives aim to achieve legitimacy through a wide range of strategies. That is different initiatives aim to educate and inform the relevant publics, associate the organisation with a powerful legitimising device, change the perception of the organisation’s relevant public, and most importantly promote actual change within the organisation.

**Mike Jones: University of Bristol**

The Lake Pedder Decision: Accounting for nature and creative accounting (with Sue Hrasky)

The role of accounting in environmental decision-making is complex and intertwined with social, economic and political factors. Traditional accounting can capture and measure financial numbers, but fails to account for natural assets. Nonetheless accounting and accounting data are routinely used in both operational and strategic decisions. This article seeks to shed some insight into this process by investigating the use of accounting in the decision to dam Lake Pedder in Tasmania in 1972. At heart, the Lake Pedder decision was an economic one based on accounting numbers. It was about the imperative of providing electricity for the industry and citizens of Tasmania. At the centre of the decision were arguments based on cost-benefit analysis that utilised accounting calculations predicated on accounting estimates. The Lake Pedder decision although taken in 1972 has obvious modern relevance. It rehearses arguments, for perhaps the first time, which have nowadays become common in such diverse settings as the destruction of the Brazilian rainforest, the building of new airports and the damming of estuaries. The Lake Pedder decision is analysed from a perspective critical of the instrumental advocacy and legitimating role of calculative cost-benefit technologies. It provides an excellent example of the power of such approaches, underpinned by accounting discretion as exercised by the dominant economic advocate, to frame a decision as rational, technical
and neutral through the hegemonic privileging of economic concerns over arguably more precious natural and social ones. The project is based on both archival and secondary sources. Accounting is shown not to be a neutral technology. It was used to build and reinforce the case for flooding Lake Pedder rather than being employed as a neutral and objective evaluation technique. The Lake Pedder decision also illustrated the limitations of accounting and economic decision-making. Where environmental issues are concerned, accounting fails to take into account a whole range of intangible environmental attributes such as aesthetic, psychological, biogeographical, quality of living and inter-generational considerations. Furthermore, it finds it difficult to reflect fully, in monetary terms, utilitarian benefits such as recreation, education, tourism, walking and timber. The Lake Pedder case, therefore, demonstrates both the biased nature of accounting and its limitations in dealing with environmental issues.

Matias Laine: University of Tampere
Why do monopolies bother? CSR reporting in public water utilities (with Eija Vinnari, University of Turku)

While the broadly spread corporate sustainability reporting continues to be a common target of scholarly research, similar practices in the public sector have received less attention. Considering the fundamental differences between private and public sector services (e.g. Broadbent and Guthrie, 2007), existing work on organizations’ motivation for sustainability reporting may not adequately explain the emergence of such reporting in local government organizations. Water and electricity for instance are essential basic services whose provision is organized through regional monopoly enterprises owned mostly by municipalities and regulated by the national government. To answer calls made in recent literature, this field study explores why publicly owned water utilities have decided to engage with and continue to publish social responsibility information in their annual or stand-alone reports. Our dataset includes semi-structured interviews conducted in five utilities with their CEOs, CFOs and other relevant personnel. Supplementary insights have also been gathered through an analysis of the disclosures of fifteen water utilities over a ten year period. Tentative findings from the on-going data analysis are somewhat confusing. The organizations appear neither to know whom they are reporting to nor whether anyone actually reads the reports. Moreover, the aims of publishing such reports are not that clear, but the reports are nevertheless considered important. Once scrutinized in more detail, we expect our data to shed further light on why public sector monopolies use resources to publish information, for which they do not identify any particular user groups.

Wenjing Li: Jinan University
What Drives Corporate Charitable Contributions, Market Forces, Government Influences, or Political Goodwill? Evidence from China (with Junxiong Fang, Fudan University and Yue Li, Toronto University)

This study examines the determinants and consequences of corporate charitable contributions in China. Using a large sample of listed firms from 2001 to 2006, we find that firms with political connections are more likely to make charitable contributions. Firms owned by local governments are more likely to make charitable contributions than firms owned by the central government. Furthermore, we find that resource constraints and industry competition cannot explain corporate philanthropy in China. We document a positive association between charitable contributions and future firm performance but find no evidence that charitable contributions affect future sales growth. Further analysis indicates that firms making charitable contributions received more bank loans and government subsidies. The overall results are consistent with listed companies in China using charitable contributions to build the political goodwill with the government.

