Chartered Accountants

NUMBER ONE IN NUMBERS

THE RMIT ACCOUNTING FOR SUSTAINABILITY CONFERENCE, 2012

Plenary Speakers

Professor Stefan Schaltegger

Professor Stefan Schaltegger, PhD, is a full professor of Management, head of the Centre for Sustainability Management (CSM) and of the MBA Sustainability Management at Leuphana University Lüneburg, Germany.

His research area includes corporate sustainability management, particularly environmental and sustainability accounting and reporting, operative and strategic environmental management, sustainable entrepreneurship and stakeholder management.

Stefan Schaltegger is a member of the editorial board of eleven scientific journals, has more than 200 publications, including 90 papers and 30 books, and has served as a member of the steering committees and boards of various research programmes of the German Federal Ministry for Science and Education and the Swiss National Science Foundation. He served as vice-president and delegate research of Leuphana University between 2006 and 2011, and is chairman and member of several advisory boards of companies and award juries.

Geraldine Magarey

Geraldine Magarey is the Manager of Sustainability and Regional Australia at the Institute of Chartered Accountants in Australia.

Geraldine is responsible for leading the Institute's initiatives around all areas of sustainability. She also represents the interests of Institute members in regional and rural Australia.

Geraldine has over 20 years of experience in the accounting profession. Prior to joining the Institute, she was a senior manager at the Australian Securities and Investments Commission, where she was involved in the strategic direction and management of the accountants and auditors team. She also spent over 10 years in the profession with Big 4 firms in London, Adelaide and Sydney.

Conference Technical Committee and Reviewers

>> Co-ordinator: Professor Dennis Taylor (RMIT University)
>> Professor Craig Deegan (RMIT University
>> Professor Paul de Lange (RMIT University)
>> Professor Charl de Villiers (University of Waikato)
>> Associate Professor Allan Graham (Zayed University)
>> Associate Professor Robert Inglis (RMIT University)
>> Dr Muhammad Azizul Islam (Deakin University)
>> Dr Sharron O'Neill (Macquarie University)
>> Associate Professor Trevor Wilmshurst (University of Tasmania)
>> Dr Gillian Vesty (RMIT University)
>> Associate Professor Prem Yapa (RMIT University)

RMIT UNIVERSITY

8:45 am – 9:15 am Registration / Coffee

Room C

9:15 am – 9:30 am Welcome/Opening Address

Room C

Professor Garry Carnegie (Head, School of Accounting)
Professor Ian Palmer (Pro Vice Chancellor & Vice President, College of Business)

9:30 am – 10:15 am Plenary

Room C

Business Cases for Sustainability. What is the Role of Accounting Research?

Professor Stefan Schaltegger

Head of the Centre for Sustainability Management (CSM) and of the MBA Sustainability Management at Leuphana University Lüneburg, Germany

10:15 am – 10:45 am Morning Tea / Break

Room D

10:45 am to 12:15 pm Concurrent Session

Room A Factors or Motivations for Sustainability Reporting (Chair: TBA)	**Room B** Alternative or Improved Processes for Sustainability Reporting (Chair: TBA)
An Empirical Study of the Global Reporting Initiative Disclosures in Australia, Brazil, Sweden and the U.S. (F) *Dr Michaela Rankin, Dr Jacqueline Birt and Nga Man Martha Li* Monash University This study empirically examines country-level and firm-level factors relating to the extent to which firms have applied the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (hereafter known as the GRI Guidelines) across sample firms in Brazil, Sweden, Australia and the U.S. …	**Revisiting a Corporate Sustainability Framework: A Diversified Resources Firm Perspective (F)** *Dr Sumit Lodhia and Dr Nigel Martin* University of South Australia and Australian National University Since the early 1990s, international organizations and academic institutions have attempted to specify the dimensions of corporate sustainability. The primary purpose behind these efforts was to alert organizations, governments and communities about the human impacts and types of resources being consumed during the business operations cycle. In this article, we revisit a foundation sustainability framework and argue that the combination of a firm's reported information can be used to indicate sustainable priorities, actions and activities to the marketplace, while also providing an interpretive basis for understanding the firm's forward business strategy. We develop Corporate Sustainability Indicators (CSI), and engage with expert stakeholders in determining the indicators' value and explanatory capacity. Importantly, these types of CSI fuse the firm's reported economic, social and environmental issues into usable and specific trend markers for business and environmental analysts. The article contends that, despite some limitations, the use of these indicators, along with supporting or supplementary information, will assist in the management of the firm, particularly its impacts on the environment and broader climate.

