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Accounting's contribution to a conscious cultural evolution: an end to sustainable development

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Abstract

Influential institutions are acknowledging the need for more change to reverse practices that seriously damage social and ecological systems. The depth and extent of these changes are indicated by the call for a conscious cultural evolution. This paper considers a possible contribution from accounting to comply with such an evolution.

A theoretical basis for accounting's contribution to a conscious cultural evolution is outlined by means of a truth classification scheme developed in this paper as well as the works of Foucault, Giddens, evolutionary biologists and life-world theorists. This theoretical basis is then used to interpret the results of an EU funded research project that was to identify the criteria and specifications for a sustainable development management and accounting tool. The strengths and weaknesses of traditional, social and environmental accounting are evaluated against the needs of sustainable development as identified during the course of this project as well as a proposed balanced accounting. The theoretical basis identified in this paper is further employed to re-evaluate the concept of accounting equity in the context of equitable communities and face-to-face relationships. Finally, the potential resistance to changes of this kind that may exist within contemporary mainstream accounting is considered. The end of sustainable development is considered within the conclusion.

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1. Introduction

Influential global institutions are beginning to acknowledge the need for more change to stop practices that seriously damage social and ecological systems. The depth and extent of change are indicated by the call for a conscious cultural evolution being made from some quarters. This paper considers a possible contribution from accounting to participate in such a cultural evolution. It is also considered here that such an evolution could bring an end to the concepts and practices of sustainable development in so far as the needs of sustainable development become established, unspecialised habits of day-to-day life.

After a short introduction to the idea of a conscious cultural evolution, a possible theoretical approach to a conscious cultural evolution in accounting is outlined and this employs a truth classification scheme developed for this purpose. The works of Foucault, Giddens, evolutionary biologists and life-world theorists are used to substantiate this theoretical approach. This theoretical basis is then used to explain established trends in accounting and to interpret the results of an EU funded research project. This project had an original objective of identifying the criteria and specifications for a sustainable development management and accounting tool. The strengths and weaknesses of traditional, social and environmental accounting are evaluated against the needs of sustainable development as identified during the course of this project as well as a proposed balanced accounting.

The theoretical basis identified in this paper is further employed to re-evaluate the concept of accounting equity in the context of equitable communities and face-to-face relationships. Finally, possible resistance to a conscious cultural evolution within accounting is considered.

2. Part 1—a conscious cultural evolution

Culture evolves continually. It is exceedingly varied in content and elusive to identify in anything but broad classifications since the roots of any particular culture cross and intertwine as they draw sustenance from all aspects of life. The word “culture” has many meanings from associations with fine arts, opera and corporate attitudes to slimy things on microscope slides. However, the meaning we attach to “culture” in this paper has more to do with “received beliefs”, “predominate attitudes and behaviours that characterise the functions of a group or organisation” as well as “the totality of socially transmitted behaviour patterns”.

Of course, in one sense “conscious” cultural evolution is a pleonasm. Since the culture to which we refer is clearly and firmly embedded in consciousness, it may not be necessary to add the epithet “conscious”. But we argue that “conscious” used in our way indicates a deliberate, managed evolution to achieve specific goals. Hence our employment of the word “conscious” has associations of an awareness and control with regard to a whole process of cultural evolution rather than some part of that process. Darwin, for example, focussed on a specific, scientific understanding of man’s place in an evolutionary sequence and whilst he was certainly aware of the cultural implications of his ideas, he did not work with a thought out agenda for a cultural evolution. Cultural change was secondary, and undesirable, for Darwin whilst cultural change is the main goal of a conscious cultural evolution.

It is perhaps useful to expand this discussion of the meaning of a “conscious cultural evolution” by referring to our source of the idea. Ornstein and Ehrlich proposed the idea of a conscious evolution to overcome a particular biological inheritance whereby people are not accustomed to take as much notice of things that happen slowly. Encounters with such as too many lions in bushes during our long evolutionary history has, argue Ornstein and Ehrlich, predisposed us to detect threats that materialise in seconds or minutes but not those taking decades or centuries. This predisposition is of obvious importance as we come to terms with the long-term effects of climate change and other similar slow environmental changes. Ehrlich’s proposed solution is that we overcome this evolutionary defect by consciously developing “slow reflexes” and using them consistently (Ehrlich, 2000, p. 327). In this way, by essentially retraining some fundamental parts of our minds, such slow reflexes would make it easier for our senses to become more aware of background, environmental threats, and hence, allocate appropriate significance and value to these threats. It is this aspect of human natures that Ehrlich targets with a proposed conscious evolution that would develop slow reflexes to overcome the “. . . mismatch between ability to *understand* and ability to *do* . . .” (ibid., p. 328) that exists in our present societies.

Presumably the United Nations would have no problem in seeing the desirability of such a forced evolution for they report that “. . . the global system of environmental policy and management is moving in the right direction but much too slowly” (UNEP, 1999, p. 364). Similarly, the *State of the World 2001* reports that “Even today’s most encouraging environmental trends are barely unfolding fast enough for a rapid shift towards sustainability” (Brown, 2001, p. 193). It is in this latter report that the idea of a conscious cultural change to comply with the needs of sustainable development is further developed. To bring about such a change, this report argues for a “common base of information” in which “. . . the scientific community plays an important role” (ibid., pp. 204–205). The *State of the World 2001* also identifies the results of their proposed conscious cultural evolution producing a world that is:

- Solar powered;
- Constructed from materials that circulate repeatedly;
- Made mobile by trains, buses and bicycles;
- Populated at sustainable levels; and
- Centred around just, equitable, and tight-knit communities (ibid., p. 204).

Armed with these basic ideas and examples, the authors of this paper were motivated to consider in what ways might accounting effect a conscious cultural evolution. The theoretical results of our deliberations are presented in part 2 below. The change we propose would (i) serve a similar purpose to that of Ehrlich’s “slow-reflexes” in as much as accountants would become more aware of background, environmental threats and, hence, allocate appropriate significance and value to these threats; and (ii) help accountants to participate more effectively in the common information base mentioned above.

In part 3 below, we test the changes we propose against recent trends in accounting. We also show how an appropriately cultural evolved accountant might interpret the results of a research project into accounting for sustainable development as well as how such an accountant might develop a new understanding of equity that would help bring about the just, equitable, and tight-knit communities foreseen by the *State of the World 2000 Report*.

3. Part 2—theoretical support for accounting's contribution to a conscious cultural evolution

3.1. Sources of accounting truth

In this part of the paper, a theoretical understanding is outlined for a possible contribution from accounting to a conscious cultural evolution. The understanding used in this paper is based upon a truth classification scheme improvised here by the authors. Whilst being aware of post-modern difficulties in using 'truth', the authors decided that the term was as close as any to the idea they wished to convey and it also possesses essential widely known attributes and influence.

In this scheme, truths are classified according to their intrinsic referential properties as being either epistemic or deferential. This classification may be pictured as a view inwards to the autonomous theoretical and practical foundation of accounting for the epistemic and a view outwards to other bodies of knowledge for the deferential. Hence epistemic truths for an accountant are those having their source in the classes of theory, convention and regime. The principal accounting deferential truths are distinguished in this paper as having their source in such as 'public interest', the market for accounting services and social and life sciences.

