

# Pragmatics of Sustainability Accounting



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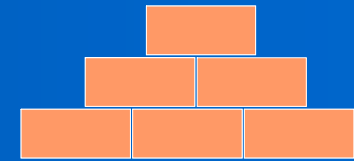
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[www.uni-lueneburg.de/csm](http://www.uni-lueneburg.de/csm)

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# Structure



- ♦ **Is sustainability accounting and reporting** a fashion or a lasting element of corporate management?
- ♦ In search of definitions and methods  
**What could sustainability accounting and reporting (SAR) mean?**
- ♦ SAR as a broad umbrella term  
**Is SAR a useful overarching umbrella?**
- ♦ SAR as an all-in-one tool  
**Should a new approach replace current approaches?**
- ♦ SAR as a goal driven approach  
**Will SAR be the conceptual result of a process of linkages and participation?**
  - ♦ Developing the method(s) from a conceptual, top down perspective
  - ♦ Developing the method(s) on the basis of a multi-stakeholder dialogue
- ♦ Conclusions

# In Search of Definitions and Methods.

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- ◆ **Practically no definitions of sustainability accounting and/or sustainability reporting**
- ◆ **Many, however, mostly fuzzy descriptions of sustainability reporting**
- ◆ **Sustainability reports**
  - ◆ often a collection of two or three reports (or sections in one report)
  - ◆ sections are rarely linked with each other
  - ◆ some reports establish links such as eco-efficiency reports
- ◆ **Sustainability accounting**
  - ◆ little detail
  - ◆ **accounting for sustainability** mostly used as another term for environmental accounting

# What is Sustainability Accounting?

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- Empty vogueish buzzword blurring debate?
- Broad umbrella term bringing together existing accounting methods dealing with environmental and social issues?
- Specific unitary measurement and information management tool?
- Pragmatic, goal driven, stakeholder engagement process which attempts to develop a company specific and differentiated set of tools for measuring and managing environmental, social and economic issues as well as the links between them?

# Sustainability Accounting

## - A broad umbrella term?

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- ♦ **Sustainability accounting is not used as a term for a specific approach**
- ♦ **General, broad term gathering existing accounting approaches dealing with environmental, social, eco-efficiency, etc. issues**
- ♦ **No specific changes or development of existing tools**

-> **Buzzword without contents**

# Sustainability accounting

## - An 'all-in-one' tool?

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- **Overarching measurement and communication tool** which attempts to embrace all aspects of sustainability
- Quantification and measurement in **one dimension** (with one measure)
- Sustainability performance as a one dimensional concept
- **Reduction of a number of measures** dealing with different sustainability dimensions

-> **Technocratic illusion** of effectively measuring sustainability by condensing multiperspective approach of sustainable development

# Sustainability accounting - A goal driven approach?

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- First the **key addressees and stakeholders** and the core topics and **expected contributions** of sustainability are **identified**
  - Attempt to develop **different integration levels** on **various perspectives** and methods of environmental, social, physical and financial accounting and reporting
  - **Measurement and reporting** of eco-efficiency, socio-efficiency, stakeholder value, shareholder value contributions of corporate citizenship, etc.
  - **Development of (partial) links and new integrative tools** which provide answers for specific company situations and stakeholders
- > **Pragmatic and pluralistic approach** which enables management to adopt to specific company situation, however, **has a certain complexity and a lack of simplification**

# Goal Driven Approach of Sustainability Accounting

## Conceptual top down development of methods

Characteristics and perspectives of sustainability (future orientated, long-term, 3 pillars, etc.)

