Professor Reg Mathews, Charles Sturt University, Bathurst.

Prologue

“Some Thoughts on Social and Environmental Accounting Education”, by M.R. Mathews, Professor and Head, School of Accounting, at Charles Sturt University, appeared in a recent number of Accounting Education: An International Journal (Volume 10 Number 4, December 2001 which appeared in mid 2002), accompanied by no fewer than six commentaries by well-known international academics. The process was completed by a rejoinder from the original author. The ‘package’ was an interesting exercise designed to stimulate discussion of curriculum issues related to accounting education in the context of social and environmental accounting. The intention of this short paper is to set down the basic structure and content of the main paper and thus to encourage readers to explore the original series.

Introduction

Despite the large volume of material published on the subject of environmental accounting, and some on social accounting (Mathews, 1997a), relatively little has been written on the subject of social and environmental accounting education, in spite of the growing number of academics interested in these areas. Gray, Bebington and McPhail (1994) advocated a programme of social and environmental accounting education as a mechanism for overcoming short term, shallow learning processes, which they argued were part of the typical undergraduate accounting syllabus. Other authors have commented on the same issue in terms of social and environmental accounting education in British universities (Owen, Humphrey and Lewis, 1994) and also in more general pedagogical terms (Lewis, Humphrey and Owen, 1992; Mathews, 1994; Puxty, Sikka and Willmott, 1994; and Bebbington, 1995). Much earlier and rather inconclusive discussion may be found in Mathews (1984, 1986) and Blundell and Booth (1988). More recently, attempts have been made to argue the case for a limited social and/or environmental accounting education programme as a part of other conventional accounting courses (Sefcik et al., 1997; Gordon, 1998; Grinnell and Hunt, 2000; Lockhart and Mathews, 2000).

The remainder of the paper is divided into four parts. In section two the literature already referred to will be examined in more detail; section three outlines the curricular goals related to fostering deep learning (Gray et al., 1994) and motivating life long learning; section four provides a discussion of practical teaching considerations. A section of summary comments concludes the paper. Since the area is developing in a dynamic way there have been additional publications not able to be considered in the original work. Refer to editor’s note at the end.

Prior Literature

There is a small, but perhaps growing, group of individuals who have contributed to the literature of social and environmental accounting and education in the English
language, through the publication of journal articles and conference and working papers. There are also several books, which serve multiple purposes, informing those wanting access to information for professional development, as well as for formal education.

During the period 1971-1980 there were few attempts at introducing even graduate students to what was then called the social dimensions of accounting. Books by Livingstone and Gunn (1974), Estes (1976) and Johnson (1979) have been cited as having been used for graduate courses in accounting. During the period 1981-1990, there was more attention paid to this area, with an early proposal for a course of study by Mathews (1984, 1986), and the 1987 text by Gray, Owen and Maunders was used as the basis for a course of study as reported by Blundell and Booth (1988). Parker et al. (1989) was also a useful book, which provided source material for the study of social as well as behavioural accounting. Most of these references did not distinguish between the social and the environmental aspects of accounting. The monograph authored by Gray (1990) was very influential in providing the basis for environmental accounting developments, including some in education, and since then there has been a reasonably clear separation between the social and environmental accounting literature (Mathews, 1997a). However, this situation may be changing with more recent developments within social accounting (AA1000, 1999; Copenhagen Charter, 1999; GRI 2000).

Since Gray (1990) there have been numerous books and journal articles covering both social and environmental accounting. These include Owen (1992) on environmental accounting, Mathews (1993) which encompassed both social and to some extent environmental accounting, Perks (1993) which was concerned with the role of accounting in society, and Mathews and Perera (1996) which is one of the first accounting theory texts with a chapter on social and environmental accounting issues. Macve and Carey (1992), Gray, Bebbington and Walters (1993), and Rubenstein (1994) are sources of information on exclusively environmental accounting issues, especially Gray et al. (1994) which is extremely detailed in its coverage. Reviews of all of these works may be found in Bebbington (1995) and Owen (1995). In addition, Epstein (1996) studied a number of companies’ environmental practices (primarily in the US) and has provided, as a summary, a multifunctional approach to environmental accounting and management.

Articles intended to address pedagogical and curricula issues include Lewis, Humphrey and Owen (1992) and Mathews (1994) which consider some of the problems associated with the task of incorporating new conceptual material into the accounting curriculum, especially where students do not have sufficient prior preparation in conceptualisation (i.e. their background in theoretical matters is weak). Gray, Bebbington and McPhail (1994) and Puxty, Sikka and Willmott (1994) examined issues underlying conventional accounting education and offered suggestions to overcome some of the problems they perceived as leading current accountants to avoid questioning the status quo. Owen, Humphrey and Lewis (1994) reported on the results of a survey to determine the status of social and environmental accounting education in British universities.

