

**DEBATING ACCOUNTING AND SUSTAINABILITY:  
Incompatibility and Rapprochement in the Pursuit of Corporate  
Sustainability**

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**1 Introduction**

Since the Brundtland Report (UNWCED, 1987) brought the notions of sustainability and sustainable development<sup>1</sup> to popular attention, they appeared to have gained an almost ubiquitous currency in *inter alia*, international and national policy; business and educational spheres. On the face of it one might be led to assume that the undoubted importance of sustainability had finally broken through into the collective consciousness and was now recognised as the over-riding criterion of human decision-making (Dresner, 2002). Perhaps most strikingly for our purposes was the emergence, in the early 1990s, of business leaders making statements that (appeared to) suggest the embracing of an important role for companies in sustainable development (e.g. Schmidheiny and BCSD, 1992; but see also Mayhew, 1997).

However, assuming that there is universal agreement about and/or recognition of the need for urgent and substantial action in response to the exigencies of sustainability would probably be incorrect. Equally, to assume that all who could work to create a more sustainable world are doing so, would be unwise. Not only is it evidentially the case that sustainability is not a core consideration in the vast majority of daily discourse and intercourse, it also seems likely that of those who are aware of it, few actually understand it or its implications (Martin, 2011). That may be bothersome enough, but this is not what will occupy us here. Rather, we want to turn our attention to those who have – or think they have or appear to have – a grasp of the issues, and to explore what differences underpin the floating signifier that is sustainability. More particularly, we want to carefully and seriously explore *why* apparently informed understandings of sustainability are capable of leading to such fundamental differences of judgement about its implications and how it might be sought in both practice and education. We shall do this through the process of a

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<sup>1</sup> We will maintain the usual assumption that sustainability refers to some desirable state whilst sustainable development refers to the process necessary to arrive at that state.

debate exploring and comparing two philosophies<sup>2</sup> or approaches which seem to derive from significantly opposed views on (apparently) the same issues (see e.g. Schaltegger and Burritt, 2010; Burritt and Schaltegger, 2010; Gray 2010). Such an endeavour is predicated upon a range of beliefs to do, not with compromise but, with respect and understanding: we approach the debate in an attempt to better understand the situation we address<sup>3</sup>.

For completeness, we should restate the usual definition as:

*"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs... Development involves a progressive transformation of economy and society ... But physical sustainability cannot be secured unless development policies pay attention to such considerations as changes in access to resources and in the distribution of costs and benefits. Even the narrow notion of physical sustainability implies a concern for social equity between generations, a concern that must logically be extended to equity within each generation"* (UNWCED, 1987, p. 43)

This basic understanding of sustainable development will stand us in good stead and will help us proceed a long way - although we recognise that the Brundtland definition has received very considerable disagreement. Disagreement has centred on a range of factors which include: the anthropocentric nature of the definition; its vagueness; the meaning of "needs"; the meaning of "development"; the relative primacy of the economic, the social and the environmental; and, perhaps most crucially, how we get from "here" to "there" (see e.g. Redclift, 1987; O'Riordan, 1988; Pezzey, 1989; Jacobs, 1991; Dresner, 2002). In a sense, one could see this as a question of what is, and what is not, allowed into a debate on sustainability: what assumptions remain implicit and unexamined (Thomson and Russell, 2009).

This debate becomes very complex indeed engaging not only matters of technical and ecological complexity (e.g. O'Connor 2006; Schaltegger et al. 2003), but also methodological, philosophical and ethical complexity in terms of (for example) what it means to be human; the nature of enterprise; how we interpret capitalism; optimism/pessimism; interpretation of evidence; the nature of modernity; how eco-efficiency should be understood; and, at its most specific, the relative merits of (to the extent to which, if at all, they are mutually exclusive) gradualism and incrementalism versus radical and structural change (see, for example, Gladwin, 1993; Zimmerman, 1994; Gladwin et al., 1995a; 1995b; 1997; Kilbourne et al., 2002; York et al, 2003; Fergus and Rowney, 2005). At its simplest, the diversity of these debates might sometimes be typified by references to 'weak' and 'strong' sustainability. We will exhibit some concern over the limitations of such a

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<sup>2</sup> How these philosophies might be characterised and where they fit in the whole range of such potential views is a matter we explore later in the paper.

<sup>3</sup> The principle is perfectly stated in Keats' notion of negative capability.

typification and to which we will return to this later, (Turner, 1993; Bebbington and Thomson, 1996; Ott, 2004).