To hold true to an epistemic truth, an accountant refers to accounting theory contained principally in accounting textbooks, monographs, and the arguments of academic papers. In practice however, expediency and the influence of deferential truths, such as public interest, mean that epistemic truths for an accountant may also be found in condensed versions in accounting conventions. Such accounting conventions state what an accountant *must* do in certain circumstances and thereby bracket practice. Laws, regulations and standards constitute the sources of these conventions for an accountant. A further source of epistemic truths for an accountant is to be represented by the literal meaning of a 'body of knowledge' and is to be found within the accounting community in the form of the influence of professional bodies and of accounting mores.

Deferential truths in accountancy may be distinguished from epistemic truths most clearly in use. An accountant refers *inwardly* into the foundations of the profession and the discipline for an epistemic truth and refers *outwardly* to other bodies of knowledge and professions for a deferential truth. This is an orientation that is of great importance to this paper. Hence, the market for accounting services gives shape to, but is not part of, accounting theory and conventions, whilst it is nonetheless a very influential source of truth for accountants in practice. Deferential truths derived from an outward look to market needs are common within accounting and may influence the development of accounting epistemic truths. Value chain analysis, activity based costing, target costing and aspects of marginal costing are examples of this influence.

Whilst the authors developed this two-view classification scheme for accounting, similar two-view schemes may be found in the works of Foucault and Giddens. The two-view schemes of these two authors are outlined below in order to locate our scheme in a wider understanding of epistemology and society. Furthermore, since this paper argues for the importance of outward, deferential views to other bodies of knowledge, it would be a serious omission if we were not to look outwardly to other bodies of knowledge in presenting this paper.

In epistemological terms, Foucault uses an inward and outward view approach to explain the development of “modernity”. He argues that the works of such as Galileo and Descartes presupposed the possibility of discovering elements or origins from a general ordering of nature and that was to be achieved by a new inward, analytic view that contrasted dramatically with the then existing outward view founded in representations of what was essentially a God given world. Foucault then proceeds to explain the fundamental arrangement of this new understanding in terms of an historical shift

from an outward view that captured in representation a complete and open order (referred to as “that vast grid” in the following quotation), to an inwardly directed analysis, (referred to as “modernity”).

Foucault wrote: “And how, after all (if not by slow and laborious technique), are we to discover the complex relation of representations, identities, orders, words, natural beings, desires, and interests, once that vast grid has been dismantled, once needs have organised their production for themselves, once living beings have turned in towards the essential functions of life, once words have become weighed down with their own material history—in short, once the identities of representation have ceased to express the order of beings completely and openly?” (Foucault, 1970, p. 303). For Foucault, this inward view is a kind of solipsism of a species, in our case dependent upon the creation of man: “. . . modernity begins when the human being begins to exist within his organism, inside the shell of his head, inside the armature of his limbs, and in the whole structure of his physiology . . .” (ibid., p. 318). Following from this, European culture looked inward to “. . . great hidden forces developed on the basis of their primitive and inaccessible nucleus, origin, causality, and history. From now on things will be represented only from the depths of this density withdrawn into itself . . .” (ibid., p. 251). For economics, this inward view of truth necessitates that labour “. . . is organised with a causality peculiar to itself” (ibid., p. 255). In this view, cost in all forms is determined by labour and labour’s temporality turns into itself with the result that “nineteenth-century economics will be referred to an anthropology as to a discourse on man’s natural finitude. By this very fact, need and desire withdraw towards the subjective sphere . . .” (ibid., p. 257).

There is in Foucault’s understanding an inner-directed referential system that is taken to be a source of knowledge. It is this that we equate to an “epistemic truth” in our two-fold understanding. We also find Foucault supportive of a cultural evolution from an inward, epistemic view to an outward, deferential view. For Foucault, the “inward view” that he describes hinges on the invention of man. Such a view aspires to build objective knowledge on a wholly subjective foundation. Foucault recognises the possibility of a time when this view will change for “. . . man is an invention of recent date. And perhaps one nearing its end” (ibid., p. 387).

Giddens echoes Foucault by describing the fundamental property of modernity as: “. . . the emergence of an internally referential system of knowledge and power” (Giddens, 1991, p. 144). Like Foucault and our own proposal, Giddens anticipates change but in terms of a “Life Politics” which predicts less an end of man and more a merging of inward and outward views. Life politics on a personal level is where “. . . globalising influences intrude deeply into the reflexive project of the self” (ibid., p. 214). Giddens clearly has internal and external views on his mind when he writes: “. . . the life-political agenda

exposes the limits of decision-making governed by purely internal criteria” (ibid., p. 223). To our understanding, Giddens provides an elaboration and extension of our simple, two-fold scheme.

Significantly, Giddens also regards ecological knowledge as growing in importance as ‘limits’ are removed from decision-making: “Widespread changes in lifestyle, coupled with a de-emphasis on continual economic accumulation, will almost certainly be necessary if the ecological risks we now face are to be minimised. In a complicated interweaving of reflexivity, widespread reflexive awareness of the reflexive nature of the systems currently transforming ecological patterns is both necessary and likely to emerge” (ibid., p. 222). This supports the conscious cultural evolution we propose for accounting whereby other bodies of knowledge become more important for accounting as a common information pool is developed.

In the understanding of this paper, contemporary accounting is a manifestation of an inward view to epistemic truths. This claim is supported by such as Giddens’ concept of self-reflexivity, or as a consequence of Foucault’s understanding of the Discourse of Representation being replaced by a profound and mistaken solipsism at the end of the 18th century: “. . . the general theory of representation was disappearing at the same time, and the necessity of interrogating man’s being as the foundation of all positivities was imposing itself in its place. . . .” (Foucault, 1970, p. 345). Significantly for this paper, both Foucault and Giddens argue that the inward view is coming to an end.

3.2. *Social institutions*

For another opportunity to draw parallels between our two-view classification scheme and other bodies of knowledge, in accordance with our proposed outward view thesis, we look to social institutions. We found support for a two-fold view in life-world theory in which our inner, epistemic view is represented by a rationalised subset of relationships, exemplified by business corporations, and our outer, deferential view corresponds to a spontaneous and more natural experience of life.

Calhoun (1991) identifies an important transformation of everyday modern life as the sharpening and deepening of a split between the worlds of direct interpersonal relationships and that of large scale integrated organisations, that is between the life-world and the system (Habermas, 1984). Similarly, Hernes (1991) proposes a division into two worlds in which the life-world is constructively rationalised and is able to organise only a constricted and shrinking subset of social activities. The large scale system has become the integrative force in society and although it does not organise all of life it does organise the important political and economic elements of infrastructure. The impact of a de-coupling of the life-world and the system has been a reduction in the importance of relationships between people and an increase in the importance of relationships between parts of the social system (Lockwood, 1964), with the effect that large organisations may be perceived as autonomously functioning entities. However, Calhoun (1991) argues that it is necessary to recognise this split in the world as a structure of modern consciousness, which should be examined and not merely accepted, reminding us that organisations are the creations of human social action. Indeed it is within these very organisations that people often experience their world of lived experience (Hernes, 1991).