The publication of Gray, Owen and Adams (1996) provided an updated source of
material for educational programmes as well as arguments aimed at the extension of social and environmental accounting and reporting. Schaltegger et al. (1996) proposed the integration of environmental accounting into both the management accounting and financial reporting functions. Mathews (1997b) has put forward a proposal for a mega-accounting theory which would involve separate but related and equal financial social and environmental statements of position. Elkington (1997) has also written about his view of triple bottom line reporting, although without providing much detail of the accounting involved. Sefcik et al. (1997) is a US contribution to the environmental accounting education field, however, the authors employ a comparatively restricted definition of an environmental accounting course, and limit course development to technical issues ancillary to existing accounting courses. Their article does not address any of the qualitative goals to be addressed in the next section. The plan put forward by Sefcik et al. (1997) makes no substantial reference to the moral and philosophical issues which other authors have used to drive social and environmental accounting (for example Gray et al., 1994; Gray et al., 1996).

In a review of courses in environmental accounting, Gibson (1997) covers a lot of the same material as has been discussed above. Gordon (1998) reported a study of final year undergraduate students enrolled in a compulsory accounting theory course, where their reactions to social and environmental accounting issues were measured before, and after, they undertook a programme of study in these aspects of accounting. The results indicated that it was possible to induce changes in the attitudes of senior undergraduate students about to enter the workforce. This study has important implications for progressive accounting education.

Grinnell and Hunt (2000) described the development and structure of an integrated course in accounting, with an emphasis on how accounting information can be used to support corporate environmental strategy. The authors also discussed their experiences in running such a course, and summarised the perceived benefits and difficulties associated with such a course. The authors argued that the course, or one like it, would assist in meeting the objectives of the Accounting Education Change Committee (AECC) and the American Institute of Certified Public Accountants (AICPA). However, it would not be seen as radical in comparison with related courses available outside of the United States. There are no challenges offered to the established social, economic and political order by Grinnell and Hunt (2000).

Lockhart and Mathews (2000) provided a detailed course of study in environmental accounting including a description of the structure of an actual course and the source materials used. However, the article is more descriptive and empirical related to environmental issues and does not discuss the qualitative or social accounting areas in any detail.

**Recommended Qualitative Background**

As Mathews (1984), Lewis, Humphrey and Owen (1992) and Mathews (1994) have noted, leading students into a social and/or environmental accounting programme is more difficult when their preparation has been in 'technical, value-free, accounting problems and procedures', where accounting theory is apparently defined as 'what the
standard setters have agreed it is’. Along these lines, Gray et al. (1994) stated that much of accounting education requires only shallow learning. Deeper learning takes the student beyond passively accepting ideas to actively interacting with the learning process. This involves critical thinking, integration, organisation, logic, and “learning for its own sake” (Gray et al., 1994, p.55).

The profession of accountancy must maintain legitimacy with the whole of society (Reynolds and Mathews, 2000). The technical aspects of accounting have their place in both the educational process and also in professional life. However, there is much more required in both areas than is currently being provided. The next generation of accountants needs to be introduced to a wider theoretical basis, whether as part of a course in Accounting Theory, or as a separate course/subject. Education, in its broadest sense, prepares the individual to be able to accept change; whereas training develops skills that may become outdated and require replacement by new skills. Much of the preparation of modern accountants is still in the area of skills training rather than education in the deeper sense.

If undergraduate programmes included theory courses of the type envisaged, much of the qualitative preparation discussed below would have been addressed. However, most programmes do not treat theory in this manner. The qualitative issues selected for discussion include: developing moral thought processes about social and environmental issues; examining the role of accounting in society; examining alternative reporting formats; expanding the definition of stakeholder groups, and addressing the need for the standardisation and audit of social and environmental reporting.

How can social and environmental issues be used to develop moral thought processes? While the majority of graduates from accounting programmes have had exposure to the codes of practice issued by the professional accounting bodies, usually through an introductory course in auditing, this has generally not been sufficient to ground them in an understanding of broader philosophical matters. A social and environmental accounting course is seen as an appropriate place for a remedial course of study in ethics (Gray, et al., 1994). It is suggested that the analysis in Miller (1991), the discussion in Lamberton (1998), and the references to externalities in Boone and Rubenstein (1996) will be useful introductions to this area, as will a study of Rawls (1971) and McPhail (1999).

