

Sustainability accounting and reporting: recent perspectives and an agenda for further research

The viewpoint is based on the selection of papers presented at the 2017 Australasian Centre for Social and Environmental Accounting Research hosted by the University of the South Pacific and held from 7 to 9 December 2017 at Denarau, Nadi, Fiji. The annual Australasian Centre for Social and Environmental Accounting Research Conference provides an international forum and showcases research on the social and environmental aspects of accounting theory and practice. It also fosters and supports interdisciplinary research in accounting.

Social and environmental accounting or sustainability accounting and reporting has become one of the major issues that organisations grapple with on a daily basis. Sustainability accounting is but one aspect of sustainability (Milne *et al.*, 2009), and yet the term sustainability accounting offers so many different perspectives (Bebbington and Gray, 2001; Gray, 2010; Mistry *et al.*, 2014; Lodhia, 2018a; Sharma, 2013). This is reflected in the different names utilised for the term, such as social and environmental accounting, triple bottom line accounting, emissions accounting and carbon accounting, amongst others. Social and environmental issues are attracting more political and media attention, reflecting increased social awareness (Deegan and Blomquist, 2006; Lodhia, 2018b). These changes in societal attention to sustainability make sustainability accounting an exciting and dynamic field of research. Sustainability and sustainable development, defined by their social, economic and environmental elements are one of the significant challenges for organisations and society (Moran *et al.*, 2014; Lodhia, 2018a). Research has generated a sizeable body of insights into sustainability disclosure practices. However, little is known about accounting for sustainability within specific organisations, especially in relation to the trade-off between economic, social and environmental issues. Even less is known about the integration of sustainability into management control and decision-making.

This viewpoint reflects the complexity of sustainability accounting issues based on the selection of papers presented at the 2017 Australasian Centre for Social and Environmental Accounting Research conference and covers many of the approaches that can be taken. The papers reflect diverse foci and a range of countries and approaches. Papers range from stakeholder engagement, sustainability reporting, role of culture in accounting, investor response to corporate social responsibility performance, use of photographs in annual reports to depict corporate social responsibility and social and environmental accountability firms. Research approaches include case study and interviews, quantitative methods such as panel data analysis and experiments, visual content analysis and casual layered analysis. The context of investigations includes Australian councils and companies, Sri Lankan companies, New Zealand indigenous entrepreneurs and companies.

Kaur and Lodhia (2019) explore the key issues and challenges that affect the quality of stakeholder engagement processes and outcomes in relation to sustainability reporting. They use case study research to gain in-depth insights into the stakeholder engagement



practices of three Australian local councils. The findings of [Kaur and Lodhia \(2019\)](#) suggest that the effectiveness of stakeholder engagement can be undermined by certain difficulties and challenges faced by an organisation. These include limited resources, lack of commitment from internal stakeholders, political factors, heterogeneous concerns, inadequate representation and unwillingness to engage.

Sustainability reporting in the Asian region is also a growing area of research interest. To this end, [Dissanayake et al. \(2019\)](#) aim to investigate the key company characteristics which influence sustainability reporting by publicly listed companies in Sri Lanka. They use panel data to analyse sustainability reporting of 84 publicly listed companies. They found that company size and usage of the GRI guidelines are found to be the most relevant company characteristics associated with sustainability reporting by listed companies in Sri Lanka. Unexpectedly, ownership and industry sector do not show strong influences on the extent of sustainability reporting over the study period (2012-2015) compared with prior periods.

Polynesian entrepreneurs also play an important role in accounting for sustainability. [Yong \(2019\)](#) discusses the role of accounting, accountants and the cash management processes of indigenous Maori and Pacific (collectively referred as Polynesian) entrepreneurs in New Zealand. Her paper highlights the influence of cultural values on Polynesian's accounting decision-making processes. The paper also provides some unique insights into the interrelationships of the cultural, economic and social dynamics that sculpt Polynesians' decision towards accounting, cash management and their accountants. In particular, the cultural values of communality, reciprocity and "gift giving" and respect for authority are important factors in shaping the Polynesians' approach to accounting disposition and business cash management.

The effect of target and incentive consistency of unexpected positive earnings news on investors' response to corporate social responsibility performance is also an important area. [Wang \(2019\)](#) examines the effect of target – and incentive – consistency of unexpected positive earnings news on investors' use of corporate social responsibility performance in their pricing decisions. Wang's methodology is based on experimental research. The findings reveal that target-and-incentive-consistency of unexpected positive earnings news moderates the effect of corporate social responsibility performance on investors' pricing decisions. The findings support an unexamined theoretical underpinning for the effect of financial information on investors' use of nonfinancial information.

Use of photographs to depict corporate social responsibility is yet another important aspect of sustainability accounting. To this end [Chong et al. \(2019\)](#) uncover the extent of utilisation of photographs depicting corporate social responsibility information in corporate annual reports and the possible motives for their use. Their study employed visual content analysis, based on [Banks \(2001\)](#) strategy of "looking through", "looking at" and "looking behind" photographic images, to examine and analyse 4,933 photographs contained in the 2005, 2010 and 2015 annual reports of 70 companies listed on New Zealand Stock Exchange. The findings were interpreted using the impression management theoretical construct. [Chong et al. \(2019\)](#) findings show a marked increase in the utilisation of photographs for corporate social responsibility associated disclosures by the sample companies. Surprisingly, the quantity of photographs depicting environmental performance has declined, whereas those featuring product responsibility have increased significantly. The "messages" encoded in the photographs create idealistic images of the companies being caring and responsible corporate citizens. This suggests that companies are systematically using symbolic presentations such as photographs of children and families for rhetorical impression management. [Chong et al. \(2019\)](#) develop a structured approach for categorising and analysing corporate social responsibility-related photographs and contribute to the

scant literature on the utilisation of photographs as a medium for corporate social responsibility information dissemination.

Holdway (2019) argues that social and environmental accountability by firms can be compromised by a lack of democracy within engagement and decision-making processes. This is particularly evident in potential conflict situations such as with unconventional gas extraction. Causal Layered Analysis was applied in a workshop setting involving participants with diverse perspectives on unconventional gas extraction. Her findings suggest that Causal Layered Analysis enables access to multiple, complex and nuanced perspectives, and facilitates a deeper understanding of participants own views, and of differing views in relation to unconventional gas extraction. Holdway (2019) emphasises that Causal Layered Analysis may well assist in moving firms and indeed civil society, closer to reaching social and environmental outcomes.

Given the immense scope of sustainability accounting and reporting as a topic area and the scale of the social and environmental implications in this line of study, it stands to reason that the viewpoint has scratched only the surface. There is room for a major research agenda on sustainability accounting and reporting. Some of the areas that are, in our opinion, still under researched are:

- sustainable development goals and their relationship with sustainability accounting and reporting;
- the influence of the integrated reporting initiative on sustainability reporting and the role of accounting and accountants in this regard;
- accounting for specific environmental issues such as Carbon, Water, Waste and Biodiversity and the implications for sustainability;
- accounting for specific social issues such as health and safety, product responsibility, labour, gender, diversity, human rights, equity, modern slavery and the implications for sustainability;
- contaminated sites and the impact on sustainability reporting;
- the role of social media, Big Data and the Internet of Things in sustainability accounting and reporting; and
- sustainability accounting and reporting in developing countries, especially within the Asian and South Pacific context.

We are confident that more accounting researchers will take up the challenge to research these fascinating sustainability topics. We are also calling for collaboration (multi-disciplinary, interdisciplinary and transdisciplinary approaches) with disciplines such as biology, environmental sciences, geography and engineering to address true sustainability from new and creative perspectives.

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