In a deeper analysis, Coleman (1991) perceives a qualitative change in the way that society is organised, moving away from primordial and spontaneous social organisation, founded on the relationships established by childbirth and supplemented by two-person transactions exemplified by both economic exchange and by friendship relations, to constructed social organisation, representing a progressive ‘rationalisation’ of society (Weber, 1922). This constructed social organisation, exemplified by the formal business corporation, implies a social organisation designed for a narrow range of purposes in which the rules, obligations and expectations do not arise spontaneously but rather are set in place. Such social relations are not self-sustaining because there is no requirement that each person’s obligations and expectations bring about a positive account balance in each relationship (Coleman, 1991). Rather they are held in place by incentives that are external to the fundamental relationship. Although the historical sequence of social organisations may not be well defined (Hechter, 1991), Coleman (1991) argues that modern society uses increasingly large and complex constructed organisations to achieve otherwise infeasible activities but in so doing this has the effect of supplanting a process of organisation more closely tied to *nature*.

These arguments concerning social institutions in general apply to accounting *qua* a social institution. According to the two-view truth classification scheme developed in this paper, the social institutions have been constituted from both deferential and epistemic truths where the deferential truths are identified above for social institutions in general as being “business corporations” and “nature”, respectively.

3.3. *Life science*

For another outward view in this paper, we looked to the life sciences to elucidate the meaning and applicability of the truth classification scheme developed in this paper. From biology, Maturana and Varela’s concept of autopoiesis describes the “self-poetry” processes of living creatures (Maturana and Varela, 1980) and this is eminently suitable for our present purpose. The term “autopoiesis” may be translated to mean “self-making” but since the Greek root of “poiesis” is the same as for “poetry”, it could also mean “self-poetry”. The concept of autopoiesis has been applied to social systems (Luhmann, 1990), organisational studies (Laughlin, 1991) and the whole biosphere (Lovelock, 1979). This theory underscores Hines’ argument that in communicating accounting information we create a reality (Hines, 1988).

Autopoiesis is used to explain the development of life forms and it has two features of interest for our two-view scheme. The two relevant features of Maturana and Varela’s theory (also known as the “Santiago Theory”) are described below by Capra:

1. Life organises itself from the lowest to the highest forms by selectively sensing and attributing “value” to an otherwise undifferentiated “external” world so that world inhabited by any particular creature is not *the* world but *a* world, that is, any one world out of an infinite number; and, following on from this point
2. Objective information is not “out there”, “lying in waiting” but is created subjectively by the user of that information, that is the information exists only in the context of the user’s created world (Capra, 1997, pp. 259–266).

The first point clearly supports the main argument of this paper concerning the recognition of the importance of deferential truth: the known world is not *the* world but is *a* world, that is, one among many. Unless outward looks to deferential truths are continually made, the one known world can become the only world and much of reality will be lost. The second point really follows from the first but does serve to emphasise the solipsism that an inward, epistemic view can bring. Both points, therefore, provide strong arguments for an outward, deferential view for it is only with such a view that accounting could:

- Recognise that the world it creates is not the only possible world but merely one among many; and
- Acknowledge the unavoidable subjectivity of information.

Autopoiesis is remarkably close to a phenomenological understanding. Phenomenology is essentially a way of assigning values: "... phenomenology offers a world-view that might be of more use in debates about the environment than the orthodox one it challenges with its sharp distinctions between humans and the world, and between values and facts. Phenomenology offers us care as characterising our fundamental way of being in the world, largely covered up by modern life; ourselves as bodies situated in the world, with the world itself as significant and meaningful" (Pratt et al., 2000, p. 79). Phenomenology's emphasis is on an outward, deferential view to a world at large as a source of values and meaning and not an inward view to a restricted body of knowledge. Hence, we argue that some support for our two-fold truth classification scheme may be found in phenomenology.

In this part, we have outlined a theoretical understanding that could be used as a basis for accounting's contribution to a conscious cultural evolution. This understanding is based on a two-fold classification of views to epistemic and deferential truths. In accordance with the outward view to deferential truths that we promote, we sought and found support for our theses in the works of Foucault, Giddens, life-world theories, the Santiago theory and phenomenology. The contribution that our proposed conscious cultural evolution for accountants could make to sustainable development is shown by these authors and theories. In general, we argue that the outward view to deferential accounting truths would incorporate into accounting the essential breadth of knowledge for sustainable development. For Foucault the "inward view" aspires to build objective knowledge on a subjective foundation and that is man. In this sense, Foucault's contribution to the outer view is to look for knowledge in the external world of representation, looking away from the solipsism of a Modern understanding. Giddens was perhaps more explicitly arguing for an outward view that supports sustainable development with his emphasis on lifestyle changes that interweave transforming ecological patterns. Life-world theorists identify a loss of close ties to nature as a result of the development of large and complex organisations and, hence, by default identify a possible way of restoring links with nature to enhance sustainable development. The Santiago theory shows how an outward, deferential view is essential to keep a sense of reality and to know that the world we occupy is not the only possible world. In this way, the Santiago theory not only lays the conceptual foundation for change but emphasises the outward view as essential to that change. In the next part, our theoretical understanding is used to predict some possible contributions from accounting to a conscious cultural evolution.

4. Part 3—accounting's contribution to a conscious cultural evolution

4.1. *Balanced accounting vision*

A first step towards preparing a partial contribution from accounting to a conscious cultural evolution would be to seek balance with regard to the sources of accounting truth. This could use a balanced vision that is based on approximately 50% epistemic and 50% deferential accounting truths. In reality, this means training the accounting eye to see a wider range of deferential, outward looking truths since the traditional view has been significantly inward to epistemic truths. Some of the arguments relating to this shift in view may be drawn from those relating to the end of the Modern as identified in the discussions of Foucault and Giddens above, as well as indirectly to the Santiago theory, whilst others may be found in the considerations of a change to an ontology of interconnected events (Birkin, 2000). But whatever broader theoretical underpinnings are sought, there has already been a shift of the accounting view from inward to outward, that is, an increased recognition of deferential accounting truths within accounting. This shift to the outward view towards deferential truths in accounting has resulted in many new tools and techniques of accounting that all look outside the traditional boundaries of accounting and these include:

- Strategic management accounting that includes techniques such as Kaizen and target costing, the balanced scorecard, benchmarking, value-chain analysis, life cycle costing and costs of quality (Blocher et al., 1999);
- Corporate social responsibility (Gray et al., 1996; Owen, 1992; Royal Society of Arts, 1995; Sustainability and United Nations Environment Programme, 1996; Wheeler and Sillanpää, 1997; Zadek et al., 1997);
- The attempt to integrate economic, social and environmental criteria within company performance appraisal by social and environmental accountants (Danish Steel, 1998; Elkington, 1998; EPA, 1995; Gray, 1992; Owen, 1992) some of which have been proposed as the basis of financial management (White and Wagner, 1996);
- Social accounting systems such as social audits, social balances and ethical aspects of accounting (Evans, 1997; Gray et al., 1996; Vaccari, 1997); and
- Ethical investments
 - Investors are more concerned with corporate spending on the environment and product safety than with increased dividends (Epstein and Freedman, 1994);
 - Shareholders are less interested in speculative gains, (Epstein and Pava, 1993); and
 - Number and size of ethical funds grows despite their underperformance in the UK market from 1985 to 1992 (Luther and Matatko, 1994).