10:45 am to 12:15 pm Concurrent Session

The Factors Influencing Sustainability Reporting in a Developing Nation: An Empirical Test of Theory of Planned Behaviour (F)

Prabanga Thoradeniya, Dr Janet Lee, Dr Rebecca Tan* and Dr Aldonio Ferreira*

Monash University and *Australian National University

Drawing upon Ajzen's (1985) Theory of Planned Behaviour (TPB), this study examines the influence of managers' attitude and other psychological factors on corporate sustainability reporting (SR) behaviour from a developing country perspective (Sri Lanka). This study also investigates the suitability of the TPB in an organizational context.

A survey was conducted among 948 top and middle level managers of listed and non-listed companies in Sri Lanka. 233 usable responses were used to test the hypotheses using a Partial Least Squares (PLS) model. The findings of this study indicate that psychological variables influence managers' intention to engage in SR and ultimately corporate SR behaviour. Whilst managers have intention to engage in SR, the majority of companies have not taken the next step towards SR. It was found that due to lack of sufficient degree of actual control by managers over the SR process, managers' intention to engage in SR was not translating into SR behaviour. Finally, the results suggest the suitability of the TPB in corporate settings and show that managers' psychological factors are important in determining SR behaviour in companies. …

Lost in Translation: Institutionalised Logic and the Problematization of Accounting for Injury (F)

Dr Sharron O'Neill, Professor Craig Deegan and Geoff McDonald

University of Sydney, RMIT University and Geoff McDonald & Associates Pty Ltd

This paper seeks to extend the work of Robson (1991; 1992) by examining the translation process that facilitates action at a distance. In particular the study problematizes the development of translations and the extent to which procedures for organising data have implications for the representation of reality.

The study uses a neo-institutional theory lens to problematize the translation of compensated injury data to accounting performance numbers. In doing so, two competing logics are identified, an institutionalised logic of Lost Time Injury measurement and an alternative logic of severity measurement. An empirical analysis of worker's compensation data is then conducted so as to contrast the translation of injuries to accounting numbers, first using an LTI logic and then using a severity logic.

The findings are twofold. First, complementary elements of sociology of translation and neo-institutional theory are used to demonstrate how the taken-for-granted assumptions implicit in highly institutionalised logics, rules, scripts and routines appear to inhibit the problematization of accounting translations. In the empirical analysis a failure to problematize the importation of LTI measures to a new decision context resulted in non-financial accounting inscriptions that failed to inform about key cost drivers. Second, the findings reveal that the measurement procedure may be organised in different ways and that different ways of organising can provide very different representations of reality. Choices about how data is subdivided into subsets and sub-categories therefore have important implications for action at a distance. …

Sustainability Reporting in Local Authorities - An Interview Approach (F)

Dr Belinda Williams

University of Tasmania

This paper explores the sustainability reporting process in Australian local government authorities from a communication perspective.

Twenty-two semi-structured interviews were conducted, drawn from two categories within the Australian Classification of Local Government (ACLG).

Findings indicate that sustainability reporting is very much an emerging field in local government with a lack of clarity and consistency in the communication message currently being produced and transmitted.

The paper highlights the need for the local government sector to carefully consider the pathway required in order to provide guidance and direction to local authorities on how best to discharge their sustainability accountabilities. …

The State of Academic Research into Sustainability Accounting and an Enabling Research Methodology (F)

Ahmad Sujan, Associate Professor Mary Kaidonis and Dr Ciorstan Smark**

Monash University and *University of Wollongong

This paper takes a critical look into the emergence and establishment of sustainability accounting as an area of research and advocates for a critical theoretical and methodological approach to better understand and beware of the shifting meanings of sustainability (Aras and Crowther, 2009; Kaidonis *et al.*, 2010). In so doing, it hopes to bring to the notice of the sustainability research community, especially those who are novice researchers in this area within our discipline, the opportunities that has been created by the various use of the very word 'sustainability' for rewarding case studies. After taking a 'pulse' of the extant sustainability accounting literature, a critical theoretical and methodological approach has been suggested to enrich understanding of the sustainability issue to be studied so that opportunities can be created for emancipatory change. Critical discourse analysis has been put forward and elaborated as an enabling methodology for a richer and deeper analysis.

