Disclosing new worlds: a role for social and environmental accounting and auditing

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Abstract

This essay critically analyses modern social and environmental accounting. First, I argue that modern social and environmental accounting models have been developed based on procedural liberal frameworks that limit the proposals for reform. Second, social and environmental accounting focuses on the corporation as the accounting entity and mistakenly claims to be able to influence it. In developing another way to think and act about the environmental and social role of accounting, I consider whether modern communitarian thought can enrich the democratic process. The aim is to foster debate and dialogue concerning the role of corporations and their impact on nature. I argue that implicit in communitarian theory is a democratic model through which language acts as a means to critically focus on the direction of accounting as an institution in the public sphere. © 1999 Elsevier Science Ltd. All rights reserved.

1. Introduction

Over the past 5 years ‘environmental accounting’ and ‘environmental auditing’ have been growth areas for accounting researchers. This article stands back from these recent developments in environmental accounting to pursue three interrelated objectives:

- to demonstrate that environmental accounting as currently constituted is focused on the corporation as the accounting entity and mistakenly claims to be able to influence it
- to examine the liberal structures on which modern environmental accounting stands and discuss the implications for public debate in various communities in society
- to determine whether modern communitarian thought can enrich the democratic process which fosters debate and dialogue concerning the role of corporations and their impact on nature.

In this article I refer to communitarianism as a political movement which challenges the assumptions of modern liberal models that have been used to support and develop environmental and social...
accountability frameworks. Communitarians hold that the distribution of the ‘good’ is not always sufficient to define what is right because the liberal criterion of autonomy can exclude recognising ‘significant’ issues. The ‘significance’ feature is linked to Taylor’s understanding of humanity as self-interpreting animals. By ‘self-interpreting’ Taylor argues that ‘there is no adequate description of how it is with a human being in respect of his/her existence as a person which does not incorporate his/her self-understanding.’ (Taylor, 1983, p. 144)

I argue that the strict liberal accountability frameworks perpetuate the status quo by simply providing additional information to stakeholders without critically investigating what corporations are doing to the natural environment. The relationships between strict liberal accountability frameworks and stakeholder theory perpetuate an instrumentally conceived understanding of the role of accounting. In the copious literature on modern environmental and social accounting a distinct strict procedural and liberal democratic discourse exists which accords corporations a privileged position as the agents of social change (see Canadian Institute of Chartered Accountants, 1992; Australian Accounting Research Foundation, 1997).

In addition, liberal democratic societies are constructed on the foundations of a social contract between citizens, according to which society is distinguished by its liberal notion of voluntary association. I argue that a communitarian conception of accountability is meant to make unnecessary a social contract that relies on liberal principles that are entwined with an instrumental conception of practical reasoning. A communitarian correction seems necessary because the accounting profession’s recent initiatives defines environmental accountability as involving a process that standardises environmental concerns by identifying, where possible, environmental assets and liabilities. While these problems were not envisaged by early environmental accounting theorists it is becoming well known that the accounting profession has been inspired by these viewpoints to define environmental accounting according to instrumental precepts as a way to legitimize their activities. Communitarians worry about the tendency to reduce practical reason to instrumental reasoning which is the type of reasoning used by economists to arrive at optimal solutions at minimal costs (Taylor, 1995a,b,c), and is a central strand in contemporary liberal and accountability models.

I argue that modern social and environmental accounting frameworks have a tendency to defer to instrumental criteria, therefore, limiting the scope for a sense of practical reasoning to consider the ways and means by which we are governed, monitored and regulated. Gray, Owen and Adams

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3 One reviewer noted that the conception of ‘community’ I have in mind is somewhat nebulous, but this problem can be overcome by recognising that modern political debates revolve around a liberal-communitarian axis. Within this debate both Habermas and Taylor express the view modern liberal theory has severed links with democratic and republican ideas, that is through the public sphere that members in the community lay claim to the political process as part of a republican order of a constitutional democratic state. Thus, a republican political model provides a means to organise society and its various communities so that important social, cultural, identity-forming and linguistic traditions are given equal access to the political process. (see, Pettit, 1997).

4 I use the concepts of social and environmental accounting as two interlocking social mechanisms which can be used to engage the hegemonic and destructive forces of the capitalist relations of production. For example, social accounting has been developed to measure and verify the effects of, among other things, the costs of plant closure, levels of emission, waste and pollution. I argue that we need to go further and interrogate, discuss and debate these external corporate effects and that accounting can escape its narrow and instrumental role, itself a reflection of a utilitarian motive to maximise human needs and wants.

5 Put simply, ‘practical reason’ is the type of reasoning we use in our everyday deliberations to make moral and ethical decisions. Taylor, like McIntyre, argues that modern political theory submerges morality (moralis) within ethical (ethicus) considerations. Consider Taylor’s views on Rawlsian and Habermasian frameworks. Taylor argues that however welcome are their views in broadening the role of the state they offer only procedural principles to redress inequality and deprivation. ‘The “worst-off” members of society, to use Rawls’s term, may still be left wrestling with debilitating self-images that mere procedural recognition of their intrinsic worth as persons is scarcely able to assuage’ (Porter, 1995, p. 204).
(1996) develop a conception of accountability based on Rawlsian liberal principles, where people are not exclusively, as they are in Hobbes’ theory, motivated by selfish and individualistic assumptions (see also Lehman, 1995; Mouck, 1995). In the work of liberal accountability reformers it is argued that corporations can be transformed and made accountable (see Gray et al., 1996). Gray, 1989; Gray, Kouhy & Lavers, 1995) argue that their sense of liberalism acts as a means to accommodate the plurality of different interests in society, all of whom reflect different claims for information concerning corporate activities. Toward this end, the Gray–Owen project privileges participatory democracy through a lens refined using the work of Rawls (1971, 1993) and McPherson (1979). In modifying classical liberal and democratic views I propose that state–civil society can work together to create participation and a positive conception of freedom where corporations can be made accountable to act in the public interest. One part of the state’s role would be to provide regulation and procedural structures where the needs of stakeholders in a pluralist democratic society are addressed. In providing formal political recognition of stakeholder rights for social and environmental information, the neo-pluralism of Gray–Owen modifies the classical liberal view of state and civil society, thereby addressing stakeholder needs. However welcome the proposals of Gray–Owen, they do not provide the type of understanding of the relationship between state and civil society that is required on civic republican terms. Not enough emphasis is given to the role of civic institutions as a means to overcome the problems of command and control models of state regulation.6

Taylor goes further than the neo-pluralism of Dworkin (1987), McPherson (1979), and Rawls (1971) which undergirds Gray, Owen, and Maunder (1988, 1991). A civic republican model inspired by Taylor offers a means to capture the hegemonic implications of transnational global capitalism and provide a way to understand the social and environmental implications of this phenomenon. What is at stake is a theoretical need to consider the implications of global capitalism, which has provided corporations with an ability to transcend nation/state boundaries and reap the economic rewards that follow from short-term and unsustainable economic practices. It is easier than ever before for corporations to move offshore when regulations are enacted against their interests, thereby side-stepping regulation and maintaining profitability in economies desperate for capital inflow. The most urgent questions facing modern democracies are not pluralism, but what democracy and community mean when public intervention and decision-making are made by corporations that have no commitment to local economies and communities. Explosive social problems in many parts of the world have accentuated the ability of some nation/states to feed and clothe their populations, thereby making these nations susceptible to corporate demands for cheap labour. This situation makes it easy for corporations to move from hostile countries with too many stifling corporate controls and regulations. Moreover, newly industrialising economies are susceptible to the vagaries of ‘capital flight’, where the technological enterprise itself is commodified making it easier for global capitalism to sow its destructive seeds in all parts of the world.

Furthermore, Owen, Gray and Bebbington (1997, p. 186) have recently expressed their commitment to instrumental reasoning when they explain that they are not convinced by the radical critique of social and environmental accounting. They state:

...any intervention by the accounting function within the environmental sphere is prone to capture by powerful vested interests. In particular, it effectively serves to silence ‘other voices’ concerned with the democratic, ecological and ethical dimensions of environmentalism. However, we remain far from convinced that this is necessarily the case.

