European Accounting Review
Vol. 18, No. 2, 407–420, 2009

Book Reviews

Auditing, Trust and Governance: Developing Regulation in Europe

Reiner Quick, Stuart Turley and Marleen Willekens (Eds)

London: Routledge, 2008, 283 pp., £24.99/US$44.95 (pbk), £85.00/US$170.00 (hbk), ISBN-13: 978 415 44889 5

Auditing, Trust and Governance was published under the auspices of the European Auditing Research Network (EARNet). EARNet was formed in 2000 to 'foster research and exchange ideas among auditing scholars and researchers at a European level'. This book represents a milestone towards accomplishing this objective.

Motivation for the book evolved from the major corporate failures in the USA (e.g. Enron and Worldcom) and Europe (e.g. Ahold and Parmalat), and the resulting loss of trust and confidence in financial reporting and the auditing profession. The response by regulators to these events was the passage of the Sarbanes–Oxley Act in the USA and the revised Eighth Directive on Statutory Audit in the European Union.

Auditing, Trust and Governance provides a detailed account of how a number of European countries responded to this crisis in confidence. The book contains 13 chapters written by leading auditing scholars. The first chapter sets up the book by presenting a general discussion of the main issues of trust, audit quality, regulation and corporate governance. This chapter was particularly helpful to me in understanding the extent of research on audit quality in Europe. The authors conclude 'the evidence on audit quality differentiation in Europe is mixed and highly country specific' (p. 8). The chapter provides a number of areas for future research studies in Europe on audit quality.

The next 11 chapters are written from the perspective of each of the following countries:

Belgium	Netherlands
Denmark	Spain
Finland	UK
France	Russia
Germany	USA
Italy	

0963-8180 Print/1468-4497 Online/09/020407–14
DOI: 10.1080/09638180902924548
Published by Routledge Journals, Taylor & Francis Ltd on behalf of the EAA.

Each chapter contains a discussion of the following topics:

- The regulatory environment for financial reporting and auditing before the issuance of the revised EU Directive on Statutory Audit.
- The structure of the auditing profession, including topics such as the development of the auditing profession, educational requirements for certification, ethical standards, the liability regime and the standard-setting process.
- The changing corporate governance environment.
- The growing trend for international auditing and corporate governance regulations.

Each of these chapters is well written and very informative to the reader. Each chapter covers these topics from a national view but relates them to a more European and international perspective.

The last chapter in the book provides a review of the major changes brought about by the revised Eighth Directive. However, this chapter takes a slightly different tack on these topics. The authors raise interesting issues about audit regulation and public oversight. They briefly discuss how three theories of regulation (public interest theory, Stigler's theory of regulation and public choice theory) explain how Sarbanes–Oxley and the EU's Eighth Directive came about. More importantly, they speculate on why audit researchers have not taken a more questioning attitude towards regulation and start thinking differently about the level and type of regulation.

In summary, I found this book to be an important contribution to our understanding of auditing and audit regulation. This book should be required reading for audit researchers, doctoral students, practitioners, regulators and government officials.

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Global Accountabilities: Participation, Pluralism and Public Ethics
Alnoor Ebrahim and Edward Weisband (Eds)
Cambridge: Cambridge University Press, 2007, 366pp. $39.99, ISBN-13:978-0521700115

Global Accountabilities: Participation, Pluralism and Public Ethics is a collection of articles that seeks to contribute to the development of what is termed a 'second generation' perspective on accountability. The first generation perspective is positivistic, often framed in the language of agent and principal, and built onthe assumption that accountability in the form of greater transparency is an obvious and universal good both in inhibiting wrongdoing and revealing it.

The 'second generation' perspective developed in this collection is suspicious of such a rationalistic and universal view of accountability. As such it sets out to 'problematise' accountability; 'to muddy the waters, to develop their own definitions and perspectives, and thus to add both depth and diversity to commonly held understandings of the concept' (p. 2). This approach is pursued through an array of empirical studies of diverse local and global settings for accountability including financial regulation, non-governmental organisations (NGOs) and NGO alliances, intergovernmental organisations and private sector firms. This focus on accountabilities that traverse the boundaries of the nation-state means that it can address the 'new crisis' of governance that has been 'set in motion by the lack of congruence between the impacts of decision making and the political, legal, and managerial jurisdictions in which decision making occurs' (p. 320).