Regardless of the debates, the assumptions and the predispositions, the context – the sustainability – of the planet and its peoples and species is relatively unequivocal. With few exceptions, the data relating to our ways of organising are extremely serious (Meadows et al, 1972; 2004; Millennium Ecosystem Assessment, 2005; UNEP, 2002; WWF, 2004; 2008; UNDP, 2010). Whether we talk of climate change, species extinction, poverty, water availability, waste, resource use, etc., most of the global indicators and data are, with few exceptions, continuing to accelerate in the wrong direction. Whatever else we know, we know that humanity is currently acting unsustainably by most normal criteria.

To suggest that all data is bleak would be inaccurate. There is evidence of considerable improvement in a range of business practices and there are legion examples of achievements which many commentators suggest point towards a more sustainable form of development. Examples include: the steadily increasing share of renewable energy production in Denmark, Germany and Spain (Eurostat 2011; BMU 2011); the increased area of agricultural land under organic farming (Eurostat 2011, EC 2010); the increasing share of organic products and purchases in countries like Switzerland, Germany, the UK and France (BCG 2009; EC 2010 ); the improving ecology of some rivers in Europe (EC 2007); the increased number and size of national and nature parks (EU 2009); the introduction of carbon taxes and trading systems in a growing number of states (OECD 2010; EU 2003); and an increasing demand for socially responsible investment products (PWC 2009). Leading companies have been able to reduce their relative and (even on occasions) their absolute amount of emissions. Many companies would claim, with some justification, to be increasing the benefits they bring to society. Some do both whilst being economically competitive and, thereby, lay claim to not just performing better against a triple bottom line but meeting the raw requirements of sustainable development (GLOBAL 100 2011; WWF 2011). New ways of doing business are also emerging, sometimes in collaboration with NGOs producing such exemplars as the Forest Stewardship Council (FSC) and the Marine Stewardship Council (MSC), which are succeeding in raising both environmental and social standards whilst developing (although still small) market share and economic success (MSC 2011; FSC 2011).

Despite this, from an overarching view, there is no question that huge and, in many cases, increasing gaps exist between where we are currently and some desirable other state that may approximate to sustainability. The questions are only, therefore, how big are the gaps?, what must be done to close these gaps? and what role can business and accounting play? Herein lie the considerable

differences that we hope to explore. When we restrict our concern to the world of organisations, business and management – and, ultimately, accounting and sustainability – these areas of difference becomes more apparent and, seemingly, irreconcilable: The central questions of “can or how can businesses become more sustainable?” and “what role does and can accounting play with regard to sustainability?” remain deeply challenging and surprisingly elusive.

It is these questions that this paper seeks to carefully explore. The paper is not a conventional essay but rather more the outcome of a debate. In this debate we seek, as best we can, to identify and, where possible, reconcile, what we see as the important parameters of sustainability and its implications for accounting. The combination of the differences which motivated the initial exchange, the differences (and agreements) which emerge as the debate progresses plus the *impasses* we encounter, all combine to militate against a simple essay. The paper therefore adopts a more explicitly dialogic format from time to time to convey this sense of difference and engagement (Ahrens et al, 2008).

The paper is organised as follows. Section 2 attempts to provide a brief background comprising a review of the literature, some introduction to sustainability and the issue of worldviews. Section 3 introduces the structure which comprise the four principal themes of the debate: Language and Appropriation; Process(es) and change; Actors, agency and structure; and Timescale. The final Section contains a first brief attempt at synthesis and identification of consequences for research.

## **2. Background: Literature, Sustainability and Worldviews**

Any attempt to synthesise as complex a literature as that appertaining to sustainability is bound to reflect, to some degree or other, the preconceptions of those conducting the synthesis. For this reason we will briefly review what we see as the key elements in the basic conceptions of sustainability and, perhaps more importantly, the processes by which any such sustainability might be pursued. This brief review is deliberately cautious so that matters of more substantive dispute might be dealt with later.

Perhaps the most common departure point for developing an understanding of the Brundtland notion of sustainability is that of ‘weak’ and ‘strong’ sustainability. For our purposes, the synthesis provided by Bebbington and Thomson (1996) will serve (see Figure 1).