The above list illustrates that accounting has already added significantly to its deferential truth content. Such change is interpreted by Miller (1998) as necessarily taking place in accounting since accounting is a form of bricolage that freely and frequently adds to its own body of knowledge at the margins. But this kind of change can be seen as a passive response, a bowing to the wind that falls short of a conscious evolution. Furthermore, whilst the core of accounting remains unchanged, these kinds of changes will stay at the margins of accounting and will not be taken as seriously as they should be. Therefore, we are arguing

that a conscious cultural evolution of the kind described in this paper is sufficiently important not to be restricted to the margins and that it requires changes in the core of accounting.

Perhaps in time the core of accounting would change anyway if there is indeed an end to the Modern and a new ontology of interconnected events but this paper is about the ways in which accounting would be conscious of such a change or evolution and, ultimately take action, such as retraining, to further this change. In other words, the first step involving balanced vision to epistemic and deferential truths is not enough for a conscious cultural evolution. There is a need for a second step in which the core of accounting changes.

4.2. Core changes for accounting I: new knowledge, systems and values

The following examples are taken from the results of the Sustainable Tourism's Environmental Protection System (STEPS) research project funded by the European Commission. The contractors for this project were three small/medium-sized hotels and one development agency: Doryssa Bay Hotel on Samos Island in Greece; the Grand Hotel Chiaia di Luna on Ponza Island in Italy; and Scarista House Hotel and Harris Development Ltd on the Isle of Harris in Scotland. This group of hotels is dependent upon tourism and to that extent is immersed daily in the traditional economic and accounting realities needed to run small businesses. Research was performed on this project by Sheffield University Management School, Fondazione Eni Enrico Mattei in Milan and the University of Macedonia.

An initial scoping phase study (Birkin and Ranghieri, 2000) was conducted on these islands during which a variety of islanders and tourists were subject to semi-structured interviews that were to:

- Record the knowledge and attitudes regarding social, environmental and sustainable development issues; and
- Identify links between social, environmental and sustainable development issues and the main economic activities of the islands, specifically tourism.

Approximately 40 individuals were interviewed on the islands during the scoping phase and they included the island mayors, hoteliers and representative of hotel associations, local historians, community development and project managers in local authority offices, chamber of commerce officials and tourists. The results revealed some common problems across all three islands but also significant local problems, local interpretations of more general issues, imaginative solutions and many unique compounding relationships. For example, transport costs were identified as a significant problem on all three islands but fresh water is shipped in tankers three times a week to Ponza Island during the summer. Little or no attempt is made to conserve water on Ponza since this ultimately expensive supply is heavily subsidised and is also the source of employment on the tankers for several families on Ponza. So whilst, fresh water is an underlying, critical sustainable development issue for Ponza, no Ponza resident (excepting the island's mayor) that we met expressed strong concern about the issue and water usage on the island was wasteful.

A prime objective of the STEPS research project was to develop a tool for managing a sustainable form of tourism on the islands.¹ This new tool was to fulfil the functional

¹ This tool is based on the Cloverleaf Account of Sustainable Development (Birkin, 2000).

role of accounting, that is, to provide the means of measuring, controlling and reporting activities, but within a broader operating arena than that used by contemporary mainstream accounting. In this way, the development of this tool is an application of the truth scheme developed in this paper in order to both redefine the core of accounting and further the conscious cultural evolution of accounting.

To be acceptable and useful to islanders, this new tool had to be relevant to all those participating in tourism on the islands. The islands have only small communities and to be acceptable to these communities a full commitment to the new idea was required. It was to achieve this by representing and integrating more of the interests of the business people and islanders and to coalesce these interests into viable and sustainable development plans. Whilst identifying these interests, it became clear that existing accounting techniques and statements were insufficient to represent these interests. [Table 1](#) identifies some of these interests and relates them to accounting.

The table is constructed with comments received from interviews with islanders. Not all comments received are represented in [Table 1](#), and the sample provided has been selected using two criteria: (1) if there is commonality of the comment in the different islands so that the comment represents a more general problem, and (2) if the comment was particularly pertinent to accounting. In this way, the operating arenas headed Operating Margins, Return on Investments, Corporate Growth Rates and Governance are not common to the islands but are of interest to accountants; whilst the other operating arenas are common to all three islands with the exceptions of (i) land-use on Harris. Harris does not have a problem with too many tourists but land-use has been included in the table to highlight a significant sustainable development (and hence outward looking accounting) problem, and (ii) Natural Global Systems Impact which was mentioned only on Samos but again has implications for outward looking accounting.

Once the first two columns of [Table 1](#) were completed, the authors assigned the Absent (A), Marginal (M) and Core (C) classification to traditional and social and environmental accounting according to their personal knowledge of accounting textbooks and reports. There is much potential for protests from traditional and social and environmental accountants alike and these protests may be supported by evidence but we argue that the classifications used in [Table 1](#) do represent the general emphasis in these traditions, if not every specific, situation. In [Table 1](#), the balanced accounting vision is shown as a combination of the inward view that is characteristic of traditional accounting and the outward view to social and environmental studies and hence it scores a 'C' for all categories.

[Table 1](#) is deliberately contentious particularly with regard to the social and environmental accounting column. In this column many of the indexing decisions (i.e. A, C or M) were based on the recognition that social and environmental accounting is an activity that is by definition and in practice a marginal activity dependent upon a virtually separate and core traditional accounting activity. The evidence for this is provided by the separate financial and social and environmental reports produced by companies as well as a similar discrimination in accounting textbooks. Hence for example, there is an 'M' in the social and environmental column in the economic costs row. This does not mean that economic costs are of marginal interest to social and environmental accountants but rather that social and environmental accountants are typically well acquainted with economic costs in mainstream accounting and that the relatively new tools of social and environmental accounting have been created to deal