6 The problem with regulation can be expressed because proceduralists like Rawls and Habermas take the right to be prior to and independent of what is good, but this only narrows ethics to rule-driven criteria, thereby severing virtue-centred ethics from our understanding of practical reasoning. It is said that the priority of the right over the good leads to a procedural republic that is more concerned with rules about what is right (than what is good) (see Francis, 1991). Where the ‘good’ is marked out in this discussion means whatever is marked out as higher by a qualitative distinction, and then we can say that the good is invariably prior to the right.
While remaining unconvinced of the radical critique of accounting, Owen et al. (1997) proceed to argue that pragmatic changes to corporate policy can be construed as part of a broader strategy which relates humanity to nature. Owen et al. (1997) believe that liberal democratic institutions can be transformed according to principles of fairness, justice and accountability (see for example Gray, 1989; Lehman, 1995). What this article aims to do, however, is extend liberalism from its procedural parameters as part of a broader communitarian social structure. Thus this article takes issue with the procedural turn implicit in recent environmental accounting models. While the developments of the Gray–Owen model in seeing ‘politics of the state’ tackle issues of social deprivation and environmental destruction are welcome, their model is not an adequate means to explain the need for institutions in both civil society and the state that tackle the globalisation of capitalism. Taylor’s interlocking means to explain civil society and the state aims to transcend the procedural tendencies within liberal accountability models. It is therefore possible to avoid the standardisation and commodification of environmental issues by using a broader critical, democratic and interpretive process.

The procedural and instrumental tendencies within reform accounting models can stall the construction of more critical and interpretive models. In part, the concern expressed herein is with the strict liberal assumptions on which social and environmental accountability models have been developed. In part, modern accountability models emerge out of the modern liberal accountant’s desire to use an instrumental conception of practical reasoning to develop principles of justice. Strict liberals maintain that these principles exhibit universal characteristics for all people across secular time and space. It is argued that the procedural structures on which social and environmental accounting models have been constructed can fail to fundamentally change how companies treat the natural world.

Strict liberalism maintains that a procedural method is superior to its utilitarian alternative—which relies on maximising the greatest happiness for the greatest number. Liberal accountability theorists concur and maintain that in providing more information corporations are satisfying the needs of different stakeholders. In developing the criterion of accountability I use Charles Taylor’s critique of contemporary liberalism to investigate the usefulness of accountability frameworks. Taylor’s work has been referred to as neo-Hegelian because it relies on the work of the German philosopher George Wilhelm Hegel and takes a distinctive communitarian position toward deontological liberalism and its alleged artificial and ahistorical conception of the self. In developing a communitarian accountability model a better understanding of the relationships between humanity and nature can be achieved.

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7 I argue that it is possible, however, to develop a more ‘complex’ liberalism which considers the relationships between humanity and nature, using Taylor at the ontological level and Rawls at the advocacy level (see Lehman, 1993, 1995, 1996).

8 It is instructive to note the title of one of the more recent publications by Gray, Dey, Owen, Evans and Zadek (1997): ‘Struggling with the praxis of social accounting: stakeholders, accountability, audits and procedures’. As I note later, Gray et al. seem to conflate liberal pragmatism to a Marxian notion of praxis—oriented towards an emancipatory telos—with pragmatism—oriented towards a more diffuse notion of use (decision-usefulness, perhaps).

9 Strict liberalism exhibits a universal rights-based method that operates according to an apodeictic conception of practical reason. Apodeictic reasoning is the type of reasoning used by liberals to derive master principles like the categorical imperative. I identify liberalism with the assumptions that the individual is the prime focus of social policy, that the state has a limited role and a commitment to individual and fundamental human rights.

10 I intend to interrogate how an environmental accounting has been developed which ‘...seek[es] to militate the negative environmental effects of conventional accounting practice; separately identifying environmentally related costs and revenues within the conventional accounting systems; taking active steps to set up initiatives in order to ameliorate existing environmental effects of conventional accounting practice’ (Gray et al., 1996, p. 13). This article explores whether this movement can be repoliticised in the redevelopment of the public sphere.

11 Environmental audit is taken here to involve a management tool that is used by companies to carry out internal evaluation of their environmental compliance and performance.
I link the model of environmental accountability developed in this article with communitarian ideals which expand the role of the public sphere through a hermeneutic method, in the conviction that the fruit of debate and dialogue will be a better understanding of the community’s aims and directions. A communitarian conception of environmental accountability is entwined with the criterion of authenticity, itself a moral ideal of self-fulfilment, or being true to oneself. Authenticity, a central communitarian feature, involves a sense of retrieval, using the interpretive (hermeneutic) method, through which humanity regains a glimpse of the importance of relationships not only among humans, but also with nature.

As the globalisation of markets broadens, it is becoming increasingly evident that we are now dealing with supranational corporations that have been partially responsible for what has become known as a ‘democratic deficit’. On the one hand, with increased immigration, interstate mobility and integrated markets in liberal democracies the community has never been more united. On the other hand, the community seems more alienated from government, and the globalisation of markets has added to this effect because decisions no longer seem to be in ‘our’ hands (Bailey, Harte & Sugden, 1994). Charles Taylor argues that this ‘democratic deficit’ can be addressed by an informed public debate in civil society, thereby providing a forum to discuss issues of ‘significance’. This Taylorian way to think about the ‘significant’ factors that impact on our lives is related to a broader way to think about the role of accounting and its relationships with the natural world.

Since this article develops what Taylor calls a broader expressive role for practical reasoning, many of the arguments herein are necessarily speculative, as one would expect from any teleological framework. This is because Taylor’s model moves away from modern forms of procedural liberalism which rely on instrumental reasoning to devise politically neutral principles. Taylor aspires to explain how liberalism has a tendency to submerge the intrinsic value in nature which people feel when they come in contact with nature. Yet, in extending accountability through a communitarian lens, this article cautions accounting theorists committed to change through the existing social system and takes issue with earlier liberal democratic accountability models which, with hindsight, fail to tackle the social causes of the environmental crisis. Thus social and environmental accounting frameworks have the potential to perpetuate the destruction of the natural world that they are meant to protect.

There are four inter-related sections. The first examines the dominant liberal models of accountability: Wildavsky’s (1994) libertarian critique of environmental accounting, Gray et al.’s (1997) reformist new liberal agenda, and Taylor’s communitarian correction to liberalism as a broader and critical contextualisation of the public sphere. The second section explains the role of dialogue in developing an accountable society, thereby exploring the assumptions on which modern liberal accountants construct their frameworks. The third section investigates the role of social and environmental accounting and auditing in setting the scene for a broader, ‘post-communitarian’ model, and explores the limitations of accountability models (see Hoskin, 1996). The final, ‘post-communitarian’ section explores the role of corporations in the environmental debate, reflecting my secure conviction that corporations are an inappropriate vehicle on which to develop an accountable society. This section points out that within communitarian theory there is a dialectic that can be used to develop a critical and interpretive public sphere in which corporate activities are evaluated.
2. Accountability mechanisms in the public sphere

To begin, it is worth pointing out that in liberal democracies liberalism can be entwined with accountability in many different ways. For example, modern social and environmental accounting has taken a managerial and procedural turn, thereby perpetuating the idea that humanity can control and manage nature (see for example the self-regulatory structures that have recently been developed for environmental management—the European Management and Audit Scheme (EMAS and BSO 7750)).

In the accountability literature three dominant liberal models of social and environmental accounting have been developed. First, Wildavsky’s (1994) critique of environmental accounting, more correctly defined as libertarian than liberal, is examined. Second, procedural liberal models are discussed which have been used to inform a model of accountability that aims to create better relationships between the accountor and the accountee (see Gray et al., 1996). Third, an interpretive communitarian correction to the procedural value judgements in strict liberal accountability models is developed as part of a democratic public sphere (Francis, 1991, Taylor, 1989a, 1995a, b).

In his critique of environmental accounting, Wildavsky recently disagreed with the assumption that an environmental crisis is real and impending (Wildavsky, 1994). He believes that modern environmental accounting and environmentalism are based on the spurious assumption that an environmental crisis exists, and that if such a crisis were to eventuate, the market mechanism would offer the most promising path to solving it. In relying on the market mechanism, Wildavsky’s model assumes that by making more economic resources available it is possible to rectify any damage done to the environment. Wildavsky explains:

From the axiom of Connectedness (the healthful and harmful consequences of any given thing are intertwined in the same objects) it follows that water drowns, natural food contains the same amount of poisonous substances as an entire year’s pesticide residues from the agricultural and food-processing industry... It also follows that harms to environmental values, to the extent they exist, are no different than other harms. Singling them out for attention is a sign of special privilege. If all the harms done in the world, either agreed or claimed, had to be subtracted from national product accounts, there would literally be no end to them. Environmental accounting is like bringing a class action suit without having to provide evidence. (Wildavsky, 1994, p. 479)

Free-market libertarians ‘such as Wildavsky’ assume that if the market is allowed to operate without impediment, social and environmental issues can be solved by technological means. In particular, the libertarian supposition that no environmental crisis exists has been outlined thus:

...again there is substantial agreement that the use of CFCs and halons has led...to an increased incidence of skin melanomas, cataracts and related diseases... I believe the opposite is more nearly correct. At a minimum, if the ozone layer thins for a few weeks over the Antarctic, thereby increasing ultraviolet radiation in those areas, one cannot get sick in London or New York. The sheer gullibility of similar reports in these books is remarkable. (Wildavsky, 1994, p. 473)

Intuitively two points are relevant. First, scientific evidence now indicates that global warming is real and impending, and this requires some political and economic response (see, for example, Kendall & Pimentel (1994) and in particular, the recent climatic change report (McMichael, Sloof & Kovats, 1996) which indicates that there are discernible changes in global warming). Second, market-based liberalism forecloses debate and dialogue in the public sphere because it is assumed

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15 EMAS (the European Management and Audit Scheme (CEC, 1993)) was originally designed to be mandatory. BSO 7750 is similar in nature to EMAS as an initiative for industrial sites, although the former is designed for European structures while the latter may apply to any organisation and has its counterpart in the International Standards Organization 14000 series (see Power, 1997).
that the role of the state should be minimal and limited—this will be taken up in the latter part of this section.