<b>EXPLORING THE NATURE OF SUSTAINABILITY</b>		
<b>Element</b>	<b>Strong Sustainability</b>	<b>Weak Sustainability</b>
<b>Motivation?</b>	Re-examine relationship of and between humans and natural environment	Prevent environmental catastrophe that could threaten humanity
<b>Nature-human relationship?</b>	Intertwined, harmony sought	Environment is a resource, human need to master environment
<b>What should be sustained?</b>	All species	Some or all of humanity
<b>Gap between sustainability and present?</b>	Enormous, adjustment almost unimaginable: possibly 150-200 years.	Relatively small: adjust in 30-50 years
<b>Extent of change?</b>	Fundamental, structural	Incremental adjustment
<b>Nature of change?</b>	(Hopefully) Participatory, transparent + democratic – not technical	Technological and (preferably) market based
<b>Eco-justice?</b>	Intra-generational equity essential	Focus on environment: equity is a separate matter
<b>What sort of sustainability?</b>	Redefine/abandon economic growth, change organisation and development	Maintain western ways of life: economic growth essential

Figure 1 Strong and weak sustainability as a common point of departure for the debate

The key thing to note is that this distinction typifies two points on a spectrum whose extremes might be thought to be anchored by something like (a) an extreme deep ecology (in which humanity's place in the ecology was no longer assumed and certainly was not privileged) and (b) what we might think of as radically managerialist in which the focus on such things as growth and shareholder value transcends any concern for sustainability. The weak-strong continuum, itself, raises issues of contention (Dresner, 2002). However, in its reflection of assumptions about such matters as what it is that needs to be sustained and more economic notions concerning the degree to which capitals (natural, man-made, etc.) are substitutable it can help clarify the lines of difference in research, policy and debate (see, for example, Porritt, 2005; Dryzeck, 1997).

Despite the seemingly widespread (and frequently implicit) adoption of what looks a lot like a weak sustainability in large swathes of the business-centred literature (see, for example, WBCSD, 2002; Holliday et al, 2002; Dunphy et al, 2003; Oberndorfer, 2004; Hitchcock and Willard, 2006; Blackburn, 2007; Epstein and Roy, 2001), it transpires from our discussions that to simply map

all managerialism to a weak sustainability position; and equally to assume a complete mapping of strong sustainability to a critical disposition, may well be incorrect. Whilst it is probably true to say that the simpler forms of managerialism associated with a strictly incremental approach to addressing sustainability will typically be directed towards the weak form and the more singular 'critical' views (to the extent that they recognise sustainability) are more likely to accord with a strong view this need not necessarily be the case. It is certainly possible to imagine a gradualism that might steadily produce change to the point where it might appear structural and radical in hindsight. Equally, it is certainly possible to envisage a role for the management, pragmatic and incremental initiatives within a critical striving for structural change. These matters are explored more below.

As a consequence of the above and in order to place the "social accounting/accounting for sustainability" in a context, we want to first offer a speculative framing of what we see as the spectrum of accounting and business responses to the sustainability challenge. Then, as a consequence, we will briefly re-visit the notions behind the more critical analyses – not least so that we might contrast them in a more even-handed manner with 'managerial' worldviews.

Figure 2 posits 5 positions with the "critical" and structural lumped together at one of the spectrum (column 1) and conventional management (i.e. ignore the issues) at the other (column 5). It transpires in our discussion that we both accept that only strong sustainability has any credence and will therefore be ignoring columns 4 and 5 here (York et al, 2003; Laine, 2010). The focus in what follows will therefore be upon the columns 2 and 3 in Figure 2. The two views differ in their beliefs about the possibilities and discretion of management and, as we shall see shortly, the interpretations we make of agency, processes and language.

But it also transpired that in exactly the same way as it might be possible to confuse the intentions and beliefs between columns 3 and 4 might (a matter we attempt to clarify as we move along) there is a view that columns 1 and 2 can be confused also. As a result, we briefly address that matter now.

Figure 2. Spectrum of approaches between radically critical and conventional managerial literature					
	1	2	3	4	5
Assumed sustainability claim	STRONG SUSTAINABILITY				
<b>Worldview</b>	Critical theory + Deep ecology	Critically constructive, progress towards deep green	Managerially constructive, Enlightened management	Gradualism, marginalism and exploiting of weak eco-efficiencies	Conventional managerial, business as usual
<b>Goal of research</b>	Expose contradictions; explore radical structural possibilities for a sustainable world	Explore extents and limitations; argue for regulation; expose multiple truths; support both agency and structure	Creative destruction through sustainable entrepreneurship by proposing and realizing the better (more sustainable)	Minimisation of environmental liabilities, Refinement and support of EMS	Argue for no action, create trust in business as usual Stay in limits within conventional business decision making
				WEAK SUSTAINABILITY	WEAK (only ECONOMIC) SUSTAINABILITY