12:15 pm – 1:15 pm Lunch

Room D

1:15 pm – 2:00 pm Plenary

Room C

What Does 'Sustainability' Mean for the Institute of Chartered Accountants in Australia Internally, Externally and Educationally?

Geraldine Magarey
Manager, Sustainability and Regional Australia, Institute of Chartered Accountants in Australia

2:00 pm to 3:30 pm Concurrent Session

Room A
Carbon or Climate Change Accounting
(Chair: TBA)

Australian Corporate Responses to Climate Change: The Carbon Disclosure Project (F)

Dr Jacqueline Birt

Monash University

Climate change issues have increasingly attracted government, business and professional attention in recent years. More specifically, there is mounting evidence that indicates that human induced carbon emissions are a major cause of climate change. The objective of the Carbon Disclosure Project (CDP) is to ensure that investors are better informed about the risks and opportunities facing these companies due to climate change (CDP 2007). The CDP has requested carbon, water, and climate change information from companies in some sixty countries worldwide to date. This study examines the determinants of firms who responded to the CDP questionnaire in 2010 and finds that firm size and membership of a polluting industry are significant factors.

Room B
Water Accounting
(Chair: TBA)

A Thirst for Knowledge? The Desirability and Feasibility of Embedded Water Labelling in Australia (F)

James Hazelton

Macquarie University

This paper explores the potential for the labelling of the water content of products in an Australian context. It considers theoretical and technical aspects of water labelling.

The paper examines the possible contributions of labels to sustainability drawing on the sustainability typology articulated by Hopwood *et. al.,* (2005). It further explores the objections raised to labelling via ten interviews with water regulators and commercial water users.

Interviewees articulate significant technical hurdles in relation to measurement, allocation, context and bundling. While these challenges almost certainly rule out certain types of labelling, may interviewees nevertheless felt that labelling and/or water footprint reporting could make a significant contribution to public water literacy.

The findings of the paper suggest that further empirical research could usefully be conducted in this area, particularly in terms of identifying solutions to the technical problems of reporting soil moisture and developing a standardised and generally accepted measure of catchment water stress.

A successful labelling scheme has direct practical implications for reducing water use. However the research has not yet reached a stage where a specific labelling scheme is proposed.

Water is one of the most important sustainability issues today. Labelling schemes in general offer some potential for improving corporate supply-chain accountability but have received little attention in the social and environmental accounting literature.

2:00 pm to 3:30 pm Concurrent Session

Are Climate Change Disclosures an Indicator of Superior Climate Change Risk Management? (F)

Muftah M. Najah and Professor Julie Cotter

University of Southern Queensland

Using socio-political and economic-based disclosure theories, we revisit the relationship between environmental performance and disclosure in the carbon and climate change context. In addition, we investigate the impact of implementing carbon risk management and disclosure on investor and non-investor stakeholders. We find that the quality of carbon climate change disclosures to be positively and significantly associated with carbon risk management. These results are robust to several analyses such as disaggregated carbon risk management and disclosure scores as well as intra-industry and country analyses. However, no association is found between carbon risk management and either of ex-ante cost of equity capital and market value. In addition, there is no relationship between carbon disclosure quality and the two stock market indicators. Finally, we find that carbon disclosures do not provide any additional information to non-investor stakeholders over and above carbon risk management

Sustainability, Institutionalization and the Duality of Structure: Contradiction and Unintended Consequences in the Political Context of an Australian Water Business (F)

David R Moore

Victoria University

This paper presents the results of a longitudinal case study of a Victorian public sector water business in order to examine how, and to what extent, did the institutionalization and deinstitutionalization of internal sustainable and environmental management routines, practices and procedures occur over the period 2001 to the start of 2011. The paper adopts the Dillard et al. (2004) framework of institutionalization which incorporates institutional theory, Weber's axes of tension and structuration theory. In 2001, the formal rationality legitimating criteria of financial viability and commercial practice characterized financial criteria and practices at the political economic level, the organizational field level and the organizational level. An unintended consequence of this was no accounting for environmental costs. Environmental management criteria and practices were characterized by the substantive rationality legitimating criteria of complying with EPA regulatory requirements. Subsequent to 2001, an unintended consequence of the establishment of separate legislative and regulatory bodies has been the institutionalization of competing legitimating criteria with regard to water conservation, financial viability and environmental regulation. Within the context of this institutional environment, the organizational field and the organization level of the individual water business has been characterized by the development of new organizational practices with regard to water resource planning and environmental management systems, as well as unintended consequences.

