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Abstract: The author's stated purpose in writing this article was twofold: (1) to provide a theoretical justification for environmental accounting and (2) to investigate the implications, for organisations and accountants, of a theoretical model that is proposed in the paper. The paper mounts a persuasive argument about the urgency for action to address the impact on the environment from business activity. However, one should not be distracted by the discussion of the extent of business and human action on the environment. Such impacts exist and must be controlled, which requires appropriate systems to account and report such impacts.

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'Accounting for the environment: Towards a theoretical perspective for environmental accounting and reporting'

Michael John Jones

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The author's stated purpose in writing this article was twofold, to provide a theoretical justification for environmental accounting and to investigate a implications of a theoretical model, proposed in the paper, for organisations and accountants. The paper mounts a persuasive argument about the urgency for action to address the impact on the environment from business activity. However one should not be distracted by the discussion of the extent of business and human action on the environment. Such impacts exist and must be controlled which requires appropriate systems to account and report such impacts.

A theoretical model is presented which the author contends underpins and provides theoretical justification for environmental accounting and reporting. The purpose of this model is to promote debate and to provide a framework to reflect on progress on environmental issues. This model is based on the premises that there is an impact on the environment, that corporations seek social legitimation and consequently there is a duty to act to mitigate environmental impacts and report on such actions.

The model presented has two dimensions, environmental accounting and environmental reporting. Within these dimensions are eight premises are adopted which track the process from identifying environmental dangers, through appreciation of corporate responsibility, subsequent recognition of a new relationship between the environment and industry which then requires the impacts of such a relationship to be measured and finally the impact to be disclosed and reported. A significant part of the paper justifies, in the context of the existing literature, each of the eight premises

Strong argument for action arising from the notion of corporate responsibility is provided however it is in the discussion of the underlying premises for a new relationship between industry and environment and measurement of impact that the author may face some questioning. Accounting is used in the broadest sense to mean a system of measurement rather than the more narrow traditional definition of monetary measurement. Discussion of a new system of accounting, while noting this broader definition, does not foresee or appear to entertain the possibility of an expanded system of measurement which considers non-quantifiable measures. This also appears to be a contradiction to the argument to support the premise on disclosure which used the examples of natural asset trust which extends double entry accounting to include the environmental impacts from the degradation of land (p131). One could also ask the question, is the problem with current accounting systems the lack of inclusion of all relevant transactions or an incorrect focus on a narrow definition of what is important for a successful business.

The paper travels the path of other literature reviews in its attempts to draw together the extant literature by presenting the theoretical model and hints at opportunities for further research, and it is in this use of the model that the paper provided the greatest benefit. Areas for which further research are suggested include the value and use of accounting systems in the not for profit sectors, which do not have the capitalist orientation of corporate entities. Also, research exploring the use and value of non-monetary information contained in reports and the potential for the information and notes to be expanded to integrate environmental impacts and management.

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