<b>Implicit belief</b>	Catastrophe is inevitable	Improvement <i>must</i> be possible – only a politically achieved balance between state, civil society and market can achieve this.	Improvements are possible and happening through engagement in many small steps and cases (though still insufficient), more radical steps are goal	There are issues with sustainability but they are not acute and not urgent: gradual steps will be fine	No substantial sustainability problems exist, business is supreme and is efficient at exploitation of environmental and social opportunities
<b>Character of approach</b>	Seen as idealistic by some; empirical and realistic by others	Systemic, political	Sustainability (beyond eco-) modernisation	Gradual, small changes with the market, recognise CSR	Follow the market to maximize shareholder value only
<b>Implications for accounting</b>	None within current paradigms	Critical social accounting	Pragmatic accounting for sustainability	Adjustments within conventional financial and management accounting	No change



The notion of "critical" is most typically associated with Marxism and the Frankfurt School (Held, 1980; Power and Laughlin, 1992) but has expanded and may typically be thought of as apposite when applied to post-Frankfurt theorists such as Habermas, Foucault and probably even Bourdieu and Baudrillard, for example. But the notion is also used to embrace other broad areas of reasoning that might (with caution) be labelled, for example, "post-modernity", "radical feminism" and "deep ecology". If there is a distinguishing feature that runs through the critical school(s) it is one of a concern with structural matters. Again, stated simply, it is assumed/deduced that there are fundamental ills within society and that these ills are essentially resistant to atomistic attempts at eradication because there are structural impediments to their erasure. To emphasise, the view is that a study of society will reveal certain key problems and that the source of these problems is structural. The problems may very well be empirically supportable and not in dispute: poverty, income inequality, species extinction; societal discord; and, of course, un-sustainability. It is the reasoning about the causes –and consequently the potential solutions – that tends to distinguish the critical theorist: whether or not it is capitalism, modernity, masculism, anthropocentrism or even the devil or human nature, for example, which is the identified structural issue.

It is essential to note that the selection of a particular structural cause of a problem is not strictly empirical (in the narrow sense that the veracity of the theory is amenable to the proof or disproof that is sometimes taken to categorise modernity). So, the question of whether capitalism is the source of inequality or the solution to inequality is not only, in all probability, too broadly specified a question but is probably not definitively determinable within the conventions of modernity. If one is wedded to the genius of Marx and/or elements of the Frankfurt School, then the conclusion that the source of a problem lies in capitalism itself is relatively easy to arrive at. If one is not, but one is wedded to some other theoretical view, it is likely that seeing capitalism as the most relevant root of the problem is difficult, maybe even impossible. The facts are not in dispute: it is the interpretation and root cause which is. However, if one is not especially wedded to a radical worldview, then it is probably the case that one can see that aspects of these radical worldviews are, to varying degrees, broadly plausible, helpful in explaining some elements of the problem and/or illuminating and highlighting hitherto unforeseen issues. That is, whilst not empirically confirmable, the worldviews are not without empirical content.

The crucial thing to recognise is that the problems are seen as structural or as the result of structural issues. If you share this view then you have come to conclude that no amount of education, goodwill, effort, enthusiasm or talent will ever be able to deliver a solution to the problem. From such a view, therefore, sustainability cannot be delivered whilst modernity, capitalism, masculism and anthropocentrism hold sway.

Within the accounting literature, the influence of the critical schools is clear and they have periodically turned their attention to (what might be called) the “social accounting project<sup>4</sup>”. Various Puxty (1986; 1991); Tinker et al (1991); Hines (1991); Maunders and Burritt (1991); Cooper et al. (1992; 2005); Everett and Neu (2000); Everett (2004); Shenkin and Coulson (2007) and Spence et al. (2010) have dissected one of the central claims of social accounting to be able to reform capitalism through accounting, accountability and education. Consequently, for a critical theorist, as we well know, no accounting can ever help deliver sustainability, equality or justice. Accounting and social accounting are immanent and consequently part of the problem – not any part of the solution.

In this context, it becomes quite apparent that attachment to any form of social accounting must, by definition, place oneself outside the core of – or at least at the margins of, the critical schools.