The collection is framed with an introduction by the editors in which they map out the different dimensions of the challenge of global accountability. They suggest that there are four key and interdependent components of accountability in global governance:

> Transparency – collecting information and making it available for public scrutiny. Answerability or Justification – providing clear reasoning for actions and decisions, including those not adopted, so that they may be reasonably questioned. Compliance – monitoring and evaluation procedures and outcomes, combined with transparency in reporting those findings. Enforcement or Sanctions – imposing sanctions for shortfalls in compliance, justification, or transparency.
>
> (p. 5)

Globalisation, they suggest, has created a new set of dilemmas for accountability at an organisational level 'multiple and competing accountabilities, asymmetries in resources and power among actors, and the difficulties of balancing internal learning and innovation with external benchmarking and standards' (p. 13). The editors suggest that improvements in global governance have pursued three directions. The first two involve merely seeking to strengthen, or make real, existing mechanisms of vertical and horizontal accountability. Here, however, the context of globalisation often serves to make these traditional approaches difficult. The focus of the collection is more on the third direction which the editors define in terms of

> establishing new approaches to decision making that are less well charted and constrained by the binary distinctions of principal–agent and vertical–horizontal dichotomy, but which are more pluralistic, on the grounds that this can improve both legitimacy and effectiveness.
>
> (p. 8)

The ensuing collection of papers is organised within four sections. The first section titled 'Public Accountability: Participatory Spheres from Global to Local' explores accountability in public institutions, with particular attention to intergovernmental or multilateral organisations. Ngaire Woods' article reflects on the problems of legitimacy and effectiveness facing multilateral institutions. These, she suggests, cannot be resolved through seeking to insulate such institutions from political pressures say by the use of 'independent experts'. Instead she explores how both legitimacy and effectiveness might benefit from more carefully structured forms of participation and representation buttressed by enhanced transparency, monitoring and judicial style accountability. Randall Germain then explores accountability within the specialised agencies and networks of global financial governance and proposes rethinking accountability away from compliance and towards internalised forms of accountability that allow 'dissent and critical engagement within institutions'. The third article in this section, by Goetz and Jenkins, pursues Germain's calls for a 'logic of participation' through a study of successful citizen activism in the public sector in India.

Part II of the book focuses on accountability within development organisations and in particular NGOs. An article by David Brown suggests that existing accountability models are inadequate for multi-party initiatives relying on negotiation and reciprocity amongst actors. In its place he develops a framework for what he calls 'mutual accountability' exemplified in the diverse arenas of the Philippines and a campaign to oppose the building of a thermal plant, and SEMATECH a consortium of 14 US semiconductor firms that set out to improve US market share. The second article in this section from Ian Smillie documents and reflects on his insider experience in the global campaign against blood diamonds. It again emphasises the importance of mutual accountability amongst participants, but in this case effective diamond certification also required external monitoring and enforcement. The third chapter in this section explores a Bangladeshi NGO and argues against the dominant 'audit culture' approach to accountability, and for the need to take more account of the local social realities reflected in the top-down imposition of advocacy themes, and a culture of defensiveness that is traced to the economic climate and job market.

Part III of the book is titled 'Reflective Accountability: New Directions for Participatory Practices', and turns its attention to 'operational innovations' that seek to reconcile the technocratic and managerial demands for accountability with the 'social impulses drawn from organizational mission, values and context'. Lisa Jordon draws from the experience of ActionAid and the Humanitarian Accountability Project to explore the potential of rights-based approaches to accountability that seek to tie NGO accountability not just to donors who fund but to those who are the focus of their mission. Coralie Bryant, in a study of a number of transnational NGOs involved in emergency relief work, explores the ways in which donor accountability can have the unintended result of encouraging a push 'for quick fixes or insisting on digging up the seedling to examine its roots before it can bear fruit'. In practice, accountability in these organisations is multidirectional; leaders often set accountability to beneficiaries as the highest priority, but must also include contributors and donors. The chapter explores the various ways in which NGOs are experimenting with a variety of methods – project evaluation, participation, benchmarking – within severe resource constraints to be able to better learn about the effects and effectiveness of the impact of their work. One of the editors, Alnoor Ebrahim, then seeks to draw out the themes of Parts II and III by making the case for what he calls 'reflective' accountability built around multiple organisational accountability to mission, clients and donors, which values long-term learning and change over short-term results.