Camelia Iuliana Lungu: Academy of Economic Studies, Bucharest
Research on financial statements’ preparation and presentation improvement from the perspective of corporate social and environmental responsibility (with Chiraţa CARAIANI, Raluca GUŞE, Cornelia Dascalu)

Traditional financial accounting does not respond anymore to the information required by the the process of identifying and reporting entity’s information in the context of sustainable development. The concern of integrating social and environmental factors into traditional financial reporting is gaining acceptance nowadays. Our study proposes a new approach on the elements presented on financial statements. We analyse the scope and focus of notes to financial statements in order to highlight measurable and non-measurable (as in accounting criteria), but relevant information on social combined with environmental issues. Debates and arguments on the case of Romanian companies accompany our proposals in order to add value and utility to the research results.
John Margerison: De Montfort University
Towards a theory explaining environmental activity in China: A case of a Chinese SME

This paper seeks to analyse a set of eight exploratory semi-structured interviews with Chinese accountants and managers in Shenyang and Shanghai in April 2010 and a further 17 in-depth interviews and follow-up visits in April 2011. These interviews sought to establish the environmental policy and environmental accounting in place in their organisations. They also sought to examine the accountants’ personal philosophical values, to see if there is any possibility that these values could influence organisational environmental policy and environmental accounting initiatives.

Although it was found that the accountants in general had enlightened personal philosophical values on environmental matters – some based specifically on traditional Chinese philosophy – these accountants’ values were not influential at an organisational level in terms of the environmental policy or environmental accounting. Instead the following influences were identified: government, sector scandals, markets, Western parent companies’ values.

Mark McElroy: Center for Sustainable Organizations
Context-Based Sustainability

The practice of sustainability management, or corporate sustainability management (CSM), in recent years has been largely ineffective because of the general absence of context in related tools and methods. By context, we mean to refer to real and existing social, ecological and economic conditions in the world, the facts of which arguably give rise to norms or standards of performance for what organizations’ impacts on them ought to be (or not be) in order to be sustainable. By excluding such context in CSM, it is quite literally impossible to know what the sustainability performance of an organization is or has been. Leading international standards and so-called best practices for sustainability measurement and reporting are in no small part responsible for the shortcomings we speak of, since they, too, fail to take context properly into account and thereby encourage its omission. Such standardized tools and methods include the Global Reporting Initiative, Life Cycle Assessment, the Greenhouse Gas Protocol, the Carbon Disclosure Project and many more. In response to the chronic absence of context in mainstream CSM, a new branch of practice known as context-based sustainability (CBS) has emerged in which context is carefully and intentionally taken into account. First conceived in 2005, CBS has been in development ever since and has been successfully deployed in several organizations, including Ben & Jerry’s (Unilever) and Cabot Creamery Cooperative in the United States. In this presentation, Dr. McElroy will introduce and explain context-based sustainability as described in a forthcoming book of his entitled, Corporate Sustainability Management – The Art and Science of Managing Non-Financial Performance, scheduled for release later this year (McElroy and van Engelen, 2011, Earthscan). His presentation will cover: (1) the theory and practice of CBS, (2) the cases cited above, (3) a methodology for CBS, (4) a general specification for context-based metrics, and (5) key issues in CBS.

Artie W. Ng: Hong Kong Polytechnic
Relevance of enterprise risk management to sustainability performance: implications to financial regulations

Prior studies have examined the increasing significance of disclosures on sustainability performance among publicly listed firms due to the concerns among the primary stakeholders. The financial regulators on the other hand have recognized the importance of ERM in enhancing sustainability of an organization. Sustainability and even credit ratings of an organization could be affected by the effectiveness of its ERM system in place. This study explores an organizational framework to integrate ERM with sustainability issues at the governance, management and operational levels for assessing sustainability performance. Selected cases involved in environmental incidents with consequences over their credit ratings are examined based on the proposed framework. Such implications to financial regulations are discussed.

Emilio Passetti: Scuola Superiore Sant'Anna
Sustainability accounting tools “in action”: evidence from a survey (co-authors Lino Cinquinia, Alessandro Marellib, Andrea Tenuccia)

This study aims at contributing to the managerial path of sustainability accounting literature addressing the following research questions: (i) Which is the importance of sustainability accounting tools (SATs)? (ii) For which kind of strategic and managerial decisions are SATs used? To this aim a survey is carried out to show the importance of eleven SATs and the decisions in which they are employed in a sample of 68 Italian companies. In addition the

1 IFAC (2011). Sustainability Framework 2.0: Professional Accountants as Integrators.
2 For instance, Standards & Poor's determined to include assessment of enterprise risk in performing credit ratings analysis in 2008.
association among the importance and the use of SATs and three contextual factors (company size, sustainability strategy and environmental regulation) is investigated.