This is not to say, therefore, that all social accounting is managerialist. Some of it certainly is and such managerialist social accounting would probably see the principle purpose of social accounting as aiding the managers of corporations and other organisations in the pursuit of their objectives to contribute to sustainable development. It is a matter of the level of resolution at which the problem is articulated and understood. Consequently, however, is the capacity of imagination, creativity and innovative possibility to redirect and re-discover the organisation.

But from a pragmatic management perspective the potential of social and *sustainability* accounting is that it may or might<sup>5</sup> open up new possibilities, and offer either the prospect of reform and/or fundamental challenges to the status quo (e.g. Freeman et al. 1999). So social and *sustainability* accounting might be thought to also embrace degrees of marginalism and degrees of reformism. For example, on the one hand, a social/*sustainability* accounting might be focused upon the idea that organisations should be developed into new and interesting places through iteration, imagination and vision, and engagement in creating new paths of organisational development, including incremental change as the approach to overcome obstacles (e.g. Atkinson 2000; Alexander 2007). On the other hand, a social/*sustainability* accounting might also be thought of as a means to expose conflict and deception: to show the limits of current accountability. A key difference from the core critical theorists is that, for example, most social/*sustainability* accounting maintains no belief

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<sup>4</sup> This question of terminology has proved almost intractable in our discussions. One of us has historically used the term “social accounting” as a generic term to cover what are variously termed social, environmental, social responsibility, sustainability and ethical accounting reporting and auditing. The reason being that the term has a long history and relatively little essential baggage. To use the term “sustainability accounting” though is to beg the central question of this debate – is what is called “accounting for sustainability” actually an account towards sustainability? A managerial perspective would consider social issues to be part of sustainability accounting. In contrast, the critical view does not emphasise, that an accounting for sustainability would not be possible or attractive but rather that “sustainability” seems to be a floating signifier and that there may be a danger that “sustainability accounting” is an empty signifier. This issue is not fully resolved here and the compromise is to show “sustainability” in italics when it is used in this manner.

<sup>5</sup> This conditionality reflects the difficulty that the full outcome and potential cannot be known empirically at this point.

that all capitalism could be essentially evil, that all anthropocentrism may be essentially destructive or that all modernity can essentially be negative (Gray, 2010)

This brings us back to the notion of a spectrum of mechanisms through which the demands of the weak-strong spectrum might be addressed. And we would like to try and anchor this spectrum of mechanisms or philosophies: at one end at the margins of critical theory and at the other at the margins of managerialism. That is, on the one hand whilst the core critical theorists would have no place for 'social accounting/accounting for sustainability' there is a range of work which addresses practice but in a manner which adheres to radical critique. This approach wishes to continue to avoid violent revolution and still seeks reformist solution through challenge and conflict (Gray 1992; 2010; Gray et al 1996; forthcoming). We might call this (for convenience) Critical Social Accounting. On the other hand, a radical managerialism that either ignores sustainability altogether (as the majority of the conventional business and accounting literature seems to) or adopts uncritically what Schaltegger and Burritt classify as "weak eco-efficiency" (e.g. Schaltegger 2000; Schaltegger and Burritt 2003; 2005) or what Turner (1993) calls "very weak sustainability" is probably no longer tenable (York et al., 2003; McElroy and Engelen, forthcoming). But there is also the potential for a form of management-oriented sustainability accounting that is exercised by such notions as sustainable entrepreneurship or ecopreneurship (e.g. Schaltegger 2002; Schaltegger and Wagner 2010; Schaper 2010), and what might be thought of as "sustainability modernisation" (a wider notion that simple eco-modernisation – Kilbourne et al 2002). This approach emphasises that structure needs redirection – a redirection which plays within the pragmatic art of the possible and practical and which requires an accounting that will aid and support the appropriate management and entrepreneurial actions. We might call this (for convenience) *Pragmatic Sustainability Accounting*.