Table 1
Representing accounting interests

Operating arena	Examples of comments received	Traditional accounting	Social and environmental accounting	Balanced accounting vision
Business performance				
Operating Margins	Low because of tour operators influence, low income tourists, market saturation and low entry costs for accommodation	C	M	C
Return on Investment	High rates forced by bank loans	C	M	C
Corporate Growth Rates	High growth rates on Samos stimulated by government to develop the island (policy adopted to offset Turkish territorial ambitions)	C	M	C
Governance	Lack of community coordination and involvement; too much external control by tour operators or regional and national governments.	A	C	C
Costs				
Economic costs, that is, market derived costs	Island transport costs add up to 20% onto many costs	C	M	C
Social costs	Depopulation, low incomes affecting tourism product quality, old industrial activities declining, unfamiliar and destabilising habits of tourists	A	C	C
Environmental costs	Various eco-efficiency aspects including resource use, recycling and waste disposal affecting tourism product quality as well as quality of life for islanders; polluter pays principle needs to apply to contractors	A	C	C
Values				
Economic values	Sales values, prices influenced significantly by major tour operators	C	M	C
Cultural values	Living museum, market diversification, source of cultural identity	A	A	C
Nature values	Market diversification, enjoyment of enriched island biodiversity	A	A	C
Other				
Land-use	Island carrying capacity as number of hotels or visitors and “destructive” mass tourism	A	A	C
Specificity	Unique, locally specific manifestations of issues	A	M	C
Natural Global Systems Impact	Changing weather patterns increase risk of fires on Samos	A	M	C

A: absent, M: marginal, and C: core.

significantly with other issues and, as such, define a separate subdiscipline of accounting. The economic costs may be manipulated by social and environmental accountants in such as Full Cost Accounting but this manipulation takes place at the margins and no significant challenge is made to core economic values; that is, the epistemic truths of mainstream accounting are not altered.

It may also be argued that the separation of traditional vis-à-vis social and environmental accounting is a consequence of the ages of these techniques and the positions that they occupy within their respective disciplinary life cycles. Financial accounting, for example, is well established and seeks to consolidate itself by developing international standards whilst social and environmental accounting is still significantly experimental. It is possible to imagine a future time when, both these disciplines are on a more equal footing and higher levels of integration occur. In this situation, the “traditional accounting” and the “social and environmental accounting” columns would merge and eliminate many of the “A and Ms”. However, it is also possible that the strength of belief in established mainstream accounting epistemic truths will not allow such integration to occur and hence social and environmental accounting will remain marginal. In view of this uncertainty, it is necessary to adopt a more proactive approach such as balanced accounting and the conscious cultural evolution.

Also, in [Table 1](#), the merging of the traditional accounting and the social and environmental accounting columns will not allow the hybrid to claim ‘Cs’ for natural and cultural values. In this hybrid, there will be economic values and economic, social and environmental costs but not true natural and cultural values. The reason for this is that the natural and cultural values have their roots in deferential truths that are not recognised by contemporary mainstream, social or environmental accounting.

Nonetheless, it is evident from STEPS research that ‘Cs’ do indeed exist for natural and cultural values. Business people and members of the islands’ communities in general place as much value on each island’s nature and culture as they do on ‘making money’. Indeed, on Harris there is evidence that more value is placed on nature and culture than on economics. This evidence comes in the form of a survey undertaken over 10 years ago by the local authority on Harris and still in use by them as an indicator of contemporary attitudes on the island. The survey was originally undertaken on behalf of Harris local authority to inform development planning for the island.

In 1991, a total of 900 questionnaires were circulated on Harris. Useable returned questionnaires totalled 342 (38.8%). Since these questionnaires represented the views of households, some 1054 people were included in the survey out of a total population of 2240. This represents 47% of the population of Harris. Some of the findings of this questionnaire indicate that the population is more concerned about preserving the existing character of the island (i.e. natural and economically underdeveloped) rather than developing the economy ([Birkin and Ranghieri, 2000](#), p. 14):

- The two best things about living on Harris were “Peace and Quiet” (38%) and “Pleasant Surroundings” (10%) but “Availability of Work” and “Services” registered less than 1% each;
- Suggested improvements to the countryside were “Tree Planting” (33%), “Litter Removal/Tidy Landscape” (21%), “More Cultivation & Cattle” (10%), “Road Improvements”

(7%) with “Nature Conservation”, “Jobs/Employment”, “Housing” and “Tourist Facilities & Toilets” receiving between 2 and 4% each; and

- The type of work sought for Harris residents included “Agriculture and Crofting” (14%), “Tourism” (14%) and “Fisheries” (11%).

Hence, there is evidence in this survey of Harris residents for the existence of ‘Cs’ for natural and cultural core values that are not to be found for traditional and social and environmental accounting as per [Table 1](#). Harris’ natural and cultural core is expressed at the cost of an economic core, for example, “Peace & Quiet” and “Pleasant Surroundings” wanted by 48% compared to a mere 1% concerned about the availability of work; countryside improvements are 54% tree planting and litter removal compared to 2–4% for employment and man made infrastructure of housing and tourism facilities; and emphasis on new types of work for Harris that do not entail significant economic investment on that island.

Referring again to [Table 1](#), also note the indexing of the classes of “Land-use” and “Specificity”. The former is absent in both traditional accounting and the social and environmental accounting columns whilst the latter achieves a “M” in only social and environmental accounting. Land-use not only represents the areas utilised by various human activities, the province of town and country planning, but also considers the needs of the non-human communities and is then a part of concepts such as ‘carrying capacity’ or, more accurately, ‘ecosystem resilience’.² Because of trade, the human utilisation of land far exceeds the land immediately occupied by an individual, a situation described by [Catton \(1982\)](#) as ‘Overshoot’.

Specificity is an important concept for identifying and solving a range of problems. On the three study islands, significant differences arise because of culture, history, climate, location, types of tourism, political system, habitat range, size and so on. These differences mean that problems which may be seen to be common at one level may possess highly variable characteristics when more closely regarded. For example, the permanent population of Ponza island is composed of Ponza residents which means the island tourism income that stays among the tourism SMEs on the island will probably remain to ultimately benefit the island community. On Samos the situation is significantly different since a large proportion of tourism business owners on the island reside ‘permanently’ in Athens and visit the island only in summer months. In this case, tourism income that is residual after the tour operators have taken their share may still not benefit the permanent island community as much as it could. For a second example, as we have seen above, the population of Harris island has stated that they are not so concerned about tourism’s economic development, enjoying as they do other values still to be enjoyed on that island, whereas the population of Ponza island as a whole were angry about a decision to protect the seas around their island in a marine park. Their anger arose partly because of a lack of consultation about the decision but also fears that their access to the marine park may be restricted and hence their capacity to earn tourism boat fees reduced. There are many other examples, including many environmental and ecological ones, all of which require solutions that are specific to the islands. Yet, there are significant movements among some social and environmental accountants to standardise

² ‘Carrying capacity’ relates only to a single species whilst ‘ecosystem resilience’ measures the capacity of an ecosystem to successfully ‘carry’ all its species.

social and environmental reporting and, hence, to convert the “Specificity” of the social and environmental accounting column from an “M” to an “A”.

In this subsection, we have considered the evidence from the STEPS study for the existence of deferential truths that *ought* to be relevant to the core of mainstream accounting. The reasoning behind this *ought* is that such truths are a part of island reality and mainstream accounting has no logical or rational justification for ignoring what is real other than a reductionist, inward view to accounting epistemic truth. Also, as Table 1 shows, contemporary mainstream accounting is separate from social and environmental accounting and that provides an inadequate representation of other deferential truths, even when the two bodies of knowledge are combined. Hence, a “C” plus an “M” does not equate with an overall “C”; “Ms” remain “M”. It is significantly the recognition of other values that lies beyond both mainstream accounting and social and environmental accounting as presently constituted and it is the area where the greatest effort is needed to change the accounting core and to further the conscious cultural evolution outlined in this paper.