**Jon D. Perkins and Cynthia Jeffrey: Iowa State University**

**Developing Accounting Disclosure and Reporting Requirements in the Public Interest: Should Corporate Social Responsibility Disclosures be Mandated and/or Integrated with Financial Reporting?**

In recent years, pressure from multiple stakeholders regarding corporate social responsibility (CSR) policies and activities has resulted in firms’ increased effort to measure and report information on numerous environmental and social issues. The provision of CSR information has generally been voluntary in nature and guidelines regarding the measurement and reporting of such information have been developed by stakeholder groups, evolving as a function of social norms. However, the perceived importance of this information for stakeholder decision making has resulted in calls for greater regulation of CSR reporting, including the potential integration of such disclosures with financial statement disclosures. A number of studies have investigated various aspects of CSR reporting, but there has been little discussion of how such reporting might be integrated with financial statement reporting, if indeed the two can/should be integrated at all.

In this paper, we investigate this issue by examining the historical development of financial and CSR reporting as well as the theoretical principles underlying both reporting models. Based on our analysis, we believe that the reporting of certain types of CSR information should be mandatory, with companies being required to include other CSR information via an 'opt-in' procedure. Further, we believe that at present, the two reporting frameworks are not compatible, thereby precluding their integration.

**KEY WORDS**: corporate social responsibility, integration, financial reporting, framework, regulation

**Jill Solomon: King's College London**

**Stakeholder engagement and social responsibility in the Cadbury takeover: A discourse of mistrust and anger? (with Elisabetta Barone, Nathan Ranamagar)**

The Kraft takeover of Cadbury in 2010 affected shareholders, employees and other stakeholders. In this paper we explore the immediate impact of this highly publicised takeover on the local community in Keynsham, home of Cadbury’s Somerdale factory. Kraft’s stated intention was to leave the Keynsham site open but their decision was reversed after the takeover. Our study provides evidence from interviews to portray a stakeholder account of the impact of the takeover as well as the consequences of this reversal. We interviewed a sample of stakeholders in Keynsham, including town councillors, ex-employees and members of the local community. Our analysis revealed wider stakeholder groups to be relatively impotent in relation to corporate decision-making. Our findings provide a narrative account from a stakeholder perspective of the process leading to the closure of the Keynsham plant. It appears from our evidence that stakeholders believed Kraft had manipulated them in a variety of ways in order to push the takeover through with their implied consent. For example, long-term (lifelong in some cases) employees had received hefty payoffs and it had been company strategy for several years to recruit people only on short-term contracts. There is even some suggestion that employees had been silenced on certain issues. Stakeholders expressed anger, disappointment in both Cadbury and Kraft as well as collapse in trust. We found the term ‘stakeholder accountability’ was generally not understood. Further, we found evidence that social responsibility reports were unread by our interviewees. Negative effects of takeovers on employees and employment were identified, consistent with prior literature. Overall, our evidence suggests a failure in transparency and poor accountability on the part of the companies involved. We interpret our findings in relation to the prior literature on sustainability reporting and stakeholder engagement. We suggest that the discourse within stakeholder engagement during this period was imbued with mistrust and anger rather than a discourse of care and social responsibility.

**Key words**

Stakeholders, accountability, take-over, social responsibility reports, stakeholder engagement, discourse.

**Helen Tregidga: Auckland University of Technology**

**Snails, ducks and kiwi: Analysing an approach to biodiversity offsetting and reporting**

This paper examines the biodiversity offsetting and reporting practices of state-owned New Zealand coal-mining company, Solid Energy. The focus is on the treatment of significant wildlife in areas of its operation. Company reports and public documents from 2001-2010 are analysed, along with an interview with company personnel. The paper highlights how, in part due to biodiversity offsetting, a coal mining company can claim an overall “net positive
It is argued there is a need to debate not only the transparency required in biodiversity reporting, but also the practice of biodiversity offsetting more generally in New Zealand and elsewhere.

Jeffrey Unerman: Royal Holloway, University of London
The role of theory in helping accounting to reduce unsustainability

Over several decades, social and environmental accounting and reporting has developed from an activity whose importance was recognised by very few to now being almost a mainstream activity. Many practitioners, regulators and academics have now recognised the potential role accounting can play in helping willing organisations become less ecologically and socially unsustainable. Although insights from academic research have played a key role in helping develop social and environmental accounting practices, this paper explores the role that greater diversity in theorizing can play in further developing the contribution that social and environmental accounting research(ers) can play in making organizations less unsustainable.