In consigning accountability to free-market political and environmental mechanisms, the value in nature is reduced to a pricing concern that aims to balance what people are willing to pay to preserve nature against other goods. When the pricing mechanism is the means to balance social and environmental interests, the role of the political sphere becomes secondary to the economic sphere. In effect, the creation of social and environmental harmony depends on the ability of the market mechanism to accrue political power to enforce market decisions concerning the political process. Indeed, hope in the market model is based on the assumption that the separation of political processes from the free market provides a rational means to resolve social conflicts such as those between the interests of development and those of the preservationists.

The problem with free-market models concerns the difficulties economists have with the relationship between their revealed truths about the market and distortions imposed on their efficiency visions by the normal politics of a far-from-ideal polity. These concerns create a need to develop an accountability perspective that challenges the free market and provides political means to resolve conflicts about the natural environment. Gray et al. (1996) and Owen et al. (1997) have provided useful ways to develop the criterion of accountability and argue that it involves reporting to relevant publics. Unfortunately, the mechanisms developed by Gray et al. (1995, 1996) and Owen et al. (1997) have the potential to slide unconsciously back to pragmatic managerialism, thereby providing means for the profession to perpetuate what Taylor would refer to as an enlightenment culture of modernity. By this I concur with recent sociological arguments that without vibrant, nested public spheres the battle to revitalise ‘the public sphere and reclaim politics for an empowered citizenry will face a Sisyphean battle, especially since corporate colonization, the global capitalist order, media myth-making, and ‘post-modern’ social fragmentation are all so firmly entrenched.’ (Boggs, 1997, p. 777).

Gray et al. (1996) aim to reform accounting through the technology of social and environmental accounting, to make corporations accountable to the community. In creating such an awareness, a public sphere that takes seriously the assumption that humanity and nature are mutually constitutive over time offers one means by which to discuss fairly the direction of the community. The development of this accountability model provides a challenge to the optimism in economic frameworks that express the non-instrumental significance of nature in terms of monetary incentives. Gray et al. (1997) argue that environmental accounting is one such means to provide a vehicle for other voices to be expressed in the public sphere. It is noteworthy that the accountability model of Gray et al. (1996, 1997) seems to be moving toward a communitarian position under its own steam, but stops short of these development by privileging the role of the corporation as an agent of social change. Gray et al. (1996) are particularly concerned with libertarian liberalism and argue that corporate excesses can be tempered through a democratic framework in which accounting provides the production of social accounts (Gray et al., 1997, p. 327). In examining the interdependencies between social and environmental accounting they ‘remain cognizant of the radical critiques of social accounting’ (Gray et al., 1997, p. 327). As noted, it is problematic whether the pragmatic gains from a ‘liberal accountability’ framework are analysed to investigate whether social and environmental accounting can engage the hegemonic forces of capitalism (discussed later).

The implicit disagreements between Wildavsky’s libertarianism and proponents of environmental and social accounting reflect a wider set of issues concerning the role of the state in enforcing ‘accountability’ relationships such as those between the accountor and accountee. In liberal democracies, effective accountability mechanisms

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16 Some communitarians believe that a new view of the entrepreneur is a welcome initiative (Spinosa et al., 1995). It is this thread which recognises the many hard-won gains made by social and environmental accountants (see Taylor, 1995a, b). Nevertheless, caution is advised when modifying the capitalist mode of production, which submerges the goods that are worth pursuing.
are referred to a free market as an expression of an efficient social structure in which accountability is assumed to flow freely from within the market. Gray et al. (1996) and Owen et al. (1997) explain the limitations of free-market models by making a case for the regulation of environmental accounting, but they do not explain what is to happen if relevant publics do not act on the additional environmental information provided.17

I argue that the development of procedural accountability criteria provides a means through which corporations can legitimate their activities. Gray et al. (1996) do not critically investigate the links between procedural frameworks and traditional accounting models, which provides a means to redefine environmental accounting within the traditional and strict liberal auspices of traditional decision-useful accounting. This link in the argument recognises that traditional accounting models operate using a utilitarian-liberal mechanism to maximise humanity’s pleasures and minimise any pain.18 The net effect is to submerge environmental sources that could help people understand that humanity does not always have to impose its footprint on nature. The possibilities for debate in a public forum are limited where the aims of humanity become focused on basic wants and needs. Nevertheless, Gray et al.’s (1996) liberal accounting arguments are an advance over traditional ways of thinking about corporations and society.

A broader communitarian framework seeks to bring about social change through informed dialogue in a public sphere; in questioning the assumption of economic growth it is suggested that procedural liberalism could be used as a corporate mask to perpetuate unchecked economic development that is destructive of nature. Moreover, the theoretical problems within Gray et al.’s reform liberalism reflect some problems in Rawls’ extension of liberalism, which has also been criticised in the philosophical literature because of its individualistic conception of the person, its limited understanding of the state’s role and its reliance on representative democratic structures which seem distant from the people (see Neu, Warsame & Pedwell, 1998). Taylor, in particular, has argued that modern liberalism is limited by its procedural political structure and that the ideology needs to be modified (Taylor, 1989b). Taylor’s communitarian model shares with Foucault a profound concern with modern liberal models which reflect a ‘will to power’ that pervades modern communities thereby imposing a mild form of despotism over society (Taylor, 1984). Taylor’s work is concerned with liberating humanity from the shackles of modern instrumental forms of reason, which many critics believe have reduced the criterion of accountability to the ‘conduct of conduct’. In different terminology, modern forms of accountability have become entwined with an ‘economic machine’ which informs an accountability perspective that does not investigate the limitations within the corporate form. The reform liberal agenda proposed by Gray et al. (1996) and Owen et al. (1997) is limited in that they rely on corporations as agents to bring about social and environmental change.

Taylor, however, also believes that a free market is an inadequate reflection of a vibrant public sphere, which consists of two distinct realms: civil society and the state. In pointing out that civil society exists, Taylor argues that a good deal of social life exists independently of the state as a reflection of freedom and autonomy. Or, as Honneth (1993, p. 19) puts it, civil society refers to all ‘the civil institutions and organisations which are prior to the state, as being the precondition for any resistance on the part of the citizen against the dictatorship of the party bureaucracy’. Thus, civil society refers to a space where humanity acts without state tutelage and to the social networks which provide scope for human flourishing and interaction. In recent times, two distinct conceptions of civil society have become integral to our understanding of its role and relationship with the state. In what follows I shall explain that civil society can be thought of in market terms or looked at through a communitarian lens which develops a public space. The communitarian

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17 What is to happen if the democratic process throws up an outcome to continue development at the expense of preservation?
18 The link between utilitarianism and procedural liberalism is predicated on the ad hominem conception of practical reasoning.
conception of civil society creates a third conception, involving the transformation of the democratic structures in society.

The first conception of civil society is as an economy; that is, as a whole of interrelated acts of production, exchange and consumption which has its own laws of dynamic. This is the model of social interaction developed by Adam Smith (1937), in which social life is potentially outside the ambit of politics of the state. Accounting is an integral component in this economic discourse, which operates on the view that each person should be free to choose their own ends, whatever they may be. This free-market liberal perspective has become entwined with procedural conceptions of instrumental reason that reduce environmental and social relationships to calculable and economic units. This is the arena in which modern accountability models are at home (see Canadian Institute of Chartered Accountants, 1992; Australian Accounting Research Foundation, 1997).

Neoclassical and free-market models, in which performance is reflected in terms of profit that transforms natural capital into productive capital, have come to dominate how we think about accounting. It will be recalled that this way of thinking about nature relies on instrumental reasoning that submerges other values and ways of being in the world. Moreover, with the shredding of safety nets (and the dismantling of environmental protection agencies) the processes of capital accumulation are now more acute than ever before. Yet modern social and environmental accounting theorists do not examine their own intellectual tradition and fail to raise a hand against the colonisation of environmental theory. This colonisation is taking place in the form of the decimation of basic institutions in society with the replacement of the self-regulatory structures such as EMAS and BSO 7750 (CEC, 1993; BSI, 1993).