Phenomenology and the Santiago Theory are argued in this paper to provide a more realistic source of values than economics and contemporary accounting. By ‘realistic’, we mean more appropriate to an ontology of interconnected events and the needs of a conscious cultural evolution. This approach also allows for the subjectivity of facts and values to enter our accounting systems. The crude and rigid forcing of values that is implicit within contemporary mainstream accounting is not appropriate for the purposes of a conscious cultural evolution. For the purposes of the conscious cultural evolution outlined in this paper, a value system is needed that is capable of recognising an individual’s appreciation of natural and cultural experiences in the medium of those experiences; representing and valuing such experiences as, say £425.60, misses the point and reaffirms the economic core. Phenomenology is an alternative value system that “. . . can be life-enhancing. It encourages one to dwell on one’s experiences, good and bad, and tease out what it is about them that makes them significant” (Pratt et al., 2000, p. 77). Phenomenology avoids the deceitful posturing of value-free, objective accounting by recognising that “. . . the relation between subjects and objects is not value-free. It is rather what makes up the complex activity of valuing” (ibid., p. 68). Hence within a phenomenological understanding, value is derived from significant experiences. This is not new. Thoreau, for example, had an alternative valuation system in which the “Cost of a thing to Thoreau is how much life he had to give for it” (Thoreau, 1986).

4.3. *Core changes for accounting II: a vision of equitable communities*

For the purposes of a conscious cultural evolution, we intend to penetrate deeper than common accounting notions of equity by examining the role of the institutions of accounting and of the accountant in person. This is a possible application of the balanced accounting view in use after a core change has been accomplished in accounting so that an outward, deferential view is given more substantial value and recognition. This deeper analysis necessitates some awareness of our evolutionary histories.

Since the Stone Age, human beings have *naturally* co-operated with each other on a large scale. It is this natural co-operation that has endured whilst the attributes of beliefs, arguments and technologies used to *consciously* differentiate and integrate any particular

culture have passed. The degree of natural co-operation that exists tends to be persistently underrated in many contemporary cultures. Yet co-operation in one form or another maintains our biological bodies, ecosystems, corporate, families, towns, companies, states and so on: “Kropotkin believed mutual aid was a prehuman instinct, a law of nature (so in fact did Darwin)” (Pepper, 1996, p. 289).

Many forms of social co-operation have now evolved and these now include corporations and professional groups such as accountants. Many of these groups have become international and by this means enjoy a degree of independence from any individual nation state. Accounting has some interest in becoming global, for example, the Global Reporting Initiative (Global Reporting Initiative, 2001) and the international dimensions of accounting standards. Edwards et al. (2002) consider the attempts to produce global comparability in accounting statements but conclude that more value could be derived from developing diversity within accounting practice. But there is another important element that is missing from standardised global accounting; it is an element that is perhaps essential to a conscious cultural evolution. That element is also part of basic humanity and it has to do with face-to-face relationships. So this example of an applied balanced accounting view is indeed an outward deferential view but not to other bodies of knowledge. It is first of all an outward deferential view to other faces and secondly to other bodies of knowledge that are in turn consulted only to substantiate the value of face-to-face relationships.

We argue that the relationships that sustain and give form to individual lives are significantly face-to-face. From an intimate partner through a family, friends and colleagues, we live well when we are enriched, informed and sustained in the immediacy of other people. This immediately experienced form of cooperation is expressed in team-work, peer group influence, congregations, group therapy, innumerable social activities and so on. Epicurus (341–270 BC) recognised the “idle opinions” of those around him in ancient Greece as not reflecting the natural hierarchy of our needs: “emphasising luxury and riches, seldom friendship, freedom and thought” (De Botton, 2001, p. 65).

The importance of face-to-face relationships is perhaps not surprising. There were aeons during which our ancestors learned to develop facial expressions and use them to the profit of the individual, troop and tribe. During the last 100,000 years, *Homo sapiens* learned that co-operation in small groups to hunt and gather foods was the best survival option. In Neolithic times, the community was largely sedentary and isolated from other villages by expanses of virtual wilderness. The social institutions of these times, the fire-side councils and age-sets, were small enough to remain within the boundaries of purely personal relationships. It was only after the last Ice Age, some 10,000 years ago, that the domestication of animals other than dogs and the invention of agriculture set the seeds for the development of city-states and civilisations built on impersonal relationships. This evolutionary change did not of course happen everywhere at once: “In 1973 peasants living in village communities of the Neolithic Age style still constituted a majority of the living generation of mankind” (Toynbee, 1976, p. 591).

Now, we have the technology to put mankind back in face-to-face relationships with itself. The Internet could enable a kind of global village as foreseen by McLuhan (McLuhan and Fiore, 1967). In some ways, worldwide but village-like communication has been made possible. But this is a long way from a global village community. Why is that so?

It is so, we argue, because of a lack of equity. Some people have significantly more material possessions than others and this means that face-to-face relationships in the global village cannot be as honest and as enjoyable as in a true village of more or less equals. At a basic needs level, this is crudely and disturbingly obvious. Where food and shelter are in short supply, villagers will come with open hands. Whilst we in developed society are addressing this problem of extreme inequality by the provision of emergency supplies, the long-term solution that we perceive has to do with people who have their basic needs and want more, that is, those in the developed world.

In developed society, inequality between individuals is one of the principal obstacles between our present unsustainable and terror-ridden world and a planet populated by healthy, happy and secure people. The institutional roots of this inequality are thoroughly analysed in Rawls' exposition of *Justice as Fairness* where Utilitarianism is found to be significantly lacking: "... the greatest net balance of satisfactions never arises in justice as fairness: this maximum principle is not used at all" (Rawls, 1999, p. 27).

Wealth maximisation is not fair, according to Rawls. But it is "maximisation" in itself that was more specifically criticised by Schumacher in his influential book *Small is Beautiful* (Schumacher, 1993). If we understand the world in terms of an ontology of interconnected events (Birkin, 2000), it is obvious why size matters. To exist within a physical world constituted as endless relationships means that significant growth of any particular set of relationships is achieved at the expense of other relationships. This is the basis of ecology and diversity. If a creature evolves to exploit maximum bulk and strength, it is not going to have wings: elephants do not fly. If an institution exists to *maximise* profits, it is going to do so by ignoring other sets of relationships. Hence, size matters because it equates to over development in a relatively small set of relationships at the expense of other relationships. Within an ontology of interconnected events, sensible action seeks to improve security, wealth and progress in accordance with the best available knowledge of all events. Wise action proceeds on the knowledge that there are limits to the knowledge that we can have about interconnected events. Because of the narrowing of vision and knowledge attendant upon any maximising activity, it is better for our institutions to *optimise* rather than *maximise* since optimisation retains a stronger, formal set of relationships against and within which an institution *differentiates*, and not *separates*, its activities. By this reasoning, we should seek optimum not maximum levels of wealth.