ETS Regulation and Design Failures, Some lessons from the EU ETS (F)

Hendrik van Senden, Professor Brian Andrew and Dr Andrew Tan

University of Wollongong

As an instrument to combat climate change many governments are mobilising the efficiencies created by the free market mechanism to penalize polluters for their emissions through the creation of emissions trading schemes (ETSs). Due to their relatively immature, unique and complex nature, one of the main arguments against the introduction of an ETS is the potential for manipulation of carbon markets.

This paper examines European Union Allowance (EUA) historical price data and current literature to present a theoretical framework of potential drivers that may have, and may continue to be, facilitating manipulation of the largest and most comprehensive ETS to date, the European Union Emissions Trading Scheme (EU ETS). …

When do Auditors' Materiality Assessments Vary When Auditing Financial and Non-Financial Reports (F)

Professor Robyn Moroney and Professor Ken Trotman

Monash University and University of New South Wales

Investors and other stakeholders are paying more attention to the environment and in response there is an increasing trend for companies to voluntarily report and assure their sustainability activities. Research on materiality has focused on financial report audits and so little is known about auditor materiality assessments in other assurance engagements. This paper reports the results of an experiment where audit managers and seniors assess the materiality of audit differences of the same magnitude for a financial report audit and a sustainability (water) assurance engagement. Two qualitative factors, the risk of breaching a contract and community impact, are manipulated between subjects. We find that auditors assess materiality significantly higher for a financial case than for a water case. Qualitative factors significantly reduce this gap, with the risk of breaching a contract having a significant impact on materiality assessments.

3:30 pm – 3:50 pm Afternoon Tea / Break

Room D

3:50 pm to 5:20 pm Concurrent Session

Room A Carbon Investment Responsible Lending Fundraising (Chair: TBA)	**Room B** Developing or Emerging Research (Chair: TBA)
Creating Numbers: Carbon and Capital Investment (F) *Dr Gillian Vesty and Abby Telegenkamp* RMIT University and University of Melbourne This paper is concerned with the way in which carbon emissions are given calculative agency. Using stories from a water company we show the multiple ways carbon emissions were made to become iconic in organisational practices (Mol, 2001). Adopting a Sociology of Quantification framework we demonstrate how the carbon emission calculation made people work in certain ways, it gave authority, and provided discipline (Espeland & Stevens, 2008). As the carbon calculation came to life in the organisation's accounts the aesthetic appeal of the calculated number continued to reinforce the other attributes.	**The Ship Breaking Industry of Bangladesh: An Exploration of the Accountability of the Shipping Companies (D)** *Moriom Ferdousi and Professor Craig Deegan* RMIT University The paper explores the social and environmental information disclosure practices of global shipping companies with specific reference to how they account for the lifecycle of ships under their control. The paper sheds light on the working conditions, violations of human rights, and damage of ecology within the ship breaking yards of Chittagong, Bangladesh. We have collected the annual reports of ten large shipping companies' for the year 2010 to understand their disclosure practices relating to how they account for their end-of-life ships. We have found that the extent of disclosures is relatively high for some of the organisations and the nature of the disclosures are predominantly positive, therefore reflecting a positive perspective of the organisation. …
The global financial crisis: a driver for more responsible mortgage lending in New Zealand? (F) *Garth Simpson, Thomas Kern and Nicholas McGuigan* Deloitte and Macquarie University This research attempts to evaluate how responsibly consumer mortgage lending in New Zealand is being carried out through an exploratory investigation of lending institutions' and mortgage brokers' lending processes and disclosures. The research assesses whether changes towards more socially responsible lending practices and related disclosures were made since the global financial crisis began in 2007 and aims to inform the question of "just how socially responsible Australasian financial institutions are?"…	**Stakeholder's Expectation for CSR Related Corporate Governance Disclosure Practices: Evidence from a Developing Country (D)** *Yousuf Kamal and Professor Craig Deegan* RMIT University This paper provides evidence of stakeholders' expectations about CSR-related corporate governance practices. From an accountability perspective, we have explored how powerful stakeholders' expectation translates into the disclosure of CSR-related corporate governance practices. We have conducted 17 interviews with powerful stakeholders in an endeavour to understand their expectations pertaining to CSR-related corporate governance practices in the textile and garment industry of Bangladesh. Apart from providing insights into stakeholder expectations in regards to CSR-related corporate governance practices, we found stakeholders' dissatisfaction regarding the disclosure of CSR-related corporate governance information which are relatively limited and symbolic in nature. We explored this apparent disconnection between stakeholder expectations and corporate disclosures.

