Issues in Social and Environmental Accounting
Vol. 5, No. 1/2 December 2011
Pp 1-2

Editorial Notes

It was initially apparent that the literature concerning traditional accounting and reporting and environmental accounting and reporting has developed as two independent, and competing, discourses with the implication that managing performance along the two dimensions of financial and environmental performance cannot be satisfactorily achieved without compromising one dimension of performance for the benefit of the other. More recently this has changed as companies and researchers have understood the need to incorporate social and environmental information into traditional reporting. Indeed this has become so accepted that the triple bottom line form of reporting is gradually being replaced by integrated reporting, although this change is not universally approved of. Nevertheless change is slowly taking place – not just in the form of reporting but also the techniques available. This change is brought about by the current focus upon sustainability and the need to account for the emissions of greenhouse gases and other pollutants, a concern with human rights especially in the form of health and safety issues and issues brought about by the increasing need to operate, and therefore report, into a global environment.

Alongside these changes have been others. So for example the concept of corporate social responsibility has become ubiquitous – in all walks of life and worldwide – and it is not possible to be oblivious to the concern with this issue which is gathering pace throughout the world. Nor it is possible to escape from the plethora of calls for action or statements of intent which surround this concept as far as corporations are concerned. The concept of responsibility also needs however to apply to other forms of organisation such as not for profit organisations and governments. More significantly it needs also to apply to us all as individuals.

You will be aware that in the CSR literature, Corporate Social Responsibility is often associated with the management of risk. In practice, CSR has become increasingly important part of the process of corporate risk management. For example in The Ernst & Young Business Risk Report 2010, social acceptance risk and CSR was mentioned as amongst the top 10 risks for business. From a corporate risk management point of view, it is important that we do responsible things but also that we do things responsibly. Thus concern must not be focused only on risks associated with different CSR dimensions and activities but also with CSR as a part of responsible management, especially a part of responsible risk management. The key question was not only how negative CSR impacts can be minimised but also how CSR opportunities can be maximised and CSR used as a value enhancing concept.

Ethics of course has a major part to play in dealing with the management of risk. And another area in which it figures prominently is that of corporate governance. The recent sub-prime mortgage scandal in the USA effectively tipped the world into recession while problems with banks have continued to unfold. Not least of these is the lack of control at UBS leading to large losses and other scandals. These are all issues which corporate governance is designed to address and prevent. Instead we have seen the laxities in our approaches to doing things despite the vast improvement in our collective knowledge and awareness of the very many issues that surround corporate governance. Although these crises are indicative of the urgent need for a change, however, the directions and nature of the change required remains an open guess at the moment. Consequently, there is obviously a wide gap in our collective knowledge on how best to deal with the contentious issues that may have precipitated these crises. Part of the fundamental problems is our apparent disagreements on the root causes of these crises. Whilst we agree on some of the causes, such as fraudulent financial reporting, greed and recklessness, and poor regulatory oversights, we nonetheless hold wide diverging views on other potential causes, such as the role of short termism vs. long termism, executive compensations, poor risk attitude, hedge funds and their regulations etc. It is therefore not surprising that we are also still very unclear about the solutions to the corporate governance challenges confronting us. While some have suggested a globalised corporate governance code that harmonises the existing codes which countries can adopt as their national codes or even adapt to their specific needs, others have cautioned against what has been described as ‘ a one size fits all’ approach. While calls have been made in some quarters for more stringent regulatory framework, others have strongly cautioned against regulations overload which may eventually stifle management and distract them from creating values in the organisation.

Thus the discourse of issues which are in need to further attention continues to evolve and the topics dealt with in this journal evolves with it. Indeed the aim in the production of this therefore is to further the discourse. In doing so however it is also one of changing this global village into a global community. And in a community everyone has a voice, even those dissenting – again one of the aims of this journal. So I encourage you to join this discourse and help shape it by publishing your papers in the journal. There is nothing further to say at this point, from an editorial perspective, except to read the content and more particularly contribute to the debate.

David Crowther
de Montfort University
UK