The separation emphasised in hierarchical organisations may in itself be detrimental to our well being. Kohn reports on a study of 17,000 English civil servants that discovered death rates among junior grades to be three times higher than that for the mandarins. Many factors were considered by the study to account for this difference. Ultimately, many factors were judged to be lacking and the report concluded that the gradient in death rates arose from the inequality that maintains the civil service hierarchy itself. Kohn cites similar evidence for nation states: "The states with larger gaps between rich and poor have higher death rates, even after controlling for factors as diverse as poverty, race and tobacco" (Kohn, 2001, p. 40). It seems then that inequality itself is a killer.

If one goal of a conscious cultural evolution is to be stronger communities, then more equality between people is essential. There are many ways of introducing more equality. For example, selective "community health" taxes on luxury goods, enhanced recognition of the non-materialistic achievements of people and the delegation of more local decision-making

powers to public councils of appropriately village-sized, face-to-face communities where people may meet as equals.

To further equality, institutions could adopt flatter organisation structures. The pay differentials of the accountancy profession, for example, could be more equitable with more senior accountants enjoying rewards involving benefits received from social and ecological and not just economic sources. The full range of possible changes could be as rich and as varied as the living world itself. After all, it is the biosphere that has exhibited strength, vitality and endurance far in excess of anything man made and this has been achieved principally by diversification, by developing and exploiting innumerable combinations of relationships.

The applications of a conscious cultural evolution outlined in this section have focussed on (i) values and operating arenas discovered on a three island study of accounting for sustainable development, and (ii) a foundation for accounting equity based on an outward, deferential view not to other bodies of knowledge but to other faces. In both examples, richer and broader deferential truths were posited in lieu of the reductionist, inward view to accounting epistemic truths. Both these proposals, if adopted, would become considerable contributions from accounting to sustainable development within which participation in a common pool of information is needed and inter and intra-generational equity is a *sine qua non*.

4.4. *Resistance to conscious evolution within accounting*

Finally, it would be unrealistic of this paper to be unaware of the potential resistance to a conscious cultural evolution within the institutions of accountancy. This resistance in accounting is potentially strong because accounting itself is indistinct and that in itself makes conscious change difficult. For example, there are many difficulties in merely defining a body of knowledge for a professional accountant (Hopwood, 1987), not least because in the UK and the USA the profession is highly segmented, drawing members from both industry and practice. If it is difficult to define accounting knowledge, then it is even more difficult to argue that accounting knowledge has evolved since both start and end positions are not well known. In addition, Miller has observed that accounting is a form of bricolage that freely and frequently adds to its own body of knowledge (Miller, 1998). This lack of a distinct entity and marginal variability in accounting might appear to a casual observer as evidence of sensitivity and flexibility to change that would readily and easily embrace a conscious cultural evolution if once exposed to appropriate catalysts. However, such imprecision in accountancy can equally serve closed, not open, minds.

Consider the contemporary professional accountant, who has been identified as evolving over time from a rather lowly clerk, but who is no longer “a quiet and reserved mortal” but has become “a thrusting, proactive and much more creative being” (Hopwood, 1994, p. 299). Such a change has to be created, shaped, sustained and managed and this has to be achieved at least in part by the action of conscious agents to manipulate the boundaries and content of accounting. Hence, a conscious cultural evolution in accounting would find competitors who have their own vision of the future of accounting.

The outward view to deferential truths, for example, would have to be established on a contested foundation. For practical purposes, the accounting profession has created its own

versions of truth principally by expending much effort in the generation of twin images of accounting neutrality. For example, there is bias-free information generated by accountants without concern for the ethical or moral nature of the content and its implications (Solomons, 1988). Such information is then to be used by managers who are responsible for any consequences. There is also the independence of auditors, whose personal integrity allows for ‘a state of mind’ that ensures the quality of reporting, even if apparently conflicting circumstances arise. This neutral position is seen to give accounting an external credibility and it is a derivative of scientific objectivity that has been reinforced by legislation and accounting standards and that is held in place with the notion of serving public interest.

But the ‘public interest’ in accounting has come to mean something other than a noble and humbling sensitivity to diverse points of view. Whilst “The Corporate Report” (ASSC, 1975) proposed that a broad view of a user’s “reasonable right to information” was deemed to exist when “the activities of an organisation impinge or may impinge on the interests of a user group” (ibid., paragraph 1.8), the profession shifted to a much narrower grouping of users in “Making Corporate Reports Valuable” (McMonnies, 1988) by specifically excluding the public interest group. Similarly, Pratt and Storrar (1997) argue that shareholders’ access to information, at one time largely unfettered, was severely curtailed during the second half of the 19th century.

In these ways, the accounting profession has moved from humble public servant to master. This move did simplify the “truth” judgements made within the accounting profession since potentially significant and complicating relationships were excluded. But also in this process, the outward deferential view to other bodies was excluded.

Even to a general business understanding, it has been argued that accounting has excluded too much. Pratt and Storrar (1997), for example, argue that current levels of disclosure may be less than optimal for effective corporate governance. These authors commend the release of substantial quantities of information that would cater for the needs of diverse users and would be an appropriate response to the trend for increased public scrutiny (Edwards and Shaoul, 1999). There seems little chance then of contemporary accounting being able to accommodate the wide-ranging and diverse social, environmental, ecological and philosophical arguments that when put together might bring about the kind of conscious cultural evolution foreseen in this paper. This is a serious obstacle since accounting does create, analyse and communicate huge quantities of influential information, providing that information is in accordance with accounting’s own perception of narrow interests.

In a peculiar inversion of the outward view to deferential truth, the accounting profession appears to believe that keeping some information from the public is in the public’s best interests. An effect of this is that the accounting profession works according to its own agenda in seemingly invisible ways and thereby reinforcing the inward, epistemic view (Millerson, 1964; Mitchell and Sikka, 1993; Richards, 1984).

This cosy and brittle situation is shattered on occasions by adverse reports of corporate scandals in the public press, sometimes accompanied by the threat of litigation. Arguably, the defensive mechanisms used by the profession have included the setting up of regulatory bodies such as the Accounting Standards Committee, the Auditing Practices Committee, the Financial Accounting Standards Committee and their successor boards. The resulting outputs (the standards and guidelines for preparing and auditing financial accounts) have

sought to standardise practice around acceptable and defensible benchmarks, while still apparently enabling the exercise of limited professional judgement. But the critics have not been silenced. Instead of acknowledging a greater diversity and pluralism, it is argued that the profession merely responded to criticism by tightening guidelines and the end result of such tightening being little more than a smoke screen to deflect criticism (Sikka and Willmott, 1995).