Petros Vourvachis: Exeter University
Text analysis Approaches in Corporate Narrative Reporting Research: A Methodological Guide (with Doris M. Merkl-Davies, Niamh M. Brennan, Thérèse M. Woodward

We critically review the use of text analysis approaches in accounting research on corporate narrative reporting and communication and offer a contingent criteriology to guide future research. We argue that text analysis approaches are methodological choices which are determined by the research paradigm in which the researcher locates him/herself. We put forward three broad categories of text analysis approaches, namely 1 content analysis, 2 interpretive text analysis (e.g. Discourse Analysis), and 3 critical text analysis (e.g. Critical Discourse Analysis) and respectively associate them with the positivist, social constructionist and critical paradigms. Each research paradigm is characterised by specific methodological principles which then inform the evaluation criteria. The evaluation criteria can be used to assess whether prior research is consistent in following the particular methodological approach in line with its a priori philosophical assumptions.

Keywords: Content Analysis, Discourse Analysis, Critical Discourse Analysis, Epistemology.

Liyan Wang, Peking University, Hongtao Shen, Jinan University and Yibin WU, Jinan University
Corporate Social Performance, Disclosure and Reputation

This article examines the role of social reporting in the relationship between corporate social performance (CSP) and corporate reputation, and the differences in the roles between mandatory and voluntary social reporting. Using the data on Chinese listed firms’ separate social reports during 2006-2009, we find the positive impact of social reporting on CSP-reputation relationship. More interestingly, we find that the positive relationship between CSP and corporate reputation is stronger in firms with voluntarily disclosed social report, as compared to firms with social report disclosed under mandatory requirement. The study extends the CSP-reputation literature by providing an information asymmetry perspective and provides empirical evidence from other than a stakeholder perspective or legitimacy perspective on social reporting.

Key Words
social disclosure, corporate social performance, reputation, information asymmetry

Hua Xiao: Xiamen University
Environmental Accidents, Environmental Disclosures and Legitimation: Evidence from China (with G. Zhang)

The purpose of this paper is to investigate the relationship between the major environmental accidents and corporate environmental disclosures in China. Based on the annual reports of 121 Chinese A-share listed companies in the two affected industries, content analysis and case study are utilized to see whether corporate environmental disclosures in the annual reports respond to the major environmental accidents. The empirical evidence indicates that the sample firms’ environmental disclosures increased significantly in the years following the major environmental accidents. The results show that corporate environmental disclosures are used as a means of legitimizing the affected companies’ ongoing existence and enrich the similar research literature.
Key words
Environmental accidents, China, Environmental disclosures, Legitimacy management

Helen Yang: Victoria University
A comparative study of English and Chinese literature on corporate environmental reporting

This study aims to investigate, analyse and critique corporate environmental reporting (CER) research in China. The study reviews local Chinese CER literature published during the period 2000 to 2008 (inclusive) and refers to CER studies in the English literature. Chinese CER empirical results indicate a slow increase in CER by Chinese companies between 1992 and 2007, followed by a rapid increase in 2008. Chinese CER empirical findings provide valuable information about the development of CER practices in China. Some significant issues, however, were identified. CER studies tend to be descriptive and influenced by early North American studies in the 1980s-90s, and lack engagement with current international CER literature. Agency Theory/Positive Accounting Theory appears to dominate theoretical perspectives in the Chinese literature. Theoretical perspectives and research design in general are under-developed. The paper argues that Neo-Institutional Sociology perspective to explain CER in the Chinese setting. Transnational accounting education is a useful means for engaging with CER research in China.
Keywords: China, corporate environmental reporting, engagement, sustainability, theory, transnational education

Dimitar Zvezdov: Leuphana University Lüneburg
Rolling out Corporate Sustainability Accounting: A Set of Challenges for Sustainability Accounting

Although the importance of improving corporate environmental and social performance has been addressed by an increasing number of companies in the past three decades. No previous publications, however, provide a (conceptual) deliberation on the implementation process, obstacles and approaches how corporate sustainability accounting can be introduced and established throughout a company.
Based on previous publications, the following paper attempts to identify the challenges in the roll out phase of corporate sustainability accounting. It examines previously identified challenges – both sustainability accounting related as well as general considerations in the roll out process. The results derive motivation for further research on this specific challenge and also address the issue in a manager-compatible language, delivering concrete recommendations.