The last section of the book explores corporate accountability. Unlike the earlier cases this section focuses on accountability in networks or structures. The first paper, by Michael McLeod, charts the 'rise and nature' of corporate social responsibility (CSR) including the rise of socially responsible investment instruments. His argument is familiar for he traces this history to a legitimating 'logic of appropriateness' with little evidence of substantive change in corporate conduct or performance. The second paper by Kate Macdonald seeks to set a global agenda for empowering Southern workers. Using the example of the Nicaraguan garment industry, she suggests that accountability within states (i.e. local labour laws) is no longer able to cope with the transnational system of corporations and Northern customers. She proposes a principle of 'plurilateral accountability' through which firms are 'held accountable through structures of information transmission that are linked directly to workers' backed by sanctions imposed by both producing and consuming states, NGOs and consumers. At the same time states need to be accountable to workers and other stakeholders outside the physical boundaries of the state, whilst NGOs also need to be accountable to the workers whose interests they claim to represent. The third paper in this section by Edward Weisband explores the role of tripartite representative structures involving business, governments and civil society organisations in creating *global accountability* rather than *corporate social responsibility* regimes. Accountability, he suggests, requires 'intermestic' activities which blend bottom-up and top-down processes that stimulate both learning and innovation with the capacity to monitor and enforce resultant standards. The work of the ILO (International Labour Organization) is offered as an exemplar of global accountability in contrast to numerous CSR initiatives that for the most part lack any form of monitoring or enforceability.

The final chapter of the book is by Edward Weisband and offers as a conclusion a 'prolegomena to a post modern ethics'. This again warns against rational universalism in approaches to accountability. A postmodern approach requires value-pluralism and an acknowledgement of incommensurability in relation to the diverse purposes of accountability and multiple cultural and political contexts that the various papers have explored. He proposes 'accountability interpretivism' as a middle way between normative and political practices of accountability for disciplinary purposes, and processes of accountability that include reflection and learning in relation to these norms. Drawing from the collection he offers the following conclusions. A postmodern public ethics requires meaningful participatory practice where participants have influence and not simply a voice. The ethical implications of global interdependencies are realised in practical terms by means of accountability networking as an organisational form. The benefits of participatory practices lie as much in the benefits of inter-subjective learning as in the identification of benchmarked deficits.

For someone who has explored processes of accountability exclusively from within an organisational and corporate perspective there is a great deal of value in this collection. That most of the chapters are written by British and American political science, international relations and development academics, provides a valuable introduction to a different literature and orientation to accountability; one that gives as much importance to the (re)creation of a public ethic as to managerial concerns with control and efficiency. The editors, I believe, are right to insist upon their postmodern approach to the subject for this refuses to privilege any particular normative frame, is alert to the disjunction between rhetoric and reality, and is keen to explore the potential for more reflexive and participative practices of accountability. However, for me most of the value of this collection lies in the close empirical detail and diversity of the contributions. It is great to be shot around the globe and between a whole variety of different corporate, intergovernmental and non-governmental institutions. That globalisation has created an 'accountability deficit' is perhaps well understood, and is evident in the ways that our predominantly national institutions no longer map onto complex global interdependencies. However, the papers collected here offer us a series of insights into the work of those who are seeking to build, often almost from nothing, processes of accountability through which we can begin to meet and address these new global realities and perhaps find a way to make them governable from an ethical as well as an economic perspective. Accountability here has a certain raw and courageous quality of confronting the indifferent, and possibly deliberately ignorant, with the reality of the unintended consequences of their actions. In the global arena this is in part about seeing interdependencies where perhaps others see only their self-interest. Accountability here provides a way of both forcing recognition of these interdependencies and using them to leverage change. But it is also about developing new *forms* of accountability that can span and reflect upon these new and complex forms of interdependence. The tension between accountability as transparency vs. accountability as learning has long been rehearsed in the managerial literature. The exploration within this collection of network forms of accountability, mutual or plurilateral forms of reflective accountability, is important and useful since they begin to point to the ways in which the practice of accountability, rather than just the rhetoric, can be shifted in favour of mutual learning, and indeed become the deliberative basis of a postmodern public ethics.