A second way to think about civil society, a communitarian conception, is through the public sphere, or what Taylor calls a 'public space', which involves exposing the practical encumbrances within procedural and instrumental frameworks. For example, both Taylor and McIntyre point out that Aristotle saw the public sphere as a political arena where citizens debate and talk about the direction of the community (see Francis, 1991). This all changed in the eighteenth century— with the advent of the technological revolution a new sense of public space emerged through books, print and other media. Thus, a new channel of public opinion developed and new political structures emerged. Civil society develops through the economy and technological media, and it is in this sphere that accountability relationships are formed and developed, independently of the state. In this model, the role of corporations and other institutions is not accorded a privileged status. Citizens are situated within civil society, and social solidarity and understanding are worked out through complex patterns of social interaction rather than through an arrogational or imposition state. Moreover, this communitarian model differs from procedural accountability models that are derived from the work of Rawls and Habermas because it questions why we rely on rules and procedures in the first place; this model works from the ground up, so that the direction of society is the result of debate and dialogue. The model is premised on the fact that all democratic societies are permitted to rule only on the sufferance of the people.

A third way to think about social and environmental change is suggested in Gray et al.'s (1997) claim that environmental accounting can be developed while remaining cognisant of a radical critique. This path involves drawing out the critical and interpretive dimensions in the public sphere through which understanding and self-rule are created in society without deferring to a market, or the force of a modern state. Thus the dialectic between civil society and the state acts as the focus for change, thereby transcending citizen alienation by creating space within itself rather than within the state. This third, also communitarian, conception shares with Habermas' model a concern with the possibility that the state rides rough-shod over citizens' desire for self-rule.

Habermas, for his part, disagrees profoundly with these communitarian arguments. In Between Facts and Norms, Habermas (1996) makes a very strong case for the rule of law to create procedures that protect citizens from any substantive and monstrous conception of the good (see Power &
Laughlin, 1996). Habermas’ liberalism has been widely interpreted as a response to communitarianism, which he believes is likely to lead to authoritarian political contexts. It is for this reason that the accountability framework developed herein retains liberal principles but wants to draw out the dialectical and critical threads that can be developed in social and environmental accountability models. Taylor’s model aims to invoke change through all levels in society, and this implicitly questions why ‘the systematic development of social accounting requires that the organization be the reporting body’ (Gray et al., 1997, p. 339). One wonders why Gray et al. (1996) accord corporations such a privileged status.

To hold such a communitarian view is not to deny the possibility that the state can ride over the interests of citizens. Nor am I advocating an environmental good which lexically ranks higher than any other good (Wildavsky, 1994; Olsen, 1996). Rather, to hold such a view is to express concern about the way procedural liberal models like those of Gray et al. (1996), Habermas and Rawls conceive of the relationship between civil society and the state. To develop a new and accountable world through civil society is not to denigrate the role of the state, but to caution against developing an accountability model within a capitalist system which contains the seeds of its own demise: it will be remembered that capitalism is subject to a disaster clause unless it can find new markets by moving offshore. In contrast to free-market and procedural liberal accountability models, the accountability model developed in this article is the fruit of open and transparent democratic discussion where the state works in conjunction with the people to develop an active and critically aware society.

Accountability therefore concerns not only thinking about the limitations of procedural liberal and libertarian models, but is also about creating a participative democratic system where all voices in society are given a fair hearing. Civil society is the arena within which citizens lay their claims through voluntary associations, organisations and private interests. In this participative public sphere it is not the concept of economic rationality which is appropriate, but a conception of practical reasoning that is related to a notion of ‘insight’, which permits us to discern what is best for our society, what are the goals we want to achieve, and how corporations are to operate in our community. From this viewpoint, accountability cannot be deferred to the blind and impersonal forces of the market, or to procedural and representative structures which take the decisions away from the community. In the accounting literature, Deegan and Rankin (1997) point to one possible pragmatic expression of this communitarian way of thinking when they argue that if organisations do not operate within the boundaries of what the community considers appropriate behaviour, ‘then society may act to remove the organization’s rights to continued operations’ (Deegan & Rankin, 1997, p. 566). Taylor’s model, however, offers a more nuanced means to express the mechanisms of governmentality as a way to develop structures between the state and civil society.

Accountability, considered according to a communitarian model, becomes an enabling technology that creates an interchange between all levels in society with a view to representing the interests of all citizens, not just a select or privileged few. Indeed, there exist some notable communitarian models in the accounting literature which give a nod to the issues under consideration herein (see Arrington & Francis, 1989; Arrington & Schweiker, 1992; Schweiker, 1993; Francis, 1991). Modern forms of accounting, however, tend to...
focus on controlling and representing organisational reality and pay little perceivable attention to the idea that a corporation’s activities impact on the choices available to citizens. It is well known that accounting focuses on providing decision-useful information that steers accounting away from its role of narrating business activities to the community (see Nelson, 1993; Arrington & Francis, 1993).

Stated differently, ‘accountability’ developed without a critique of the institutions of capitalism offers a limited vision of civil society, companies, organisations and the state. This is because its role is simply to provide information to shareholders so that they can utilise scarce resources efficiently. On the one hand, libertarian critics of environmental accountability fail to recognise that democracy requires people to have a say in the community’s common affairs. On the other hand, procedural accounting models (such as those of Rawls and Habermas) develop more rules and regulations that can submerge the dilemmas confronting humanity. A broader communitarian conception of the public sphere involves developing ‘accountability’, through which the roles of corporations are interrogated in the conviction that modern accountability models have got the correlation the wrong way round. It is at the community level that accountability relationships are constructed, not at the corporate level.

3. Accountability, practical reasoning and dialogue

In moving beyond the individualistic assumptions of free-market accountability models a ‘broader’ conception of practical reasoning20 can prove helpful. It will be recalled that instrumental reasoning is the kind of reasoning that we draw on to calculate the optimal means to a predetermined end. When liberal societies make decisions using instrumental reasoning, democratic discussion is inhibited and issues of ‘significance’ are submerged beneath economic and business criteria. For example, in the debates concerning the work of Habermas and Taylor it has been pointed out that Habermas’ model is constrained by the rigid and deterministic rules for discourse that guide the idealised speech situation through instrumental reasoning. Taylor, on the other hand, offers a model in which the community’s direction and aims are the fruit of full and open debate and dialogue through the facility of practical reasoning. It is for reasons such as these that Taylor is useful in thinking about the democratic relationships, which involve accountability as an outcome of exchanges at all levels in society.

Taylor’s communitarian model can develop accountability as a practice which involves two stages. The first stage is the ontological level—a complex concept that has been defined as ‘the factors you will invoke to account for social life’ (Taylor, 1989b, p. 159). In more formal terms ‘they concern the terms you accept as ultimate in the order of explanation’ (Taylor, 1989b, p. 159).

Or, put more simply, the hermeneutic method is like a filter in ontological theorising that concerns explaining the factors important in making life better. In the accounting literature, Arrington and Schweiker (1992) argue that ‘hermeneutics’ is about making clear what was unclear, based on making moral judgements in the community. The second stage is the advocacy level, which involves the policy proposed in the community, and this encompasses the enabling of accounting. Taylor wants us to recognise that these two levels can – but do not always impact on each other (Taylor, 1993). Thus the construction of new worlds can be enabled through practical reasoning which, as noted, differs from accountability models such as modern procedural liberal models which rely on economic rationality and reason as a reflection of instrumental reasoning (Taylor, 1998a, p. 159). Following Hegel, Taylor argues that community concerns about the common good and deliberation (judgement) are submerged within liberalism (see Francis, 1991). In thinking through the limitations of liberalism it is useful to explain that a strange and partial overlap between the libertarian and procedural liberal models dominates contemporary accounting and political discussions. These two liberal models share a commitment to instrumental reasoning: one path leads to a free market

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20 Practical reasoning is the faculty through which humans make judgements.
(libertarian) while reform liberalism offers a procedural path to ‘democratic accountability’.

While Gray et al. (1997) recognise the limitations of free market arguments they stop short of developing the interpretive dimensions implicit in their work. In not taking this extra step they remain imprisoned within the restrictive parameters of instrumental reasoning. Instrumental reason cramps the possibilities for humanity to follow, thereby narrowing the possibilities for social change to procedural structures. Thus, *instrumental reasoning* is characteristic of those liberals who aim to apply predetermined principles to social and environmental problems as they arise. Taylor wants us to avoid this tendency and argues that practical reasoning can be developed in a way which escapes these limitations by creating a public sphere committed to discussion and debate. As noted, Taylor’s method offers a different way to think about *practical reasoning* and involves recognising the limitations imposed on humanity by this way of thinking. A communitarian model aims to expose the limitations implied by strict liberal and procedural liberal models. Taylor’s communitarian refraction of procedural libertarian and liberal forms of reasoning is designed to expose these limitations. Taylor asks us to think about what practical reasoning and how it relates to society’s institutions.