Broadly speaking the critically constructive approach, *Critical Social Accounting* as we have termed it, predominantly argues for more political intervention and regulations of businesses as part of a broader system where companies are controlled within strong regulatory frameworks. The research related to this area is characterized by *a priori* reasoning about the relationship between business and sustainability, and equally about accounting and sustainability (see e.g. Gray, 1992; 2006) and has focused on such matters as the limitations of managerial and accounting discretion (see e.g. Young and Tilley, 2006; Byrch et al., 2007; Bebbington and Thomson, 1996; Spence and Gray, 2008; Gray and Bebbington, 2000; Gray, 2006a); the design of better forms of accountability (Gray, 1992; Bebbington and Gray, 2001; Lehman, 2001; Jones, 2003; Lamberton, 2000; Bebbington, 2007; and (to a lesser extent) an exploration of regulations in the belief that improvement may be possible if better national and international regulations were put in place (Bebbington et al, 2001). However, such work tends to be anxious that its own implicit assumptions concerning linearities and the lack of disjunctions in change processes may be capable of undermining the project. This has, in turn led to such developments as the examination of linguistic

erosion of the content and meaning of sustainable development in the broad public arena and traces of a similar erosion in corporate discourse (e.g. Mayhew, 1997; Bakan, 2004; Livesey and Kearins, 2003; Springett, 2003a; 2003b; Fergus and Rowney, 2005; Beder, 2006; Milne et al, 2009; Laine, 2010). One key theme within the literature is the argument that a corporation driven through financial markets cannot step beyond the conventional business case and, consequently, cannot pursue any sustainability. Trapped in these institutional settings, managers just change their talk without any substantial contribution to sustainable development. Their communications efforts rather prevent society from realizing the real situation and the urgency for action. Thus only when the principles of sustainability and the principles of financial markets align could a market deliver anything approaching sustainability.

On the other hand managerially constructive accounting for sustainable development, *Pragmatic Sustainability Accounting* as we have termed it, places emphasis on the improvements that are happening in various areas and investigates what is possible and how these possibilities could be expanded in scale and transferred to other areas (e.g. Burritt and Schaltegger, 2010; Hopwood et al., 2010; Schaltegger and Burritt, 2010; on environmental pragmatism: Light 1999). This approach is based on the aim that research should be useful for managers, organizations and society by exploring avenues to produce theories and solutions that are eventually useful in practice (see e.g. Malmi and Granlund, 2009). In this view research needs to incorporate the link between accounting choice and performance to be complete and useful (e.g. Ittner and Larcker 2002; Luft and Shields 2003). This includes the development and testing of normative theories as a fruitful avenue to produce more practice relevant research and theories of sustainability accounting (for the “constructive research approach” in management accounting see e.g. Kasanen et al. 1993; for the “innovation action research” Kaplan 1998). The focus of this research is on the creation of sustainable entrepreneurship and the search for possibilities and methods that may lead to improvements with the ultimate goal of sustainable development through sustainability modernisation. This literature deals with an exploration of what might be possible (e.g. Burritt et al. 2002 for exploring the usefulness of different environmental management accounting tools). This pragmatism has created a multitude of normative proposals and descriptions of various demanding organisational initiatives which are explored and championed in case studies describing and analysing the problem, specific processes of solution finding and the achievements of applying certain methods. The literature is founded on the principles of engagement, the active exploration of possibilities and practical ways of improvement. In doing so, it offers the potential that action may, indeed, improve the situation, remove the worst excesses of un-sustainability and, ultimately, open the door for greater (incremental and radical) change. Such work is from a critical view (although not always – see Barter and Bebbington, 2010) predicated upon an allegiance to incrementalism and pushing the limits of eco-

modernisation (see e.g. Schaltegger and Burritt, 2000; Adams and Whelan, 2009; Johnson and Suskewicz, 2009; Broadbent et al., 2010; Burritt and Schaltegger, 2010; Parrish, 2010; Schaltegger and Burritt, 2010 and perhaps even Hawken et al., 1999), sustainability innovation (Hansen et al. 2010) or sustainable entrepreneurship (see e.g. Schaper 2010; Schaltegger 2003; Schaltegger and Wagner 2011).

Pragmatic sustainability accounting reflects a constructive accounting for sustainable development and is characterised by optimism towards a “triple bottom line” (Elkington, 1998) or integrative corporate sustainability (e.g. Schaltegger and Burritt, 2005) achieved by technological, organisational, structural and societal progress and the vision that if management is creative and engaged enough it can and has to be part of the solution process shaping the sustainability of societal and economic development. This strand of literature focuses on actors, methods and processes and developing accounting approaches which support those managers who are willing and sincerely searching for new ways to change their organisations towards sustainable development (e.g. Bennett et al. 2003; Burritt et al. 2011; Schaltegger et al. 2006).