Accounting and reporting tools

Indicators

## Multi-stakeholder dialogue

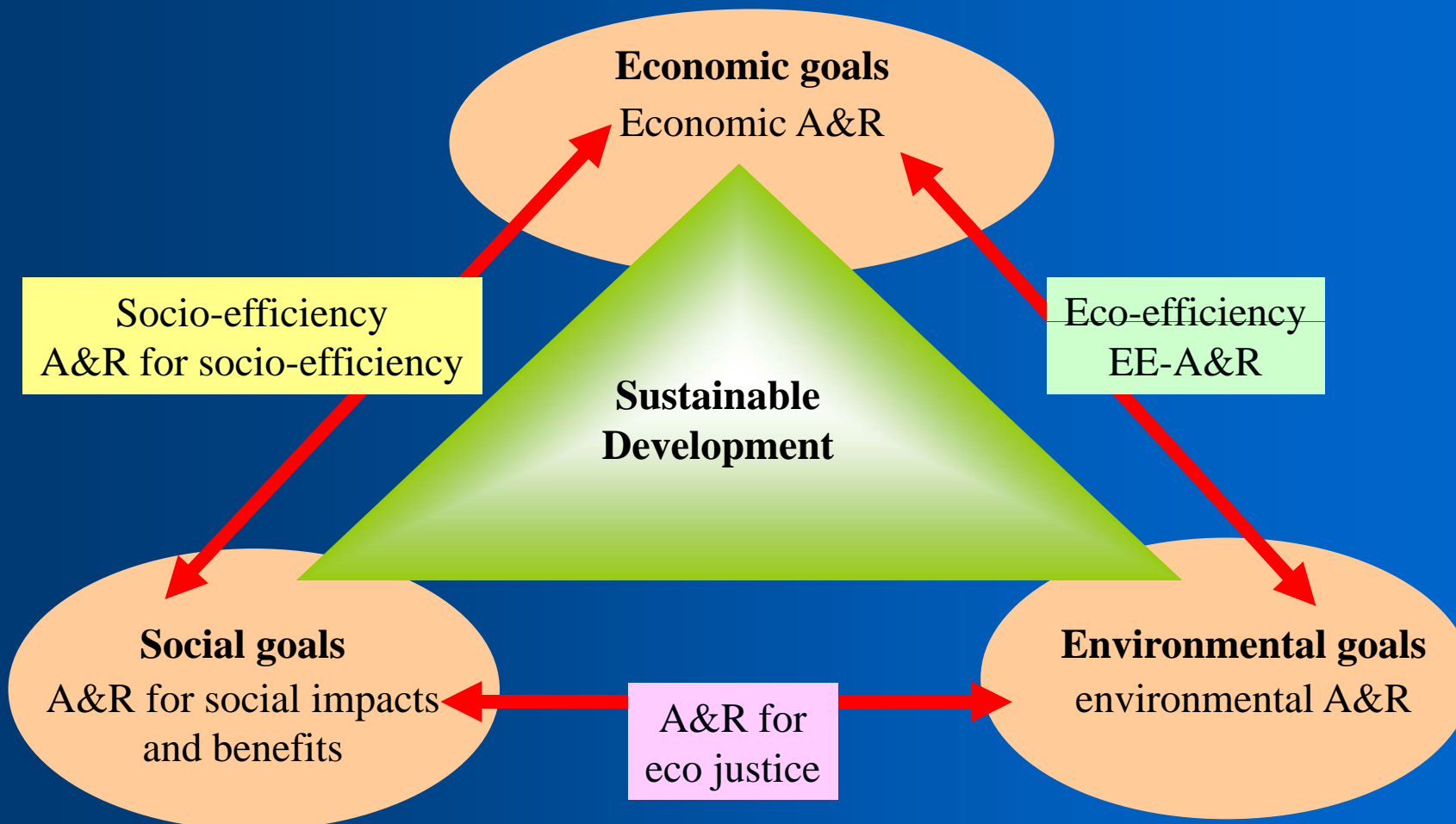
Stakeholder participation and dialogue

Goals and indicators

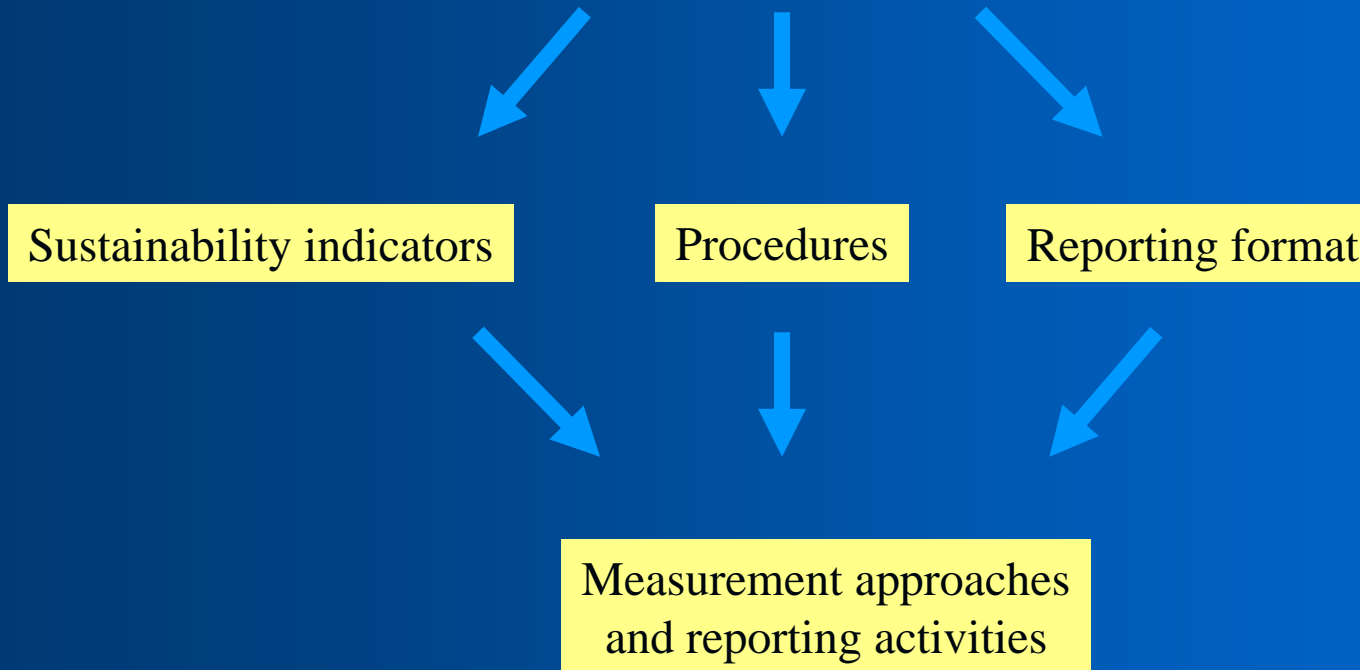
Accounting and reporting approaches to create information for indicators



# Conceptually Driven Approach to Sustainability Accounting.



# Multi-stakeholder Dialogue Driven Development of Sustainability Accounting.



# Operative Toolset.

		Sustainability Management Accounting (SUSMA)			
		Monetary Sustainability Management Accounting (M-SUSMA)		Physical Sustainability Management Accounting (P-SUSMA)	
		Short Term Focus	Long Term Focus	Short Term Focus	Long Term Focus
Past Oriented	Routinely generated information	Economic Eco-efficiency	Environmental	Environmental	
	Ad hoc information	Social Economic	Economic Socio-efficiency	Environmental	Eco-efficiency Social
Future Oriented	Routinely generated information	Economic Social	Economic Socio-efficiency	Social	Environmental
	Ad hoc information	Environmental	Economic Eco-efficiency	Environmental	Eco-efficiency

# Sustainability Accounting – Fashion or Durable?

- ♦ Sustainability accounting  
-> **in an early stage of development, still more of a buzzword than a well defined approach**
- ♦ Management challenge  
-> **to develop pragmatic tools for clearly described business tasks**
- ♦ Opportunity  
-> **to provide a framework for the measurement and reporting of linkage effects between the dimensions of sustainable development**
- ♦ Risk  
-> **falling short of a convincing conceptualization (remains a fuzzy umbrella buzzword)**
- ♦ Task for applied research, development and training  
-> **to develop a process of analysing sustainability challenges to business and to identify and develop tools which help management to deal effectively with these challenges**

# Implications

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- Convincing ***conceptual*** research that is useful to corporate managers in practice
- ***Linkages*** between sustainability accounting and reporting needed to move towards behavioural change within and improved performance of corporations and away from being a buzzword
- ***Corporate sustainability tasks as the starting point*** for applied research, development and training including to conceptualise an acceptable proportionality dynamic in sustainability challenges to business

# Let us Make Sustainability Accounting a Valuable Pragmatic Business Approach.

Thank you very much!