In ways such as these, the self-interests, the inward views of accounting are over developed. For example, ‘the public interest’ has been argued to have been used principally as a justification for the profession’s monopoly over the provision of audit services. So whilst advanced capitalist society has been characterised as being comprised of distinct classes or interests which are inherently antagonistic in nature (Cooper and Sherer, 1984; Davis and Strawser, 1993; Tinker, 1980, 1984), the accounting profession has been characterised as self-serving (Mitchell and Sikka, 1993).

Other researchers have argued that the profession may be shown to have favoured certain social classes or fractions of classes over others at various times and in various circumstances. From this perspective, Puxty (1990) developed a theory that explicitly provides for a dynamic characterisation of the accounting profession’s alignment over time. He argues that the particular set of circumstances faced by the profession at any specified time, the temporal-spatial structural matrix, causes the profession to take on the characteristics of various social interests served by the profession and that these various interests may or may not be in harmony.

Finally, there has of course been considerable interest over the last decade with corporate social responsibility and environmental performances of companies. This change has been brought about by committed and far-seeing people both within and without accounting. From the perspective of accounting, accountants who brought about these changes knew the value of the outward view to deferential truth and made use of, for example, social and environmental knowledge. This paper is an attempt to add momentum to and consolidate the change that social and environmental accountants started.

For reasons such as these, it is been argued that “Accounting may be dutiful and obedient but it is also an active constituent element in shaping society, most importantly by preserving current arrangements of relations through its ability to use its images of neutrality, objectivity and strength to silence, exclude and diminish competing claims” (Funnell, 1998, p. 156). Until the interests of the accounting profession can be opened to embrace the spirit and practices of a conscious cultural evolution that includes greater equity, measures of ecosystem resilience and the value of tight-knit, face-to-face relationships, accounting and accountants in practice remains a serious obstacle.

5. Conclusion and the end of sustainable development

In concluding this paper the authors seek to avoid the charge that they suffer ‘the phantom pains of social change’, in which they lament, “the ‘loss of community’, the ‘loss of meaning’, the ‘loss of gemeinschaft’, the ‘loss of identity’, the ‘loss of kinship’, and so on. Man lived and belonged in a folk society, with mechanical solidarity, in touch with nature, spontaneously expressing creativity in soft interpersonal relations. Then this

world was cut off from man, and he was left with routinization, bureaucracy, atomization, isolation anonymity, impersonal roles, mechanical regulation, and estrangement from nature” (Hernes, 1991, pp. 125–126).

We do not long for an ideal world irrevocably gone, nor do we wish to convert Hernes’ punitive sentence of a week in the Middle Ages to a life sentence for either our own or future generations. But neither do we agree with the valorisation of the Western world provided by Shepsle (1991) who argues that Western man has broken loose from the shackles of a world bounded by abject poverty and recurring famine and has realised a quality of life which is made possible only by relative abundance. Also according to Shepsle, the key to this freedom and growth is efficient economic organisation and that it is the development of an efficient economic organisation in Western Europe that accounts for the rise of the West.

That the material quality of life is on average higher in the West is not disputed, but the notion must be contested that the West has broken free from the world. Its present wealth is as dependent on efficiently obtaining resources from the very countries in which abject poverty is common, as its future prosperity is dependent on actions taken to alleviate their poverty by the presently inefficient poor. It is the deterioration of ecological systems worldwide that threatens our existence and has prompted calls for more rapid change to our practices and for a conscious cultural evolution.

We are realising step-by-step the continuity and interdependence of existence and we are obliged to look increasingly outward to verify our knowledge. This realisation is becoming evident in the practice and theory of such as environmental, social and sustainable development accounting. Increased recognition and valuation of deferential truth is a necessary requirement for this knowledge and there is a case for adding scientific, especially ecological, literacy to the basic requirements of accounting. This paper has outlined a theoretical basis for an outward, deferential view of truth in accounting that has to be used alongside the inward, epistemic view of truth so characteristic of traditional accounting. The depth of change needed to achieve this balanced view is sufficient to warrant the call for a conscious cultural evolution within accounting. The balanced accounting view making use of both views of truth was effectively applied to the analysis of island sustainable development where the interests of islanders were seen to be inadequately represented in traditional, social and environmental accounting. As a second example of an application, it was seen how an outward view to other knowledge and other faces could be used to redefine the concept of equity in accounting.

Finally, the reality of resistance to our suggestion for a conscious cultural evolution in accounting was considered. The ostensible and the hidden motives behind accounting were identified and related to our proposal. We take heart from social and environmental accounting that has overcome resistance to establish its present position but at the same time remain fully aware of the deeper implications of our arguments.

The motivation for this paper has been to encourage a strong accounting solution to sustainable development. Whilst this is the final goal, the breadth of the paper meant that only occasionally was direct reference made to sustainable development. But this situation is in line with our argument to put an end to sustainable development. To achieve a conscious cultural evolution, we argue that “sustainable development” needs to end. “Sustainable development” is itself a technical term with significant associations with expert knowledge,

technology and specialisation. A conscious cultural evolution on the other hand needs a common currency replete with meaning for everyday lives. In lieu of “sustainable development”, there is a need for commonplace, diverse social and ecological values that are thoughtfully integrated in depth with economic equivalents. Accounting and accountants could play a pivotal role in this regard by adopting a balanced accounting view at a core level of accounting. The theoretical foundations of such a change of view have been substantiated by the quoted works of Foucault and Giddens as well as life-world theorists and the Santiago theory. The application of a balanced accounting view to the development of a sustainable accounting tool on islands helped to identify the enriched content that an outward view to deferential truths would bring to accounting for sustainable development. It was with regard to a reconstruction of accounting equity that the outward view to deferential truth would perhaps most help sustainable development.

However, we repeat that the overriding consideration that we bring to the sustainable development debate is the need to urgently bring sustainable development to an end. Instead of the specialised terminology and conflicts with vested interests that mar sustainable development, we need a commonplace understanding that integrates the breadth of “sustainable development” into daily working practice. We argue that a conscious cultural evolution within accounting to bring about a balance between an inward view to accounting epistemic truths and an outward view to the deferential truths found in other bodies of knowledge, and other faces, would bring sustainable development to an end.

A future research agenda that would work towards the goals of this paper would include (i) further projects that are like, or build on, the sustainable development on islands project outlined in this paper, (ii) studies of ways of impacting accountant’s training and regulatory decision-making, and (iii) research into the creation and implementation of alternative performance measures for corporations. But there is more potential for research than this narrow outline suggests. This paper offers a vision of a different accounting world and the challenge for future research is to operationalise it.

Finally, from the perspective of evolutionary biology, the Mesozoic Era ended some 65 million years ago. The contemporary scientific consensus is that that Era was brought to a close by the impact of a giant meteorite that killed off the dinosaurs. Following that event, evolution required about 10 million years to restore previous levels of diversity in what was to be called the Cenozoic Era, the Age of Mammals, our present age. Our age is being brought to a close by nothing other than our own actions. However, “The extinction spasm we are now inflicting can be moderated if we so choose” (Wilson, 1998, p. 328). But if we carry on as we are doing, Wilson points out that we will give rise to a new age and he has called that the “Ereozoic Era”, the Age of Loneliness (*ibid.*).

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