### 3 Structuring the Debate

The discussion is broadly organised around two differing points of view that accord roughly with the positions stated in Figure 2 in columns 2 and 3. Laying the background to this debate over how we might understand the nature and form of accounting and sustainability identified a number of themes around which a more detailed debate might develop. Any structure will contain the potential to limit the debate, of course, but the literature is clear about the impact of time on understandings of, not least, the weak-strong continuum and it is through this medium that we may make sense of the data that is the (one) root of the sustainability problem. Time, therefore, captures “what?” and “when?” the problem is. The “How??” and “Who?” questions are addressed through the notions of agency/structure and processes: that is, how might sustainability be addressed and by whom? The matter of “Where?” is not one we will examine as we are content to focus on organisational accounting here. The more pressing question of “Why?” is one which will emerge as the debate progresses and may well sit at the heart of our (previously) unexamined assumptions. The introduction of language as a key variable stems from a number of sources and whilst the work of Milne et al. (2009) might be one such source the more telling and central anxiety stemmed from the astonishing difficulties that we had in coming to agreement on the opening sections of this paper. So, heuristic and *ad hoc* though they may be the four major areas of analysis may serve to discuss the differences between the research approaches in the area of accounting, environment and sustainability. The debate is thus organised along the lines of the four characteristics of research shown in Figure 3: language used, processes proposed, the role of actors and the time frame assumed.

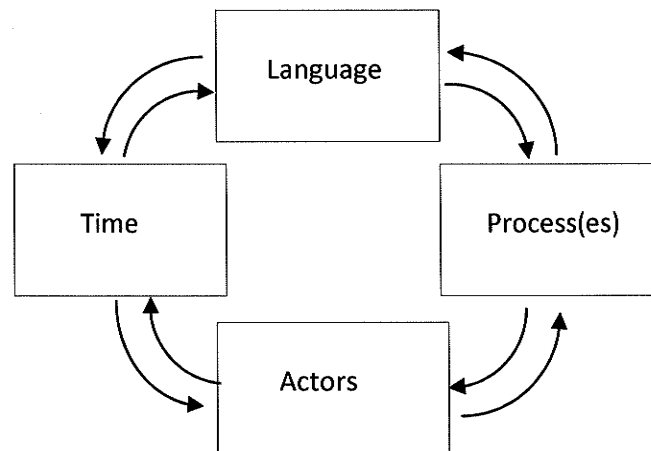


Figure 3 Analysis along four characteristics of research

As there is no “natural order” among these characteristics, already the choice of order for analytical reasons may reflect much of the philosophies and it may influence the results obtained by the different research approaches. A critical perspective may want to start (clockwise in Figure 3) with urgency and lack of time to turn economic and societal development into a sustainable one, continue with language and appropriation, come to process and then look at agency and structure. A management perspective works the other around (counter clockwise in Figure 2), starting with actors, i.e. what can people do, which processes may or might help to create change, what language can support involvement and the issues of time when what can be achieved.

For this paper a different approach is taken to emphasize the comparative discussion and the debate in an analytical and hopefully balanced manner. In a hermeneutic sense, starting with the language used by the researchers, the analysed and proposed processes are discussed followed by the actors and time.

### 3.1 Language

Language is of importance to us here as a characteristic of different research strands in two major ways. First there is a concern with the appropriation of language and especially the appropriation of “sustainability” and relatedly different assumptions about how the floating signifier that is sustainability might be defined and/or grounded. Furthermore the effects of language on supporting engagement to practically deal with un-sustainability or emphasizing conflict are addressed.

The fundamental difference between the two approaches when it comes to accounting and sustainability relate to the way in which “sustainability” is understood. Both approaches struggle with the way language resonates with more or less real signified elements. More significantly, both approaches acknowledge limitations of corporate actions, though the critical perspective sees these limitations as very narrow and probably fairly rigid whereas the management approach states

that through integration of stakeholders and different perspectives much larger latitudes of positive management action exist. Perhaps the key within the language is which is more accurate and more useful: accounting for un-sustainability to prove how far we are away from sustainable development, or an accounting towards sustainability documenting and supporting the current state and that some improvements are made.

### 3.2 Process

Process is the means by which change is explored and achieved: how should the process of developing some kind of path towards sustainable development actually look? The idea embraces what we consider as change mechanisms and the extent to which change is incremental or step in nature.

Whether managerial or critical, there is no doubt that that action is needed. Equally, it is important to consider – perhaps even agree – that incremental steps and actions and major substantive radical change do not *necessarily* have to be incompatible. The key difference is that a pragmatic management view accepts incremental improvements as improvements in the right direction whereas a critical approach emphasizes the necessity and role of confrontation as a necessary means of change. Whilst a structural concern might recognise marginal change but assesses it as insufficient a management view supports the aims of structural change as a result of a pragmatic development process.