What is the role of accounting in society in regards to social and environmental issues? Many students of accounting are not required to examine the role of their discipline in the wider society; their consideration of the role of accounting is implicit or received: ‘Accounting Does and Therefore Is’. Any consideration of the role of professional bodies tends to be limited to a discussion of the codes of conduct produced by those professional bodies. Students should be required to go beyond this position and consider concepts such as the social contract of business with society (Donaldson, 1982; Shocker and Sethi, 1974), and organisational legitimacy (Dowling and Pfeffer, 1975). Gibson (1997), Hines (1988). Neu et al. (1998), Lehman (1999), and Reynolds and Mathews (2000) all address this important issue.

What alternative reporting formats might be
relevant to social and environmental issues and sustainability? There is very little consideration in conventional financial accounting and reporting of alternative reporting formats, including sustainability, and stakeholder accounting models. Conventional practice allows for a number of GAAP approved disclosure formats, and of course, accounting is assumed to be concerned almost exclusively with financial measurement. Non-financial quantitative and qualitative measurement and disclosure is currently excluded from the conceptual frameworks of the English-speaking accounting world. Yet, a great deal of unaudited non-financial information is included in annual reports, for which the accounting profession is assumed by the non-expert to have responsibility. Furthermore, as the body responsible for operating a communication and reporting medium, the accounting discipline should be prepared to consider using any means which is effective in sending messages. Students would benefit from a consideration of broader accounting models including those presented by Burke, 1984; Gray et al., 1996; Schaltegger et al., 1996; Mathews, 1997b, 2000; Lamberton, 1998; Boone and Rubenstein (1997) and Ceres (1999).

Who are the relevant stakeholders in respect of environmental information? An increasingly demanding and expanding group of stakeholders is gaining attention in accounting for the environment. This may have originated with the publication of the Corporate Report (ASSC, 1975). Certainly students should be encouraged to consider this interesting report and to gain an appreciation of the potential ‘rights to information’ of parties other than those directly involved with the organisation. However, despite the increased coverage of other stakeholders in the literature, shareholders tend to be the most important parties at present. This is most unsatisfactory in the area of environmental accounting, since emissions to the general environment will affect parties totally outside the economic nexus which is the corporation, i.e. they will probably not be exclusively shareholders, employees, or customers of the corporation discharging the material. Rubenstein (1994, Ch 6) is a useful treatment of stakeholder issues.

Should social and environmental reporting be standardised and what are the implications for social and environmental audits? Increasingly, corporations are publishing environmental reports. While certain trends have emerged (see for example, Azzone et al., 1996), consistency and comparability are lacking and companies can have “difficulty distinguishing themselves” (Beets and Souther, 1999, p.136) from competitors without any standards for reporting. Students can investigate and discuss the advantages and disadvantages of various options for standard setting, as discussed in GRI (2000), SA 8000 (1998), AA 1000 (1999), and the Copenhagen Charter (1999), the government-sponsored Eco-Management and Audit System (EMAS, 1995), and the ISO 14000 (1996) series of international management standards.

Suggested Curricular/ Materials and Assessment Alternatives

As noted in the first part of the paper, there have been relatively few contributions to accounting education which have developed social and environmental issues. Furthermore, the lack of an appropriate theory course in most accounting programmes is a problem, because students often lack an appreciation of the views
expressed as qualitative goals in section three. Once such introductory materials have been covered, either as part of an accounting theory course, or as the first part of a specialised social and environmental accounting course, the student may be introduced to more detailed subject matter as indicated below.


**Empirical studies:** Deegan and Rankin (1999) and Deegan et al. (2000), and Lawrence and Cerf (1995).


**Management Accounting:** Epstein (1996), Elkington (1997), Schaltegger et al. (1996).

**Critical Perspectives:** Tinker (1985), Neu et al. (1998) and Everett and Neu (2000).


**Taxation:** OECD (1993), Lockhart (1997) and Rousso and Shah (1994).


Clearly, the extent to which the references given can be incorporated in the programme will depend upon the time available, the level of the course, and the structure of the overall programme. They are provided for consideration by the course designer.

**Methods of Assessment**

A variety of different readings would need to be used in the course, as can be seen from the various citations in the previous section. Several methods of assessment would be needed including some/all of class participation, short writing assignments, cases, a project, essays and examinations.

**Concluding Comments**

The intention of this paper has been to provide a number of qualitative curricular goals for an environmental accounting course and to provide some examples of how to carry out those goals in the design of such a course. The goals outlined in the paper reflect a broad view of accounting education. Interested readers are directed towards the ‘package’ referred to in the prologue.

[Editor’s note: Since the area is developing in a dynamic way there have been many additional publications not able to be considered by the original work, for example:
Schaltegger, S. and R.L. Burritt 2000, Contemporary Environmental

References