3:50 pm to 5:20 pm Concurrent Session

Competition for Donations and the Sustainability of Not-for-profit Organisations (F)

Dr Teruyo Omura and Associate Professor John Forster

University of Southern Queensland and Griffith University

Social support in our society is generally provided by three sectors, Government, Profit organisations and not-for-profit organisations. To sustain high standards of social support, not-for-profit organisations must, themselves, become more sustainable. However, most not-for-profit organisations do not produce commercially viable outputs and rely heavily on private donations. As they operate in a competitive environment for these donations, sustainability emerges as a critical issue.

The effect of the fundraising expenditures of the not-for-profit organisational competition for donations is examined using a modified form of oligopolistic market modelling. Using Australian data it also examines other influences such as volunteers, government grants, organisation's size and administrative costs.

It found the level of donations increases with an organisation's level of fundraising expenditure, but the effect of donation competition can be disadvantageous to non-profit organisations.

Sustainability Accounting Education: Role of Websites (D)

Dr Tehmina Khan

RMIT University

The purpose of this [research] is to consider online education tools such as websites developed by sustainability accounting academics with proven track records in the area to provide sustainability accounting information for multiple stakeholders including researchers and practitioners.

A case study approach is adopted in this [research]. For this purpose a website content analysis of CSEAR's website is conducted. The various categories on the website and links present on the website are analyzed.

Adequate and diversified sustainability accounting information can be presented in multiple forms on websites. …

Carbon Management System and Carbon Reduction Performance (F)

Dr Qingliang Tang and Le Luo

University of Western Sydney

The aim of carbon management system is to reduce greenhouse gas (GHG) emissions. The system includes organisational structure for emission control, reduction targets and actions, assessment of carbon risks, GHG accounting, carbon performance evaluation and reporting. Manager must make strategic decisions to establish such a system and determine the details of all the elements. However, it is often difficult to determine what elements are most effective in translating strategic objectives into achieved performance. On the other hand, there is scarce research addressing these important issues. This study attempts to fill this gap. …

5:20 pm – 5:30 pm Closing Address

Room C

Professor Garry Carnegie (Head, School of Accounting)

Professor Craig Deegan (Conference Convenor)

6:15 pm – 7:00 pm Drinks

Universal Restaurant, 139-141 Lygon Street Carlton VIC

7: 00 pm – 10:00 pm Conference Dinner

Universal Restaurant, 139-141 Lygon Street Carlton VIC

(F) = Full Paper (D) = Developing Paper

All abstracts and some full papers are available at the conference website: www.rmit.edu.au/accounting/sustainability

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Program Monday, 28 May, 2012 RMIT University Building 13 Cnr Russell and Victoria Streets, Melbourne (Emily McPherson College Building)	
8:45 am – 9:15 am Registration/Coffee **Room C**	
9:15 am – 9:30 am Welcome/Opening Address **Room C**	
9:30 am – 10:15 am Plenary **Room C**	
10:15 am – 10:45 am Morning Tea / Break **Room D**	
10:45 am to 12:15 pm Concurrent Session	
Room A: Factors or Motivations for Sustainability Reporting	**Room B: Alternative or Improved Processes for Sustainability Reporting**
12:15 pm – 1:15 pm Lunch **Room D**	
1:15 pm – 2:00 pm Plenary **Room C**	
2:00 pm to 3:30 pm Concurrent Session	
Room A: Carbon or Climate Change Accounting	**Room B: Water Accounting**
3:30 pm – 3:50 pm Afternoon Tea / Break **Room D**	
3:50 pm to 5:20 pm Concurrent Session	
Room A: Carbon Investment / Responsible Lending / Fundraising	**Room B: Developing and Emerging Research**
5:20 pm – 5:30 pm Closing Address **Room C**	
6:15 pm – 7:00 pmDrinks Universal Restaurant, 139-141 Lygon Street Carlton VIC	
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