### 3.3 Actors

Another crucial issue is who are (or could be) the actors in any moves towards sustainability? More specifically what role are these *actors* seen to have, particularly what is the role of managers in companies? This issue includes the relative roles of agency, structure and reflexivity.

A great deal emerges from this discussion. Both agree that governments and societal actors (NGOs, international organisations) play a substantial role for sustainable development and that companies and management are only one group of actors who should engage for more sustainability. Both research approaches agree that companies exert a substantial influence on un-sustainability or sustainability. Furthermore, both recognise that structures and constraints play a crucial role. Although the initial difference might look as though the critical research assesses structures and constraints as very strong whereas managerial views emphasize that managers can change structures also outside the corporate boundaries there may well be a more fundamental issue at stake. The privileging of the management as actor by the pragmatic management view focuses upon the art of the possible and practical – whether or not that possibility could ever deliver sustainability. A fully critical view would suggest that agency is rarely of any significance at all. The critical social accounting wishes to move the managerial “can do” (what it might see as) myopia into a place where we may discuss freely what can be done and, more

importantly, what cannot. Quite differently, the pragmatic sustainability accounting view focuses on critique of practical improvements and how management as an approach can support integration of different actors, actor-network development (see e.g. Alcadipani and Hassard 2010) and strengthen stakeholder-relationships engaging in processes towards sustainable development. Although both approaches agree on interdependence and the role of different actors to create change, pragmatic sustainability accounting allocates trust to management as an important driver in networks and critical social accounting places confidence in political actors to create change through regulations.

### **3.4 Time**

Finally, time, i.e. the urgency, whether and how a fast change can be achieved is an important issue which may distinguish research approaches. How urgently are our actions needed? This has of course a lot to do with which parts are possible, and what kinds of approaches are necessary.

With the exception of that streak of radical managerialism for whom sustainability is a distant and irrelevant mirage, all researchers acknowledge that time is limited. The critical perspective says that it is or maybe too late to achieve sustainability and that radical action is extremely urgent and thus radical confrontation is needed. The pragmatic management perspective emphasizes that improvement processes have to start in small first steps and that engaging in a development process is a crucial basis to accelerate and become more radical.

## **4. Outlook and challenges for further research (still being explored!)**

A key point from a critical social accounting perspective is that we must face up to the problem that we are seeking to solve (incrementalism does not deny this but can deflect us from it) and that claims to sustainability *must* be clear as to whether they are unsupported assertions, unsupported aspirations or technically justified claims. Confrontation is in this view the means to create radical structural change.

A key point of a pragmatic management perspective is that people must be empowered and engaged in order to (be able to) create change. Change must be sought immediately and pragmatically. It is important to involve and integrate many actors in sustainability engagement and improvement processes. Engagement is in this view the means to create a change process, which may include incremental achievements but aims at radically new solutions.

The matters that emerge are unexpected and truly arresting. For the critical perspective, sustainability can only be shown when expressed either in terms of carrying capacities or as a direct (and plausible) link back to the worsening global data. For this view, the actions, the intentions and the motivations are largely irrelevant. The management approach, on the other hand, assesses actions to contribute to sustainable development if they show positive impact across all



dimensions of the triple bottom line. Equally, the critical social accounting is clearly motivated by the terror of catastrophe whilst the pragmatic management view draws upon motivation, involvement and engagement. What the discussion has revealed is that these basic differences seem to have remained untrammelled by the exploration and, as Thomson and Russell (2009) noted: in any debate about sustainability it is those assumptions that remain implicit and unexamined which ultimately determine the direction of travel.

First conclusions for further research from this debate may be firstly that we can move away from "either/or"-debates with more care in language. That is neither of us would, from choice, wish to prevent or discourage positive action; neither of us would discourage critique; neither of us would suggest that a focus on agency denies a focus on structure (or vice versa); both us can recognise that change is complex and is likely to emerge from both incremental and step changes.

Secondly, core questions which emerge from this debate are, how can accounting contribute to both confrontation with the severity and urgency of current development and motivation of managers and stakeholders to create radical change (immediately or first incrementally and then more radically) at the same time? How can accountants get involved in dealing with sustainability in a sincere and constructive way?

These and further questions are to be explored from the analysis of the differences and common points of both research strands, the critical social accounting approach and the pragmatic sustainability accounting approach.

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