



## Ambiguous but tethered: An accounting basis for sustainability reporting

George Joseph\*

University of Massachusetts Lowell, One University Avenue, Pasteur Hall 216, Lowell, MA 01854, USA

### ARTICLE INFO

#### Article history:

Received 1 April 2010

Received in revised form

12 November 2011

Accepted 17 November 2011

#### Keywords:

Sustainability

Reporting

GRI

Measurement

Principles

Normative

Stakeholder

### ABSTRACT

Sustainability reporting continues to become more widespread, despite ambiguities underlying the concept that may lead to varied interpretations and wider scope for “managing public perceptions” (e.g., Cho et al., 2010; Neu et al., 1998). An examination of the current form it takes using the GRI suggests a trade-off between principles and rules, with reduced emphasis on normative principles and a rather simplistic pursuit of “objective” measurement largely adapting to traditional accounting goals. While exploratory in nature, the paper suggests the need for “alignment” through an emphasis on principles based on normative stakeholder theory (Reed, 1999, 2002) that can draw from accounting without usurping the stakeholder goals underlying sustainability. This normative approach adds to the discourse on sustainability accounting by envisaging a wider and more localized perspective on firm accountability that could potentially stimulate the innovative endeavors of the corporation in the pursuit of wider wealth creation.

© 2011 Elsevier Ltd. All rights reserved.

### 1. Introduction

Accounting for corporate social responsibility has been an area of contention that has endured neglect because of ambiguity, difficulty, or questions about the necessity for firms to emphasize such socially responsible behavior (e.g., Benston, 1982; Friedman, 1970). Despite the skepticism that has characterized all aspects of social responsibility in the past, the relatively recent adaptation titled “sustainability” continues to grow in importance, if the research and developments in the area serve as indicators (e.g., Dillard et al., 2005; Lehman, 2004; Unerman et al., 2007). The language of sustainability has also spread beyond the realms of researchers, public relations specialists, and writers to boardrooms and corporate offices. However, despite this extensive literature, there continues to be an evident lack of stability and clarity in the area (e.g., Bebbington, 2009). The intersection of the social and the organizational creates the concerns that make it important for disciplines such as accounting to play a role that is significant, nevertheless challenging. As articulated by Hopwood (1983):

The social is not and cannot be isolated from the organizational. Indeed, in part at least, the social is manifest in the organizational and the organizational, in turn, constitutes a significant part of the social. . . with both wider and more localized concerns calling upon practices such as accounting to create an ambiguous but nevertheless tethered conception of reality (p. 302).

A variety of factors shape the social world today, perhaps none as significantly as the growth of globalization under the influence of modern technology. After an initial sense of triumphal vindication of the free enterprise and free markets globally, the power of capital and the nature of business appears to be increasingly under scrutiny as global companies

\* Tel.: +1 978 934 2842.

E-mail address: [george.joseph@uml.edu](mailto:george.joseph@uml.edu)

expand, seeking new markets, lower cost labor, raw materials and financial resources. There is the sense that free enterprise, left to itself, could engender more problems than it could resolve (Greider, 1997). Yet, rather than abandon the stimulant of free enterprise, there is a call to a form of “sustainable” capitalism, with the increased realization that ignoring such interests can be costly, given the new realities of communication and information dissemination. These have contributed to the voice of different stakeholders, including the NGOs who take up causes of stakeholders by managing and organizing dispersed and less powerful groups. Thus, despite skeptics and powerful lobbies, the idea of “sustainability” has taken root and increasingly become part of the language of large firms, being subsumed within corporate goals with the pervading “business case” approach to sustainability (e.g., Gray, 2010). Perhaps driven by the threats of litigation and the increased possibility of regulation, the pragmatism underlying capitalism may be opening new doors of dialogue and insights into consequences of corporate activity.