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Sustainability Accounting and Accountability
J. Unerman, J. Bebbington and B. O'Dwyer (Eds)
Routledge: London and New York, 2007, ISBN-10: 0 415 38488 5 (hbk)

This much-needed book on sustainability accounting and accountability is of particular use to students and researchers in the fields of business and accounting. As Jonathan Porritt (Chair, Sustainable Development Commission, UK) points out in the Foreword, 'the global society today is achieving neither ecological nor social sustainability' (p. xvii). This book not only introduces some of the basic terms and theoretical paradigms relevant to the discussion of corporate sustainability and corporate sustainability accounting, it also exposes the complexity of the sustainability debate. It provides an état-de-lieu of the sustainability debate of a wide variety of organizations including the public sector, for-profit organizations and non-governmental organizations. The authors provide an exhaustive review of past research on sustainability accounting and also give suggestions for future research. Since it is impossible for us to comment on each chapter of this book, we attempt to identify some of its salient features and provide our reactions to some of the arguments of different authors.

The introductory chapter of this book reinforces the need for businesses to focus on 'long-term' goals. Unerman, Bebbington and O'Dwyer reiterate that although short-term goals can be met while compromising sustainability, neglect of environmental and social issues in the long term can only be detrimental to businesses. The chapter by Nola Buhr grabs the attention of the reader with its candid and honest style. While many of the authors of this book provide arguments and examples of sustainability accounting, Buhr is more skeptical about how close we are (or we can ever get) to this ideal. After discussing a brief history of environmental awareness in the UK and the USA she provides an overview of employee reporting, social reporting, environmental reporting, Triple Bottom Line (TBL) reporting and sustainability reporting. Buhr also distinguishes TBL and sustainability reporting. She states that while TBL brings together environmental, social and economic concerns, aspects such as justice, equity and timeframe need to be considered if one wishes to move towards sustainability reporting, which in her opinion is far from what corporations have managed to achieve so far. The author confirms what other researchers have pointed out (see Patel and Rayner, 2008) that there could be many motivations behind corporations' sustainability reporting other than the values and principles of its members. These include public image, external pressure and disasters such as the *Exxon Valdez* and Bhopal that prompt companies to report on their sustainability practices. She also voices another concern raised by others that although most reporting practices are voluntary in nature those companies that do not engage in this 'voluntary practice' are often indirectly sanctioned by stakeholders.

Chapter 4 by Carol Adams and Venkat Narayanan provides an introduction to some of the guidelines for corporate sustainability reporting such as the Global

Reporting Initiatives (GRI), the International Organization for Standard (ISO), the World Business Council for Sustainable Development (WBCSD), Accountability and the Sustainability Integrated Guidelines for Management project (SIGMA). Adams and Venkat Narayanan also reveal some of the finer points of difference between the focus and objectives of some of these well-known sustainability reporting guidelines. The authors repeat the commonly voiced difficulty in defining corporate sustainability. We agree with them in that without a robust stakeholder dialogue, organizations might omit specific information and report only the minimum required by different guidelines. However, they do not address the basic question: how do companies identify stakeholders in the first place? This question is addressed later in the book by Carol Ann Tilt. This chapter by Adams and Venkat Narayanan leaves some other avenues unexplored. We believe that the values and cultures of the members of an organization influence the way certain stakeholders are prioritized by the organization. This also has an impact on whether or not corporations report their sustainability practices and how they target specific groups of stakeholders in their sustainability reports. Besides there are organizations that do not report on their sustainability practices simply because they do not assign the same importance to 'reporting' as other organizations do or because they assign more importance to acting in a responsible way rather than simply reporting on their responsible behavior. Take the example of Bajaj, one of the large family run enterprises in India. Our recent research on corporate sustainability reporting practices in India reveals that although Bajaj is heavily involved in community welfare projects, setting up educational institutions and health care centers, it does not assign the same importance to formally reporting on its corporate social responsibility (CSR) and sustainability practices. This makes one question the significance attached to corporate sustainability reporting guidelines by some authors.

A similar issue is raised in Chapter 5 which focuses on stakeholder engagement and dialogue. In this chapter, Unerman distinguishes between two types of reporting systems and practices:

(1) Those which aim at 'transforming business practices so that they become socially and environmentally sustainable' (p. 89). Unerman explains that from this perspective social and environmental reporting can be considered as being sustainable in nature only if in so doing, it makes the organizations and its managers truly responsible for all the impact they have on all their stakeholders, not just those stakeholder groups that they have prioritized.
(2) Those which are 'used by managers to win or return the support of those stakeholders who have the power to influence the achievement of an organization's goals (usually to maximise profits)' (p. 90). These Unerman terms simply as social and environmental reporting.

Although we have no disagreement with the typology proposed by Unerman, we are less convinced that all organizations need to report to all stakeholders.

Further, we repeat that reporting on sustainable practices should not take precedence over acting in a responsible way. Unerman further provides a very interesting argument on how corporations identify stakeholders and how this has an impact on their reporting practices. He argues that organizations whose managers engage in CSR and corporate and social reporting due to their grounding in a larger moral philosophy will focus on a broad range of stakeholders. On the other hand, those corporations whose managers engage in CSR, social and environmental reporting with the objective of maximizing shareholder value, will focus in their reports on those stakeholder groups who have the maximum economic influence on the corporation's performance. We have a mixed reaction to this argument. Our research on CSR practices and reporting preferences of Indian companies reveals the first part of Unerman's finding to be true. Companies such as Tata, whose social and environmental initiatives are the result of the principles and values of the founding members, are indeed concerned with a broad range of stakeholders. However, the other half of Unerman's argument in which he states that those corporations whose managers engage in CSR, social and environmental reporting with the objective of maximizing shareholder value, will focus in their reports on those stakeholder groups who have the maximum economic influence on the corporation's performance, is less convincing. We do indeed find examples of firms that focus on a specific or narrow range of stakeholders, but this behavior can be attributed to a variety of different reasons. For example, a company like Reliance focuses on its investors and its customers in its corporate sustainability reports because these stakeholders have the maximum impact on its revenues. This is in line with Unerman's thesis. On the other hand, organizations such as AMUL also focus on a narrow group of stakeholders, namely, the small milk producers who are members of this cooperative. The reason behind focusing on the small milk producers has more to do with the cooperative's loyalty towards this group rather than the desire to gain more economic benefits from them. Although AMUL does not publish a regular sustainability report, popular press articles on its CSR, social and environmental activities generally report on how it is contributing to the overall well-being of local small milk producers. The reason behind this loyalty can be traced back to the origin of AMUL. AMUL was created with the objective of protecting the small milk producers from exploitative middlemen in pre-independence India. Hence, the cooperative continues to prioritize this narrow stakeholder group in its CSR activities and communication.

Like Adams and Venkat Narayanan, Unerman also explains that unless a corporation is aware of stakeholders' expectations, it cannot effectively address these in its reports. Therefore, stakeholder engagement and dialogue is an important step in the process of CSR, social and environmental reporting. Unerman also makes a compelling argument regarding the difficulties in engaging in a dialogue with stakeholders, especially if the stakeholders are non-human or not born yet.

As mentioned earlier, Carol Ann Tilt in her chapter entitled 'External Stakeholders' Perspective on Sustainability Reporting' distinguishes between primary and secondary stakeholders. She cites Clarkson (1995) who defined primary stakeholders as those 'without whose continuing participation the corporation cannot survive as a going concern' (p. 106) and secondary stakeholders as 'those who influence or affect or are influenced or affected by the corporation, but . . . are not engaged in transactions with the corporation and are not essential for its survival' (p. 107). The subsequent part of the chapter focuses on shareholders as a stakeholder and the influence individual and institutional shareholders exercise on corporate sustainability reporting. The author also discusses the influence of other external stakeholders such as banks, financers, employees and trade unions on corporate sustainability reports. Tilt provides a mixed picture of the influence that consumers as a stakeholder group exercise on corporations' sustainability reporting. Future research in this area, for example, replication studies on the impact of consumers on corporate sustainability reporting in different parts of the world, would help establish a better understanding on this subject. Another interesting stakeholder group explored in this chapter and a subsequent chapter by Brendan O'Dwyer is non-governmental organizations (NGOs). Past studies support that in recent years NGOs have had a major impact on how companies report in different parts of the world. What we find illuminating in Tilt's discussion of NGOs is that companies themselves consider NGOs to be less influential on their sustainability reporting than other factors such as legislation, public opinion, shareholders, consumers, assurance companies and the media. In the latter part of her chapter, Carol Ann Tilt explores the impact of media on sustainability reporting by companies and calls for more research on the relationship between the actions of NGOs, public opinion and the media. The author concludes that although external stakeholders, mostly secondary, show an increasing interest in corporate sustainability reporting, there is also an increasing skepticism regarding 'greenwashing' by companies. We share this concern. Further, Tilt provides examples of companies like Toyota Motor Company and Hewlett Packard that have been publicly acknowledged for the quality of their sustainability reports. Although we find no problem in encouraging companies to be more responsible by publicly highlighting their efforts, we do question the overall credibility and seriousness of such awards. Since most accountability reports cover a variety of categories of activities, it is common understanding that companies might choose to provide selective information. While on the one hand companies like Hewlett Packard receive awards for their corporate sustainability reports, at the same time they also get accused of unethical practices, see, for example, accusations made against HP by ex-CEO Carly Fiorina. Without passing any judgment on the validity of these accusations, one can reasonably assume that this kind of information would not appear on corporate sustainability reports produced by HP. One can therefore question the 'completeness' of such corporate sustainability reports. This 'gap' can be addressed through the use of 'silent' and 'shadow' accounts that Colin Dey addresses in Chapter 16 of this book.

A good theoretical basis for this book is provided in Chapter 7. In this chapter Deegan introduces the concepts of legitimacy and social contract and discusses in detail different theoretical approaches on corporate legitimacy: legitimacy theory, institutional theory, stakeholder approach and others. In our opinion, since this chapter provides a theoretical basis to understand corporate disclosure behavior it would have been more useful to the reader in the first part of the book. The limitations of the different theoretical approaches proposed by Deegan in Chapter 7 are pointed out in a subsequent chapter by Bebbington. Bebbington rightly points out that these theoretical approaches fall short because they cannot address the dynamicity of organizations. Notwithstanding this limitation, Deegan has raised a very pertinent question: 'Are corporate disclosures really reflective of an acceptance that an organization has an accountability for its social and environmental performance, or are they merely a mechanism to support the existence of the organization.' The author makes a strong case for voluntary rather than regulatory disclosure stating that voluntary disclosure is born out of a sense of responsibility and is therefore more convincing rather than regulated disclosure which is born out of the desire to survive. He is supported by many researchers such as Nola Buhr (see Chapter 3, see also Patel and Rayner, 2008) in his advocacy of voluntary sustainability accounting.

While some authors of this book focus on how better sustainability reporting can be achieved in the public and private sector, others discuss the barriers to and limitations of sustainability reporting. Chapter 12 by Jan Bebbington takes a completely different angle. It focuses on how sustainability reporting can lead to a change of attitudes of the culture of an organization. Through a detailed review of existing literature the author confirms what has been suspected by many researchers in the field: that changes occurring in companies due to their focus on social and environmental reporting are superficial; deeper changes in values are not taking place.

> Evidence for change can be found in terms of different routines being undertaken, the use of various tools and techniques for managing impacts and different forms of account for those impacts. If one were looking, however, for a fundamental change in attitudes and rationales of organizations, or a questioning as to whether or not the capitalist form of enterprise is possible or desirable within the context of the social and environmental agenda then one would be disappointed.
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> (p. 234)

The author makes another very interesting observation that sustainable development is a spatial concept and therefore, unlike a lot of current literature in the field, it makes better sense to talk about the sustainable development profile of a country, a region rather than that of a company. He also highlights that it might be worthwhile remembering that sustainable development patterns arise from the interaction between different activities of the firm, while accounting has a limited focus. Providing accounts of groups of organizations rather than single organizations is what the author advises accounting professionals to focus on. In the same way, taking a long-term perspective on the study of sustainable development is more advisable than short-term studies currently conducted. We strongly support these suggestions and believe that future researchers in the domain of sustainability accounting would benefit much from this advice.

One of the major strengths of this book over other books on the same topic is that it sheds light on different kinds of organizations and their corporate sustainability reporting practices. In Chapter 15 Brendan O'Dwyer studies in depth the nature of NGO accountability – their motives, mechanisms and practices. He provides an interesting overview of NGOs and exposes how, in recent years, demands for accountability reporting have increased on NGOs due to their increase in power and influence. He points out that NGOs have four motivations for accountability: morality, performance, political space and wider democratization (p. 288). In our opinion these motivational drivers are not very different from the motivational drivers that inspire for-profit corporations to report on their sustainability practices. The other similarity between for-profit corporations and NGOs is that NGOs are also required to manage the tension resulting from conflicting interest from different stakeholders such as donors and beneficiaries. Like for-profit corporations, NGOs also often engage in 'functional accountability' (p. 289) rather than 'strategic accountability' (p. 289). However, there are also issues that differentiate NGOs from for-profit corporations. One of the issues is that it is difficult for NGOs to take credit (or account) for a positive change in society because most positive outcomes are the result of the coming together of several change-inducing agents. Also, NGOs fear criticism from corporations for their sustainability accounting in retaliation to their past criticism for some of the corporations' activities. Finally, leaders of NGOs often lack an understanding regarding what to do about accountability. Other than discussing the challenges in NGO sustainability accounting, O'Dwyer also discusses some of the innovative approaches generated by NGOs: for example, the Global Accountability Project (GAP) by the NGO One World Trust, which supports transparency, participation, evaluation and a complaint and response mechanism instead of just writing formal reports. He also states that the GRI guidelines have been useful in helping NGOs report on their practices and that the GRI is currently working towards creating a special supplement for NGOs. Finally, O'Dwyer observes that NGOs lag behind the corporate sector in their sustainability reporting and that they demand high standards of accountability from others they seldom apply the same standards of accountability to themselves. He advises that NGOs should adopt accountability methods best suited to their sectors rather than blindly adopting methods that exist in other sectors.

In Chapter 16, Colin Dey addresses the 'gap' between claims made by corporation-controlled social and environmental reports and the actual actions of companies. Unlike Buhr and Deegan, Dey advocates mandatory social and environmental reporting. In the absence of such systems he explains other unofficial forms of corporate accountability have been proposed and used such as external social reporting or counter-accounting, the use of shadow and silent accounts. While silent accounts include information put together from all formal corporate disclosure channels such as websites, press releases, annual reports, etc., shadow accounts consist of publicly available information produced independently from the organization in question. These are believed to minimize what different authors have variously referred to in past literature as ‘reporting-performance-portrayal gap’, ‘legitimacy gap’, etc. Publishing counter-accounts provides an alternative perspective to stakeholders on the claims made by the company. While we are convinced that such counter-reports serve to challenge the hegemony of corporations over the information they transmit to the world, we are not entirely convinced of the credibility and reliability of such counter-accounts. With the ease of access to the World Wide Web, there can be little control on vested-interest groups and disgruntled individuals intending to publish defamatory material under the guise of counter-accounts. In lieu of complementing the corporation-controlled social and environmental reports to produce more complete and honest reports, such counter-accounts could lead to corporations becoming more defensive and pretentious in the future. Furthermore, who is to bear the additional responsibility of verifying the reliability and credibility of the counter-accounts which question the reliability and credibility of corporation-controlled social and environmental reports? Also, such counter-accounts could engender an adversarial relationship between the corporation and the entity publishing the counter-account rather than the much-desired collaboration between them.

No discussion of sustainability accounting can be complete till it sheds light on how future accounting and business professionals can be better trained to become more responsible managers. In Chapter 17 of the book, David Collison, John Ferguson and Lorna Stevenson address the pertinent topic of the education of business and accounting students regarding sustainability accounting. The authors raise a very important question: ‘. . . (can) the change (towards a more sustainable lifestyle) be achieved through more learning or is it impossible without unlearning’ (based on Schumacher, 1973; Ghoshal, 2005). The first half of the chapter very delicately explores the interaction between different power groups and actors in the design of curriculum in universities and business schools. We agree with their observation that ‘bolt-on’ courses on CSR and Business Ethics fail to have an impact on underlying assumptions of audiences. We also support the authors’ argument that change cannot be brought about by introducing a few stand-alone courses on CSR or Business Ethics. In fact, it will come about by stopping to teach some of the currently existing courses.

This book covers a wide variety of topics relevant to the discussion of sustainability accounting. Topics range from a discussion of different reporting guidelines, different theoretical paradigms underpinning corporate sustainability accounting practices and the implications of increasing demands for such accounting practices on companies (private and public sector companies, profit-making corporations and NGOs), policy-makers and educators, especially in business schools. This book is therefore a useful guide for students, teachers, researchers and policy-makers in the field of sustainability accounting. Broadly speaking, many of the authors of this book express a general skepticism on the credibility of corporate sustainability accounting methods currently being used by companies and call for a more complete, more honest form of sustainability accounting. Others provide solutions to this issue by suggesting the use of less traditional forms of accounting such as the use of counter-accounts, silent and shadow accounts. The issue is far from being resolved. For future researchers in this field of study, the book also provides several suggestions for areas of exploration.

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