First, an *apodeictic* conception of practical reasoning is used by modern liberals to claim the universal truth of a particular proposition. This is the type of reasoning Rawls used in developing his two well-known principles of justice behind a veil of ignorance and which can be used to justify environmental and social accounting standards. Modern liberals assume that these principles operate across secular time and space. While Rawls’ model is helpful in explaining the inadequacies of contemporary free-market arguments it does not develop fully a way to think about how people can lead better lives when they stand in certain non-instrumental relationships with nature. I take it that the reform liberalism of Gray (1989, 1992) and Gray et al. (1996, 1997) is based on these liberal assumptions and aims to apply to organisations social and environmental techniques to create a congruence with the aims of the community.

Second, an *ad hominem* conception of practical reasoning can be developed in a mild or a strong way, which can be used as a basis for a participative democratic system that creates exchange between all levels in society (Taylor, 1993). For example, utilitarian theorists rely on an *ad hominem* model when they claim that ethics should be about maximising happiness and minimising pain (accounting reports information only if the perceived benefits are greater than the costs). Yet this is not the end of the story because an *ad hominem* approach can be developed in an interpretive and critical direction that is concerned with values, beliefs and life plans. Taylor argues that an *ad hominem* method can also be used to develop an accountability model which creates a critical and democratic contextualisation of the relationships between humanity and nature. Taylor undertakes such a journey and argues that his *strong form ad hominem* model aims to create levels of interchange in society, taking into account different background assumptions and values on which different theories are based. Another way to explain this process is to express the hermeneutic method as a *strong form ad hominem* in developing a better appreciation of what a better life involves (authenticity). Taylor’s model can then be said to disagree with liberal models which impose liberal-democratic values on citizens while creating a system where people arrive at better interpretations of other positions subject to fair principles of adjudication.

A broader communitarian conception of practical reasoning can therefore be used to explain that modern liberal accountability models constrain how we think about accountability relationships and how they impact on our lives. Communitarians rely on Aristotle’s substantive ethic, in which the public sphere is an arena for

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21 Rawls’ (1971, 1979) principles of justice are: (1) Each person is to have an equal liberty to the most extensive total system of equal basic liberties compatible with a similar system of liberty for all. (2) Social and economic inequalities are to be arranged so that they are both: (a) to the greatest benefit of the least advantaged, consistent with the just saving principle, and (b) attached to offices and positions open to all under conditions of fair equality of opportunity.
political debate and dialogue. For example, a public sphere conceived along communitarian lines can escape the restrictive caveats that Habermas has placed within his conception of discourse in an idealised speech situation. It will be recalled that traditional liberal accounting models tend to view accountability relationships using market criteria, according to which information is decision-useful if the benefits are greater than the costs. Thus, modern environmental accountability models premised on classical liberal assumptions do not provide a critical distance from the corporations they are investigating. These models are therefore susceptible to corporate colonisation; that is, without a critical and deliberative focus the public sphere fails in that it does not create an arena for debate and critical evaluation. When environmental accounting is developed using the parameters of instrumental liberal structures there is a natural tendency to attribute costs to environmental projects, thereby applying economic techniques to environmental issues.

On the other hand, when environmental accounting is defined using a critical and interpretive framework, 'accountability' acts to provide the fluid, not only for an efficient social and economic system, but also for the public sphere. There exists, therefore, a legitimate concern to integrate the environment, not as a cost—as in some esoteric reduced-form equation—but as an essential component and source of the modern secular self (Taylor, 1989a). This means rethinking the relationships between environmental accounting, practical reasoning and the public sphere.

Yet when practical reasoning is constrained by liberal procedures the public sphere and accountability relationships fail to provide a role for the state in developing a politics of civil society which gives all viewpoints a fair hearing. It is quite possible that ecological problems such as the ozone layer, global warming, deforestation and diminishing biodiversity are submergered, or worse are deferred to a free market. It is for these 'practical' reasons that Ekins (1993) expresses concerns with the narrowness of free-market liberalism. Ekins states:

There are many, including myself, who believe that given a reasonably free market, technology can generally be depended upon to find a substitute for almost any scarce material resource input (except energy itself). However, there are no plausible technological substitutes for climatic stability, stratospheric ozone, air, water, top soil, vegetation—especially forests—or species diversity. Degradation of most of these is irreversible. In every case, total loss would be catastrophic to the human race, and probably lethal. Although technology can create (and money can buy) many things, it cannot create a substitute for the atmosphere or the biosphere. Technological optimism, in this regard, is simply misguided. (Ekins, 1993, p. 195)

In taking seriously the claim that 'limits to growth' exist and impact on sustainability, an opportunity is provided to establish a link between this claim and the importance of the inter-relationships between humanity and ecological processes. Moreover, in accepting the supposition that modern economic discourse tends to ignore issues about ecological resiliency, we are presented with a dilemma concerning the direction and shape of society. In reviewing accountability arguments, it becomes clear that accounting has a moral obligation to provide 'information' which assists in constructing a just, fair and viable society (Francis, 1994). In the following section I outline some steps toward the development of a broader accountability model which builds on the democratic and communitarian conception of practical reasoning that has been developed so far.

4. Communitarianism, ontology and accountability

This section investigates the role of social and environmental accounting and auditing in setting the scene for a broader 'post-communitarian' model which explores the limitations of accountability models (see Hoskin, 1996). In modern liberal theory, the role of the state is contested, which probably explains the lack of discussion concerning the state's role in modern environmental accounting models. Modern liberalism operates with a negative conception of freedom which
encompasses ‘...the area within which the subject—the person or group of persons—is or should be left to do or be what he is able to do or be, without interference by other persons...’ (Berlin, 1969, pp. 121–122). Both Rawls and Habermas, however, extend liberalism from its moorings in negative freedom and a limited state by arguing that the state has business interfering in civil society when justice and fairness are at stake. On the one hand, Rawls argues that a liberal society is one in which the role of the state is limited by the restrictive caveat that ‘liberty can be restricted only for the sake of liberty’ (Rawls, 1971, p. 330). On the other hand, Habermas’ conception of the state would have it limited to protecting the rules for discourse in the idealised speech situation.

In narrowing the state’s role to the protection of individual autonomy we lose sight of the collective dimension of our relationships. While communitarian models develop a collective conception of public deliberation, it has been pointed out by Marxian inspired critical scholars that a critical interpretation of these relationships is also necessary. This problem can be overcome by developing the third conception of the public sphere which, as noted earlier, involves developing a dialectic using hermeneutics as part of a critical engagement with the processes of corporate colonisation (discussed later in this article). It is worthwhile, for our current purposes, to examine the political voluntarism that is part of modern accountability frameworks. For example, Francis’ Aristotelian work states:

For McIntyre, as for Aristotle, the exercise of virtue requires a capacity to judge, to do the right thing in the right place at the right time in the right way. The exercise of judgement, then, is not merely the routine application of rules or laws. Hence judgement has an indispensable role in the life of the virtuous person which it does not and could not have in the life of the merely law-abiding or rule-abiding person. (Francis, 1991, p. 13)

From this perspective, accountability involves the art of making judgements and is moulded around the idea of fairness, which involves doing the right thing in the community. It is one thing to do the right thing but it is certainly another matter to alter the direction of modern conglomerate corporations. From different ideological perspectives, Burritt and Welch (1997) and Haslam and Gallhofer (1997) argue that a role for the state involves enforcing the community’s demands for a safe environment. These valuable arguments, however, explain only one side of the dialectic between the state and civil society and pay little visible attention to the development of the institutions in civil society which enhance, protect and develop the relationships between the accountor and accountee.

A communitarian and accountable model requires an interchange between all levels in society that involves critically changing and adapting community attitudes. On the one hand, free-market liberals can respond that government regulation has proven quite incapable of commanding and directing the economy. On the other hand, radical critics would worry about a model for social change which defers its decisions to an impersonal and free market because of the failure of the latter to engage the structural strengths that some capitalist firms have in the market. It is difficult to imagine multinational corporations exhibiting concern for the local community when an opportunity presents itself to move offshore to take advantage of lower taxes and wage rates.

Taylor develops these arguments at a philosophically abstract level and invites us to consider the possibilities that confront us, such as:

- the implausibly narrow conception of what it means to be a person in a liberal democracy;
- the voluntaristic conception of civil society and the state that engulfs liberal democracies.

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22 Rawls’ liberalism was designed to overcome the undemocratic implications that arise when society acts according to utilitarian logic. Second, the definition of the liberal self is based on the idea that people should be held responsible for their actions, and the state’s role should be limited to maintaining the system’s structure. The third liberal premise is the principle of neutrality based on the view that no single perspective should be given political precedence in the public domain. More recently, Rawls has pointed out that his constructivist method can be applied to significant issues like nature and workplace democracy (Rawls, 1993, pp. xxvii–xxiv).
Taylor argues that the community must recognise the problems with free-market and managerial perspectives, and this involves moving toward a mode of understanding which instantiates meaning in our life. Meaning is made manifest through language, which itself reflects our shared experiences and cultural ways of life (see Gadamer, 1975). Therefore, Taylor’s communitarianism offers a certain way of thinking about the importance of certain goods (nature) in our lives.

At this point it is worthwhile pointing out the communitarian concern with Foucault’s archaeological and genealogical technologies, which have significantly influenced accounting. Foucault explains how the practices of modern freedom have ‘been constructed out of an arduous, haphazard and contingent concatenation of problematizations, strategies of government and techniques of regulation’ (Rose, 1996, p. 61). Taylor disagrees with Foucault and is of the view that language transmits and reflects the background horizons of our meaning and values. For communitarians the argument inspired by the work of Foucaultians and postmodern theorists that language can be interpreted in many different ways and that there are no truth claims are challengeable. It seems that ‘postmodernists’ contradict themselves by presupposing the universal validity of at least one truth claim, namely, the one made in the previous sentence that there are no truth claims.23 Taylor says of Foucault:

Gains and losses do not tell the whole story. There are also elements of incomparability. The reality of history is mixed and messy. The problem is that Foucault tides up too much, makes it into a series of hermetically sealed, monolithic truth-regimes, a picture that is as far from reality as the blandest Whig perspective of smoothly broadening freedom. Monolithism and relativism are two sides of the same coin. One is as necessary as the other to create this total incomparability across the changes of history. (Taylor, 1984, p. 179)

Foucault tells only part of the story—concerning the discerning losses in the growth of modern control, which involves a certain dehumanisation and inability to understand freedom. Taylor, however, argues that ‘achieving’ accountability and freedom involves understanding that certain goods—those he refers to as ‘hyper-goods’—can be submerged by instrumental forms of reasoning. Hyper-goods are those shared goods in the community which reflect the values that are worth pursuing in a democratic society and which could, for example, be committed to pursuing reconciliation between accounting, civil society and the state. Hyper-goods can be defined as those goods which are incommensurably more important than other goods. With more of these goods we can determine the outcome of lesser, or ‘second-order’ qualitative goods. In other words, hyper-goods act as the basis on which we ‘discriminate among other goods’ that are in tension (Taylor, 1989b, p. 63). Hyper-goods are not only incomparably more important than other goods, but they also provide the background context for making the evaluative choices that we weigh, judge and consider as important. In Habermasian terms these are the goods to which we turn in times of crisis and which reflect our identity and community. Taylor says:

Let me call higher-order goods of this kind ‘hyper-goods’, i.e., goods which not only are incomparably more important than others but provide the standpoint from which these must be weighed, judged, decided about. But then it would appear that we all acknowledge some such; that this status is just what defines the ‘moral’ in our culture: a set of ends or demands which not only have unique importance, but override and allow us to judge others. There has been a common tendency in modern philosophy to define morality by a kind of segregation, though the definition of the boundary has varied. (Taylor, 1989b, p. 63)

In thinking about hyper-goods we begin to see that accountability involves an interchange between all levels in society. It seems, therefore,
that modern procedural accountability models have privileged the corporation as the agent of social change at the expense of other levels of society. Accountability involves not only making corporations comply with legal and moral relationships, but also a process of negotiation, explanation and articulation. Thus, the communitarian argument is not a call for more regulation and state legislation but, rather, aims to create an accountability framework in which political participation creates a sense of belonging and understanding in the community (MacIntyre, 1981; Francis, 1991; Wilson, 1993). Taylor’s thesis relies on the mechanism of ‘equal facilitation’ and ‘maximisation’, which expresses and measures various accountability structures in a civic republican framework. Taylor asks us to consider two interlocutors, X and Y. X and Y each have a certain view, perhaps concerning the state of the environment. The aim of the discourse is to explain why X’s argument is superior to Y’s. If X can assist by explaining problems within Y’s view and on Y’s own terms then the debate has moved forward.

In accepting the axiom of connectedness between social and environmental spheres, we can define the environment as a hyper-good which requires the community’s deliberation (Taylor, 1989b, p. 63). It is problematic, therefore, whether libertarian and procedural liberal models have the philosophical resources to provide ‘space’ for political participation based on the conviction that debate and dialogue can help make clear what has become unclear and submerged. Accountability can escape the straight-jacket of instrumental reasoning implicit in libertarian and procedural liberal models when it is recognised that humanity and nature are entwined in a great chain of being.

While social and environmental accountants are right to insist on the state’s protecting the rights and procedures for democratic accountability, a more adequate account involves developing the inter-relationships between civil society and the state. Modern environmental accounting and auditing do not give enough emphasis to the scope for politics in civil society or to its relationships with the state.

Critics of such a conjunction of liberal and communitarian politics could argue that this definition of accountability is flawed and is a simple characterisation of some complex debates. However, such a critical encumbrance on the hermeneutic method can be disputed, as there are some complex relationships between liberalism and communitarianism. Indeed, this conjunction of liberalism and communitarianism is designed to generate a dialectic which creates new possibilities and ways of being in the community. There is a critical dialectic within hermeneutics (discussed later in this article).

The task involved in developing a critical dialectic to generate new possibilities and ways of leading one’s life has taken place at two levels. The first is a philosophical and ontological examination of the sources that impact on the modern identity. The second stage involves the creation of a public realm which disseminates information among all levels in society. In such a world accounting would move away from its managerialist framework, thereby providing information for the community’s consideration. The criterion of authenticity could conceivably revolve around the role of social and environmental auditing as a way to discuss the information provided by corporations (Power, 1997). In adjudicating, debating and discussing corporate impacts on the natural world, an opportunity is provided to discuss the use of environmental information in the quest to escape the managerialist turn which is beginning to dominate social and environmental accounting models. Indeed, many critics of environmental accounting now voice concern that what is reported in annual reports is nothing but corporate propaganda. It will be remembered that Deegan and Rankin explain that if corporations do not operate within the community’s boundaries regarding any activity, then the community may withdraw its support for that activity (Deegan & Rankin, 1997, p. 567). Their analysis points to a further problem that involves the lack of global environmental directives and regulations, a lack which has provided opportunities for corporations to move offshore and avoid their taxation, social and environmental responsibilities to the community and geographic space.

A tentative solution involves two levels—the national and the international. At the national
level, a broader environmental auditing model can be enjoined with an accountability model that interacts with the institutions in civil society, thereby creating dialogue between corporations and society. The second level involves developing agreements between nation states which would be binding on the participants (for example, the attempt to broker international agreements at the Kyoto Conference). The technology of social and environmental auditing could be a step toward creating discussion and debate concerning these agreements. However, as the recent Kyoto Conference indicates, the task of creating change through debate and dialogue is extremely difficult.

While the ultimate communitarian lesson is difficult to gauge, a communitarian analysis of the neutral state, or constitution, is useful in thinking about the relationships between civil society and the state. Thus the state is embodied and enmeshed within a set of social and environmental relationships which reflect the community’s background horizons and values. In developing some steps toward a ‘post-communitarian’ and ‘critical’ framework a democratic state can adjudicate between conflicts in society, and it is to these issues that the discussion now turns.

5. Post-communitarianism: a dialectical interpretation

In the proceedings thus far, accountability has been scrutinised through an ontological lens to determine the accountability relationships between civil society and the state. I have argued that a viable accountability model must provide information of high quality to assist the community to make better decisions, and that this involves an interchange between all levels in society as part of a communitarian model. Taylor’s republican arguments are built on democratic foundations and act as a means to guard against problems of faction and demagoguery. The principal devices involve a positive role for the state to foster public debate and discussion where accountability acts as a means to assess corporate effects in society and on nature. The criterion of accountability acts to overcome Taylor’s worrying indeterminacy about the precise structure of republican ideals, and what these ideals imply for citizens, companies and governments.

A communitarian accountability model differs from strict liberal models that, as noted, involve the satisfaction of different stakeholder interests, because it adds a critical focus that would remove the corporation’s right to operate if it acted against the boundaries of the community’s considered convictions. In developing a broader accountability model some further steps toward the creation of better relationships between members in civil society and the state can be advanced. A broader communitarian perspective joins with environmental theorists who worry that accountants seem so eager to do something even if it is strategically quite the wrong thing to do.

Notwithstanding the different explanations that have been developed in the literature dealing with social and environmental accounting, I argue that ‘information’ facilitates and impacts on the pursuit of self-rule in the community. Thus, a final thread in this discussion involves whether modern social and environmental accounting frameworks can develop a social praxis for change.24 This argument explicitly draws out the dialectic within hermeneutics, thereby challenging Gray et al. (1995), for whom corporate social and environmental reporting fulfils a legitimization function between the corporation and its relevant publics (Neu et al., 1998). Gray et al. (1995) argue that social and environmental accounting manages the relationship between corporations and society, based on the alleged overlap between stakeholder and legitimacy theory, ‘which are set within a framework of assumptions about ‘political economy’” (Gray et al., 1995, p. 52).

It will be recalled that it is through practical reasoning that we can regain a glimpse of the goals that can be pursued in the community (Schweiker, 1993). This role, however, is submerged when instrumental reasoning narrows our understanding of the role of accounting to financial

24 I argue that Gray et al. (1997) conflate a Marxian conception of praxis, which involves an emancipatory telos, with pragmatism, which operates toward a more pragmatic notion of use (and usefulness).
considerations that reflect market demands. The role and importance of ‘information’ in the public sphere are submerged in the quest to increase the bottom line. It is this latter point which can partly explain:

- the patchy and inconsistent environmental disclosures made by corporations to date;
- the euphoric claims made about environmental reporting awards for best practice;
- the narrow and instrumental understanding of social and environmental auditing.

Modern environmental accounting and auditing have been developed in conjunction with the spirit of free-market individualism, without any state direction and seemingly with little community discussion. It seems that the community’s environmental and social relationships are deferred to corporations, all competing in a deregulated and increasingly transnational market place.

In developing an accountability model, one could use environmental auditing to determine the quality of information in the public sphere, because it is important to determine whether corporate environmental information is reliable and consistent. One problem with environmental accounting is that the information reported seems to be selective. Consider, for example, BHP’s statements in their annual report (BHP, 1995, 1996) concerning their operations in Bougainville (Papua New Guinea). It is reported that the company complies with local laws and those of the state. But I could not find any information or discussion concerning the attitudes of the indigenous people for whom the mining done by BHP is a destructive activity. Without a yardstick of justice it is impossible to determine whether social and environmental reporting is anything more than corporate propaganda. Taylor’s neo-Hegelian ideas are helpful here because he points out that dealing fairly with such issues includes ‘recognition’ of difference and diversity. Taylor states:

The thesis is that our identity is partly shaped by recognition or its absence, often by the misrecognition of others, and so a person or group of people can suffer real damage, real distortion, if the people or society around them mirror a confining or demeaning or contemptible picture of themselves. (Taylor, 1992b, p. 25)

In developing a model of civil accountability, the issue for BHP (and for other corporations) is to expand how they think about ‘recognition’ criteria and other accounting and reporting issues. A communitarian model involves a process of negotiation and explanation concerning whether the community wants mining and exploration. Taylor’s model invokes a process of interpretation and explanation whereby the concerns of indigenous people are given a fair hearing: economic development is not wanted everywhere (Taylor, 1992b). In this case the dilemma for BHP involves reconciling their economic imperative with the demands of the indigenous people. For to do otherwise is to treat the local people’s beliefs and customs with disrespect, which ultimately impacts on their sense of self-worth and value.

Thus, suspicion can be cast on market-based and procedural liberal environmental models which rely on instrumental forms of reasoning. In other words, social and environmental accounting can be constrained by the very practices used to develop its proposals–practices which are based on instrumental reasoning (see Cooper, 1992; Puxty, 1991; Tinker, Lehman, & Neimark, 1991). I suggest that a broader way of thinking about the relationships between humanity and nature helps us to understand:

- the role of accounting as part of humanity’s endeavours;
- the goals to which humanity strives;
- how the state can foster a participative polis committed to open dialogue and debate.

For example, the technology of social and environmental auditing could be developed in a way that counters the dominant instrumental accounting methodologies. Social and environmental accounting could be constructed in

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25 I stress that I am not singling out BHP for special attention. Indeed it is my view that most companies that provide social and environmental information have done so on a selective basis.
conjunction with a state that monitors, regulates and improves the quality of information in the public realm. The question becomes, therefore, not one of more regulation but one concerning the 'authenticity' of information—which includes among other things financial and non-financial data. The criterion of authenticity, moreover, links with the development of accountability relationships which can enable accounting to provide not only decision-useful information, but also information that critically appraises corporate activities (Francis, 1991; Schweiker, 1993). Interestingly, this task is being undertaken by ecological economists, who calculate the ecological footprint of human activities. This process involves calculating each person’s (or company’s) total net use of natural resources (see Wackernagel & Rees, 1996).

In developing an accountability model, ‘information’ is used to assess (audit) corporate impacts on nature, and Power (1997) has outlined two different paths for environmental auditing. The first is the traditional role of environmental auditing (carried out by environmental protection agencies), used to determine the environmental impacts caused by corporations. The second path outlines a role for the accountant as a superordinate professional capable of verifying that the environmental system is working. This second interpretation of an environmental audit involves a managerial-liberal perspective in which the external audit function is a ‘process of control of control’ (Power, p. 141). Power (p. 123) investigates the strategies used by accountants in the emerging market for environmental audits and explains that some accountants have begun to compete for work in the field of environmental auditing. In recent times, for example, the expansion of audit services has resulted in some accountants representing themselves as experts in the field of management control systems, environmental costs and environmental contingencies (liabilities). The managerial turn in environmental accounting and auditing, however, does not develop the accountability implications that would follow from political participation, self-rule and interpretation.

Yet a third path for environmental auditing can be developed using a communitarian framework to create a ‘community profile’ which develops and provides information to the community about environmental and social impacts. A community profile can be thought of as a site where the community considers how resources are to be used as part of the available directions of improving the quality of life in the community (see Hawtin, Hughes & Percy-Smith, 1994). In a number of ways a community profile overlaps with Arnold and Hammond’s (1994) point that social accounts can be constructed as a site where power and privilege are challenged. This is unlikely to occur under EMAS and self-regulatory standards such as BSO 7750 and the modern managerial turn which entraps people in an apodeictic cage. In escaping the perils of modernity and instrumental reason the community must begin to think about who owns the information, who prepares the information and for what purpose the information is being used.

Recognising that corporations own, control and prepare much of the social and environmental information, it is useful to investigate the arguments of Gray et al. (1995) in developing a dialectic and hermeneutic investigation of corporate social and environmental accounting and its audit. This investigation requires two inter-related steps which involve modifying Gray’s interpretation of Marxian political economy, and thereby developing what has been referred to as a ‘post-communitarian’ environmental ethic. First, as Gray et al. argue, modern social and environmental accounting models reflect a hermeneutic engagement between the organisation and society (accountor and accountee). The second step involves a role for the state in critically determining whether corporations have acted in the interests of the community. For example, when discussing a role for social auditing, Gray et al. (1997) argue that the company:

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26 For example, the Brundtland Report argues for up to a five to ten-fold increase in economic growth in both developed and developing economies. Wackernagel and Rees (1996) calculate that the present world population requires at least 9.6 billion hectares to sustain its present activities. If we were to follow the policies advocated by Brundtland this would require about 48–96 billion hectares, or 6–12 additional planets.
...may or may not produce a social account whose principal purpose is to encourage a negotiation for change between the organization and its stakeholders. The precise dividing line, if indeed there is one, needs further definition. (Gray et al., 1997, p. 349)

Gray et al. (1997) proceed to argue that a social audit reflects the construction (praxis) of a new and accountable world. I challenge this argument for two reasons. First, hermeneutics involves developing public spheres which create a process of citizen self-rule won through debate and dialogue. Second, the various claims put forth in the political arena are then democratically ground out by a state committed to justice and fairness (discussed earlier). This process is a dialectical engagement with corporate performance which calls for a critical appraisal of the information provided by corporations (see Neu et al., 1998). One wonders about the extent to which social and environmental accountants have thought about the issues of ownership and control and for what purposes these data, ideas and symbols have been prepared.

In visualising social and environmental accounting I am concerned with the claims made on behalf of the modern technological culture and to what extent these mechanisms can intervene in a public culture committed to deregulation, privatisation and outsourcing. In our postmodern, or late modern capitalist world the question seems to concern the extent to which a critical and dialectical analysis can help us escape a world in which relationships are defined as dualisms—humanity/nature, corporations/society and civil society/state. In attempting to revive the public sphere and engage the institutions, a communitarian political response can at least begin to empower citizenry against the colonising forces of instrumental reason.

In worrying about the direction of social and environmental accounting it is worthwhile pointing out that the proposals offered by Gray et al. (1997) seem to resemble those made by the framers of the Gotha Programme, about which Marx unleashed vehement criticism. Marx argued that the Programme contained ‘misleading, half-meaningless terminology inherited from Laselle and the true socialists, interspersed with vague liberal phrases which he had spent half his life in exposing and eliminating’ (Berlin, 1995, p. 211). The battle to visualise and think about new futures involves recognising the dilemma between individual freedom and an expressive awareness of humanity’s place in nature.

In creating an awareness of these impediments to change a first step involves revitalising the public sphere against the institutions of capitalism, which have on their side corporate power, media representation and the processes of global capitalism (see Neu et al., 1998). These structural strengths exist in liberal capitalist societies and influence the state and the public sphere. As noted earlier, part of the problem in creating environmental and social awareness is understanding the processes of capitalism and how they have foreclosed political debate on these important issues. Toward this end, it is worthwhile remembering Marx’s concern with ownership and private property when he noted that:

Private property has made us so stupid and partial that an object is only ours when we have it, when it exists for us as capital, or when it is...utilised in some way. (Marx, 1964, p. 159)

Thus, without critically evaluating the role of the state, it is problematic whether a hermeneutic framework, or the moderate reforms of accountability researchers, can tackle the entrenched interests of corporate power and prestige.

In developing an understanding of the relationships between accounting and nature, a role for the state involves not only interpreting differences but also critically evaluating accounting’s role in society. For example, Tinker, Merino, and Niemark (1982) have demonstrated the neoclassical basis of accounting and argue that capitalism masks the concrete processes that occur under that mode of production in which accounting is a compliant partner to its processes of accumulation. In developing some of the themes of Tinker et al. (1991) I argue that humanity and nature are entwined in reality, which requires democratising
the public sphere and repoliticising not only society but also its basic institutions—one of which is accounting. Notwithstanding the procedural and instrumental problems that bedevil capitalist societies, ‘hermeneutics as politics’ can be developed in a critical and interpretive direction to fully assimilate into normal politics the processes which have been marginalised and submerged by corporate colonisation and the postmodern fragmentation of contemporary society.

In repossessing the public sphere from corporate conglomerations, one path involves making clear the contradictions in liberal capitalist societies by explaining to the community what corporations are doing to the social and natural worlds. It will be recalled that the idea of a community profile offers one path which could be used in developing the interdependencies between corporations and the community. As noted in an earlier section, Arnold and Hammond offer a similar and insightful analysis of the potential of accounting to create the tensions and contradictions that can bring about radical transformations. In their work there is a certain dialectical tension that helps us understand the role social and environmental accounting can play in creating a site where dominant economic interests can be contested. Arnold and Hammond (1994) adapt and utilise the work of Antonio Gramsci to explain that radical social change is possible within a community. They go on to explain, however, the inadequacies of social accounting disclosures in the South African divestment movement. Thus, without a critique of capital- ism it is unlikely that anything of substance will change—the possibility remains for the accounting profession to colonise the social and environmental discourse, thereby bringing the issue to closure.

While refining Taylor’s communitarian theory I recognise that Marx’s ‘political’ writing has some serious limitations where he claims that communism ‘is the definitive resolution of the antagonism between man and nature’ (Marx, 1964, p. 155). Many critics point out Marx’s anthropocentric attitude toward nature and it is because of such limitations that a hermeneutic correction investigates some points of intersection between liberal and critical social theory in an environmental context. A communitarian and hermeneutic correction to the instrumentalism and proceduralism which grips modern societies aims to transcend those liberal accountability models that narrow democratic debate and provide a limited role for the state.

Thus, a critical and interpretive model does not accept corporate activities as a given but works toward developing links with the background frameworks that impact on the accounting positions we implement. In particular, libertarian free-market models prove to be of little use because they cramp our understanding of humanity’s relationship with nature. Free-market environmental positions do not help determine how we are to rank the issues of importance, and they thereby inhibit a substantive ‘account’ and examination about how corporations are using nature (Taylor, 1989b, p. 87).

Arnold and Hammond have argued that it is possible for social accounting to act as a site where differences can be discussed. I argue that social accounting acts as a site where the state provides the infrastructure to create avenues for public debate and discussion on humanity’s impact on nature. This did not happen in the South African situation. The South African divestment movement, however, failed in that ‘socially responsible corporations did not serve as an instrument of change’ (Arnold & Hammond, 1994). The radical critique recognises, however, that social accounting in certain circumstances ‘can be used by opposing forces in political conflicts to serve contradictory ends’ (Arnold & Hammond, p. 112).

Arnold and Hammond offer what seems to be a Gramscian model, which also uses a dialectical method through which change comes about by drawing the contradictions in capitalism.27 In this tradition, Arnold and Hammond state:

27 There is a certain overlap between Taylor and Gramsci which concerns the role they attribute to the institutions in civil society. For example, Gramsci offers three ways to think about a role for civil society. First, his use of the term civil society in ‘totalitarian’ societies refers to both progressive and regressive versions. The second concerns the normative status of civil society, which implies the consolidation of a system of domination through the organisation of consent and at other times the weakening and even abolition of domination. The third concerns his conception of a society which alternates between a free, pluralistic society and a unified state society (totalitarianism) (see Cohen & Arato, 1994, pp. 142–154).
In the case of South African divestment, subordinate groups also used corporate social disclosure and demands for corporate accountability to challenge dominant ideology and politicize institutional investment decisions. Their actions indicate that if the domain of accounting research and practice is expanded to include the social accounts and world views of subordinate groups, accounting and corporate social disclosure could serve as a site where dominant economic interests can be contested and challenged by new social movements. (Arnold & Hammond, 1994, p. 124)

This argument—that 'accounting and corporate social disclosure could serve as a site where dominant economic interests can be contested and challenged by new social movements'—links with the view that accounting can be redeveloped and redesigned as part of the public sphere. Environmental auditing/accounting can be constructed as a vehicle that facilitates communication within the community and the development of possibilities for change, thereby creating democratic conditions for the development openness, closeness and transparency. Thus, a 'post-communitarian' ethic finds that corporations, as agents of social change, are an inappropriate vehicle on which to develop an accountable society. Within communitarian theory a dialectic exists that can be used to develop a critical and interpretive public sphere in which corporate activities are evaluated.

6. Conclusion

An accountable world constructed according to the tenets of modern communitarian theory invites our thinking to span across 'the earth, sea and sky and recognise that these forces are all a part of a formable world which is open to greater cosmic forces' that allow them to flourish and over which humanity has no ultimate control (Taylor, 1995a, p. 122). It is for this reason that I started this article with Taylor's summary of Hegel's synthesis, which spans across the earth and all the activities that shape our lives, and which provides a framework through which meaning can be made manifest (Taylor, 1995c, p. 264). Using Taylor's communitarian refraction of procedural libertarian and liberal models it was possible to expose the inadequate foundations on which the dominant social and environmental accounting discourses have been constructed in recent years. At the ontological level, classical liberalism operates with an implausibly narrow conception of the good, thereby submerging a recognition of the moral frameworks that act as the background to our deliberations (Taylor, 1989b, p. 85). It was pointed out that the sense of urgency within environmental accounting betrays the project, however, because accountants seem so eager to do something, even if it short circuits the whole project.

The hermeneutic method recognises that humanity and nature are entwined in a great chain of being that cannot be separated except for analytic purposes. In this context, accounting can contribute to this 'vision' by providing 'information'—which is not necessarily calculable data—concerning corporate effects on the environment. The model challenges the modernist supposition that humanity has the technological means for unbridled pursuit of economic growth. Accountability, as an organising principle, has as its purpose the construction of an open and transparent society (Gray, 1992). In providing social and environmental data, such an information system acts as an enabling mechanism that legitimises decisions within the community in the most equitable and fair manner. Stated somewhat differently, social and environmental accounting and auditing can be developed as part of a public sphere committed to exposing and explaining corporate effects on nature as a reflection of what is 'significant' for our community and our way of being in the world. The criterion of 'significance' reflects our 'hyper-goods', which in turn reflect our ontological background beliefs, one of which is nature.

Hence I considered a possible role for social and environmental auditing according to democratic criteria. This role is part of a broader community profiling exercise that charts the direction of the
community in a critical and interpretive direction. Furthermore, environmental accounting is not about putting a number on normative issues but rather is about narrating how reporting entities affect nature. The first step adds an environmental awareness to the managers’ lexicon—the moral sense that reflects what have been referred to as hyper-goods. The second step is to critically analyse whether the urgency to do something ends up justifying environmental accounting that will prove to be ultimately destructive of the environment it seeks to protect. Philosophy is not political speech making or the justification of corporate interests. It offers nuance where there was none and sustained critical reflection on the practices in the community.

Acknowledgements

I would like to thank Jan Bebbington, David Cooper, Rob Gray, Anthony Hopwood, Linda Lewis, Susan McGowan, Dean Neu, David Owen, Tony Tinker and two unnamed reviewers for their comments on this paper. I would also like to acknowledge the very generous support offered by Professor Richard Laughlin, who has acted to guide the development of my project. I would like to thank seminar participants and participants at the Fourth Interdisciplinary Conference in Manchester in June 1997 and the British Accounting Association meeting 5–8 April 1998. All errors remain mine, of course.

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