Thus, as sustainability develops as a desirable and increasingly popular recourse for institutions, the need for accountability and transparency points to an increased role for accounting. Having evolved on a narrow path where the larger view is obscured and issues are now translated into “puzzles” to be resolved (e.g., Gray, 2002), accounting remains constrained within artificial boundaries of its own making that give the semblance of “objectivity,” but without the capability to address complex issues. Hence, unsurprisingly, the accounting for sustainability endeavor appears to be plagued by an overall lack of clarity of “what accounting looks like” at the organizational level (e.g., Gray, 2010), resulting in a diversity of opinions and approaches (Bebbington and Gray, 2001) and the recognition that we are “researching an unstable and moving set of practices” (Bebbington, 2009). In short, an ambiguity expressed through prevalence of conflicting viewpoints appears to pervade much of sustainability. This ambiguity that lies at the root of sustainability highlights the need for a “systemic” view of the issues (Gray, 2002), a view that is both “wide” and yet “local” as to sufficiently capture the “concerns” of society (Hopwood, 1983) shaped by the global nature of business. When such ambiguity is not addressed, sustainability endeavors are vulnerable to manipulation and adaption to variations such as a “business case” approach, which in form appears appealing, but in substance, may be capitulation to the pre-existing profit based approach, subsumed within the narrow “profitability” goals of the firm. Confronting ambiguities underlying sustainability is therefore a first step in developing a form of accounting for sustainability that is both transparent and does not revert to being another adaptation of the managerial capitalistic model.

Using principles underlying normative stakeholder theory (Reed, 1999, 2002), this paper suggests an alternative normative framework that provides the rationale to address rather than evade difficult and ambiguous situations. Specifically, the approach provides firms the lens to understand the global (or wider) and local issues when establishing ambiguous and often apparently conflicting stakes of stakeholders. Accounting for sustainability based on such principles begins with the recognition that transparency, an extension of the accounting principle of “completeness,” is more relevant than an “objectivity” that fails to reflect reality. An examination of the GRI sustainability framework serves to illustrate how sustainability, when not firmly grounded on principles, could lose sight of a normative sustainability narrative, and become subsumed within the “profit” goals of the firm. Thus, the paper asserts that a “systemic” view is the starting point to provide a basis to visualize accounting for sustainability, in order for key accounting components, concepts and semantics, measurement and corporate governance, to serve the goals of sustainability.

To address the above objectives, the next section of the paper provides the theoretical base for understanding and implementing sustainability. Recognizing the ambiguity and constraints surrounding sustainability, this section proposes moral, ethical and legal principles underlying the normative stakeholder theory (Reed, 1999, 2002) as the framework to provide a systemic view of the issues underlying sustainability, and to form the basis for sustainability accounting. The third section first provides a succinct description of sustainability efforts of the [Global Reporting Initiative \(GRI\)](#) in integrating the accounting components that make accounting a discipline that lends credibility and direction, namely, concepts and semantics, measurement and corporate governance. To explore further the “reality” of sustainability, the section critically reviews sustainability efforts of GRI in the light of the normative sustainability principles. In comparison to traditional accounting, GRI appears to gravitate to greater “stakeholder inclusiveness.” On closer examination, however, sustainability principles are widely dispersed. Entrenched ambiguities remain, allowing firms to continue along the path of “impression management” (Cho et al., 2010; Neu et al., 1998). The fourth section prescribes an emphasis on alignment of the framework, emphasizing a principles based approach to anchor the firm in the presence of ambiguities underlying the implementation of a transparent form of sustainability. Finally, the paper discusses the future and limitations, drawing on preceding analyses to show how the continued developments and future growth in sustainability depend on the convergence of factors that support its development.

## 2. Theoretical foundations for sustainability

To explore concepts underlying sustainability, it is useful to begin with the widely used definition of sustainability of the UN Commission on Environment and Development, (commonly referred to as the Brundtland Commission), that sustainable development (SD) “meets the needs of the present without compromising the ability of future generations to meet their own needs” ([World Commission on Environment and Development, 1987](#)). The implications of the definition on corporate activity particularly in the widely prevalent capitalist forms are significant. Specifically, the definition highlights the messy nature of the impacts of the flow of capital guided by an “invisible hand” that gives scarce consideration of such impacts

متن کامل مقاله

دریافت فوری ←

**ISI**Articles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات