

Contemporary Issues in Social Accounting

**Audrey Paterson, Akira Yonekura,
William Jackson and Darren Jubb**

(G) Goodfellow Publishers Ltd

(G) Published by Goodfellow Publishers Limited,
26 Home Close, Wolvercote, Oxford OX2 8PS
<http://www.goodfellowpublishers.com>

British Library Cataloguing in Publication Data: a catalogue record for this title is available from the British Library.

Library of Congress Catalog Card Number: on file.

ISBN: 978-1-911396-56-7

Copyright © Audrey Paterson, Akira Yonekura, William Jackson and Darren Jubb, 2018

All rights reserved. The text of this publication, or any part thereof, may not be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, storage in an information retrieval system, or otherwise, without prior permission of the publisher or under licence from the Copyright Licensing Agency Limited. Further details of such licences (for reprographic reproduction) may be obtained from the Copyright Licensing Agency Limited, of Saffron House, 6–10 Kirby Street, London EC1N 8TS.

All trademarks used herein are the property of their respective owners. The use of trademarks or brand names in this text does not imply any affiliation with or endorsement of this book by such owners.



Design and typesetting by P.K. McBride, www.macbride.org.uk

Cover design by Cylinder

Contents

	Foreword	v
1	Contemporary Issues in Social Accounting Audrey Paterson, Akira Yonekura, William Jackson and Darren Jubb	1
2	Accountability, Ethics, and the Business World Audrey Paterson, Yasser Barghathi, Sunita Mathur and William Jackson	11
3	History and Dynamics of Corporate Social Responsibility Bridget Ogharanduku, Zayyad Abdul-Baki, Abdelrhman Yusuf and Sunita Mathur	32
4	Corporate Social Responsibility Abdelrhman Yusuf, Zayyad Abdul-Baki, Bridget Ogharanduku and Yasser Barghathi	54
5	Social Accounting and Sustainability Konstantinos Ritos, Akira Yonekura, Stephen Rae, Oluwagbenga Adamolekun and Mohamed Elshinawy.	74
6	Socially Responsible Investment Mohamed Elshinawy, Oluwagbenga Adamolekun, Audrey Paterson, Mohamed Sherif and Stephen Rae	92
7	Auditing for Social Aspects Darren Jubb, Konstantinos Ritos, Yasser Eliwa, and Chris Ryan	112
8	Social Accounting and the Public Sector Vasileios Milios, Anees Farrukh, Stelios Kotsias, and Mercy Denedo	131
9	Social Accounting and Third Sector Organisations Stelios Kotsias, Mercy Denedo, Anees Farrukh, and Vasileios Milios	149
10	Cooperatives and Family Businesses Audrey Paterson, Sebastian Paterson, Eleni Chatzivgeri and Melanie Wilson	171
11	Taxation and Social Accounting Melanie Wilson, Kate Clements, Darren Jubb and Amber Jackson.	188
12	Tomorrow's Accounting and Society's Future Audrey Paterson, Eleni Chatzivgeri, Yasser Eliwa, and William Jackson	204

Case Studies

Education for a sustainable future: The case of Pakistan <i>Anees Farrukh</i>	218
Nigerian Oil Spill Monitor: Accountability hybridisation for sustainable development <i>Mercy Denedo</i>	224
Hospital reforms in a period of economic and political uncertainty <i>Vasileios Milios</i>	230
Management control in Indonesia's local government <i>Alexander Anggono</i>	237
Fair tax in a modern society <i>Melanie Wilson</i>	245
Corporate governance and social accountability in cooperatives <i>Sebastian Paterson and Audrey Paterson</i>	252
Index	259

Foreword

The role of the management accountant is one of enabling, shaping and telling the organisation's value story. It is the story of how organisations create and preserve value. However, in the storytelling the questions of whose story and whose value are becoming increasingly important. There is an increasing demand for a diversity of narratives, depending on the stakeholder, societal impact, time orientation and governing principles. This book is timely as trust in global business and its leadership has been in decline, and organisations are struggling to report on new business models that have shifted value from tangible to intangible assets.

Through CIMA's sponsorship of the annual Accounting for Society and the Environment (ASE) research network workshop at Heriot-Watt University in Edinburgh, I have had the privilege to witness its great work. The interdisciplinary aspects of the network leads to a cross-fertilization of ideas and innovative thinking. Through consistent engagement and alignment of shared interests and language, the network brings credibility to issues in social accounting. The raised profile of these issues can then foster organisational debate and contribute to better business practices. From a personal standpoint, I particularly appreciated the friendly and almost family feel to the workshops, making it a safe space in which to foster thinking and debate. Given the diverse nature of the topics and issues covered, I have learned much from the different sessions, and have applied that knowledge to my own areas of management accounting research.

In 2019, CIMA and its professional community of Management Accountants will reach its centenary year. For almost 100 years, we have been promoting and developing the science of management accountancy. This has included the development of CIMA's code of ethics and the Global Management Accounting Principles; the purpose of which is to support CEOs, CFOs and boards of directors in benchmarking and improving their management accounting systems. It helps them to meet the needs of their organisations, effectively and efficiently, to achieve long-term economic performance, while generating positive value for society and minimising environmental impact.

At the heart of every Chartered Global Management Accountant (CGMA) designation holder is the code of ethics. These ethical obligations are built on: integrity and objectivity; professional competence and due care; confidentiality; and professional behaviour and conduct. They are a commitment to act in the public interest and maintain public confidence in management accounting through the highest professional standards. From 1919 to the present, through examples such as the Global Management Accounting Principles and the code of ethics, CIMA has continually sought to foster and maintain investigation and research into the best means and methods of developing and applying the sci-

ence of management accountancy. I believe this book continues in this tradition.

We are in a period of change that the World Economic Forum has termed, ‘the Fourth Industrial Revolution’. Technology and its possibilities are impacting on the evolution of organisations and finance. This is changing the way organisations construct and tell their value stories. It is also allowing organisations to engage with an ever-greater diversity of stakeholders, and explore the broader narrative that links business into the rest of society. Finance is struggling to respond to the emergent new conditions. However, social and environmental accounting can make a crucial new contribution to the wider understanding of business and society and the future role of finance in this new epoch. The issues in this book can help us reconsider, how, as finance professionals, we enable, shape and tell the value stories of our organisations and societies.

Dr Martin Farrar

Associate Technical Director, Research and Development – Management
Accounting

CIMA

E: Martin.Farrar@aicpa-cima.com

November 2017.

Acknowledgements

Acknowledgements are always a tricky business. They can be sparing or effusive, but if they try to mention individuals then invariably they miss someone important. To avoid that we will just say that many people have been involved in the design, authoring, review and editing of this text and we would like to thank them all. They have done stalwart work in the face of our decision to adopt extremely tight deadlines and everyone came through when they really needed to. We are sure there must have been some personal cost at times. Certainly, there have been stresses and strains, but no one complained, and everyone delivered. We would also like to thank our colleagues Tim and Sally at Goodfellow Publishing who have always been supportive of our ideas and have been understanding when deadlines were pressing. Of course, everyone involved has family and friends who have shared the sacrifice and we would like to thank them for their forbearance.

Finally, we would like to acknowledge the importance of the Accounting for Society and the Environment (ASE) network. Through its regular workshops, which for the last few years have been most valuably supported by CIMA, we have been able to develop the community of interested individuals that have allowed us to create this text. It is ultimately a community effort and without the ongoing research we would not be here today and the outlook for the future would be much less promising.



Audrey, Akira, William and Darren

Biographies

Zayyad Abdul-Baki is a PhD candidate at Heriot-Watt University. Prior to this, he worked as a lecturer at the University of Ilorin, Nigeria. Zayyad is an associate member of the Institute of Chartered Accountants of Nigeria (ICAN) and Chartered Institute of Public Finance and Accountancy, UK. Zayyad currently tutors on financial reporting and auditing at Heriot-Watt University and his research interests are financial reporting, accounting regulation and accountability.

Gbenga Adamolekun is a doctoral candidate at Heriot-Watt University. He is a member of the Chartered Institute of Security and Investment (CISI) as well as the Centre for Finance and Investment (CFI). He holds an MSc in Investment and Finance with distinction from Bournemouth University. Prior to research, Gbenga had an extensive experience working in the Finance industry in Nigeria. His research interest includes corporate finance, market microstructure, asset pricing, behavioural finance and development finance.

Alexander Anggono is a Senior Lecturer at Trunojoyo University, Indonesia. Prior to this, Alex had worked for 10 years in a public accounting firm. Alex currently lectures on both management accounting and public sector accounting courses. His primary research area is on behavioural accounting, with a specific emphasis on the public sector.

Yasser Barghathi is an Assistant Professor in Accounting at the Dubai Campus of Heriot-Watt University. During the previous academic year, he has taught auditing and assurance, international accounting and research methods. His research interest revolves around financial reporting quality and audit quality. He is also a professional accountant with over 15 years of experience in the areas of corporate accounting, financial reporting, and auditing. He is also a member of the Libyan Accountants and Auditors Association and CPA Australia.

Eleni Chatzivgeri is a Senior Lecturer in Accounting at Westminster Business School, London. She holds a BSc in Economics, an MSc in International Accounting and Finance and a PhD in Accounting and Finance. Prior to this she worked as a teaching assistant at Heriot-Watt University. Eleni's research interests include: issues arising from the adoption and application of International Financial Reporting Standards (IFRS), corporate finance, developing theories of compliance, exploring the success of NGOs lobbying for accounting change.

Kate Clements is Assistant Professor of Accountancy at Heriot Watt University. She qualified as a Chartered Accountant (ICAEW) with KPMG and has wide experience working in industry and in public practice. Kate specialises in teaching audit, financial accounting and tax.

Mercy Denedo is a PhD student in the School of Social Sciences at Heriot-Watt University where she is a teaching assistant on a number of accounting courses. Prior to this, she was a lecturer at Delta State University, Nigeria. Her research interest focuses on interdisciplinary studies on accountability and governance in the context of human rights, corporate social responsibility, counter accountability, stakeholders' engagement and sustainable development.

Yasser Eliwa is Lecturer of Accounting at Loughborough University. Prior to this, he worked as Senior Lecturer of Accounting at Brighton University for two years. Yasser currently lectures on financial accounting and reporting, and his primary area of research is financial reporting and analysis.

Mohamed (Mo) Elshinawy is a doctoral candidate at Heriot-Watt University. Mo holds a BSc in Business Administration and an MSc in Finance. Prior to this, he worked as an assistant lecturer at Cairo University, Egypt. He currently tutors on Governance and Accounting Ethics at Strathclyde University and Introduction to Accounting at Heriot-Watt University. His research interests include Behavioural Finance, Corporate Governance, and the governance of financial institutions.

Anees Farrukh is a PhD student in the School of Social Sciences at the Heriot-Watt University. The focus of his research is the educational crisis in Pakistan, with aims to shed light on the accountability and governance of educational NGOs in addressing this crisis. His future research plans are to develop further into the field of accounting and education by conducting research on accountability, sustainability, educational policy and practice, social and environmental accounting and public-sector accounting.

William (Bill) Jackson is Head of Accounting at Heriot-Watt University and holds a PhD from the University of Edinburgh. Bill's research interests are primarily in the history of accounting, particularly where accounting interfaces with medical practice. Other interests are in the more contemporary interface between accounting and medical practice, the history of accounting and popular culture, management accounting practices in non-Anglo-Saxon contexts and the gendering of the accountancy profession.

Amber Jasmine Jackson is a freelance proof-reader and copy-editor. Amber holds a BA (Hons) in Classics from the University of Cambridge and a MSc in Late Antique, Islamic and Byzantine Studies from the University of Edinburgh. She is employed by EY as a Tax Advisor in the People Advisory Services practice, and specialises in Global Mobility consulting. She works with a variety of middle-market private sector clients, providing tax compliance and advisory services in conjunction with overseas EY teams. She is based in Edinburgh.

Darren Jubb is an Assistant Professor of Accountancy at Heriot-Watt University. Prior to this, Darren worked in professional accountancy practice for several years during which time he qualified as a Chartered Accountant with the

Institute of Chartered Accountants Scotland (ICAS). Darren currently lectures on financial accounting and audit courses, and his primary area of research is investigating the links between accounting, management and popular culture.

Stylianios Kotsias joined The American College of Greece in 2009, and since then he has been teaching accounting and finance courses. Since 2014, Stylianios is a visiting lecturer at ALBA Graduate Business School, teaching financial and management accounting courses. Stylianios holds a PhD Degree in Accounting from Heriot-Watt University in Edinburgh. His research interests lay upon the areas of accounting and financial accountability reforms in the Greek public sector.

Sunita Mathur is Assistant Professor in Accounting and Finance at the Dubai Campus of Heriot-Watt University. She has more than 15 years of international teaching experience in Higher Education and currently teaches Financial Reporting, Managing Corporate Value and Contemporary issues in Financial Accounting. Her research interest principally lies in Accounting Regulatory Frameworks, Corporate Social Responsibility and SMEs. She also supervises MSc dissertations on various subjects.

Vasileios Milios is a PhD candidate at Heriot-Watt University. He has completed his studies in Accounting (BSc, ATEI of Larisa) and in International Accounting and Finance (MSc, Heriot-Watt University). Vasileios' research interest mainly focuses on public sector accounting and accounting history and, more specifically, on the interplay between accounting and the political environment.

Bridget Efeoghene Ogharanduku is a PhD candidate in Accountancy at the Heriot-Watt University. Her main research interests focus on gender in the accounting profession and accounting history. She has taught on the social and environmental accounting course at the undergraduate level at Heriot-Watt University. Prior to this, Bridget has also held academic roles as a Graduate Assistant, Teaching Assistant and Assistant Lecturer at Delta State University, Nigeria. Her main teaching areas are in both financial and management accounting.

Audrey S Paterson is an Associate Professor in Accounting at Heriot-Watt University and holds a Bcom (Hons), MSc in Social Science Research and a PhD from the University of Edinburgh. Audrey is currently involved in several research networks including the Institute of Public Sector Accounting Research (IPSAR) and is the founder of the Accounting for Society and the Environment (ASE) research network which meets annually. Audrey is also responsible for the management of the PhD programme within the Department of Accounting, Economics & Finance.

Sebastian F Paterson is the Chief Executive Officer of Seallaidh na Beinne Moire, a community owned estate company formed in 2006 under the Scottish Land Reform Act 2003. In his present role, Sebastian manages South Uist

Estate's crofting, shooting and fishing assets, the South Uist Renewable Energy Windfarm and the recently constructed Lochboisdale Harbour; additionally, he is developing economic and social projects aimed at enhancing employment and retaining population on the estate. Sebastian received a Master's Degree with Distinction from Heriot-Watt University in 2015.

Stephen Rae is a postdoctoral researcher, and was awarded a PhD from Heriot-Watt University in 2016. His primary research interests lie in how and why companies release information. He received an MA in Accounting and Finance in 2010 and an MRes in the same in 2011, both also from Heriot Watt. He has a further research interest in quantitative methodologies and their uses following an earlier degree in Statistics, awarded in 2007.

Konstantinos Ritos is part of the Accounting Postgraduate Research team at Heriot-Watt University and parallel to researching, acts as a Student Representative for Accounting Postgraduate Researchers there. His previous studies include an MSc in International Accounting and Finance at Heriot-Watt University in 2016, where he graduated with a distinction, and a degree in Accounting and Finance from A.T.E.I. of Thessaloniki. Konstantinos has also previously worked in the accounting office of the Water and Sewer Supply of Thessaloniki public company for six months.

Chris Ryan is currently a Consultant with Deloitte in Finance Transformation, Chartered Accountant with ICAS and received a First-Class Honours degree from Heriot-Watt. Chris has worked with a wide variety of clients in both public and private sectors. His role primarily focuses on solving the key issues facing Finance Functions in organisations. The range of issues is broad and includes the social and ethical implications of the actions of the Finance Function and the resulting impact on the organisation's reputation, CSR and bottom line.

Mo Sherif is Associate Professor of Finance. He received his PhD from the University of Manchester, UK. He is an interdisciplinary Finance researcher whose initial contributions to the Finance literature are in Entrepreneurial and Behavioural Finance, Stock Trading Strategies and Asset Pricing fields. He is a fellow of the Higher Education Academy in the UK and a member of the American Finance Association in the USA. He is currently the Director of Postgraduate Taught Programmes in Finance (AEF) at SoSS and Senator at Heriot-Watt University.

Melanie Wilson is a Chartered Accountant, Chartered Tax Adviser and ethical entrepreneur with experience across the private, public and third sectors. Melanie is currently the MD of businesses with local to global client bases operating within professional practice and training. Melanie also currently lectures in tax and accounting subjects at Heriot Watt University. Melanie is currently engaged with both ICAEW and CIOT committees representing members and society regarding tax and education issues. Melanie's research interests are based in tax,

including avoidance, contemporary and society issues.

Akira Yonekura is currently an Assistant Professor at Heriot-Watt University, Director of Undergraduate Teaching Programmes for Accounting, Economics & Finance and a member of the Accounting for Society and the Environment (ASE) research network. Akira's research and teaching interests involve a critical analysis of current and historical accounting and corporate governance practices in their socio-economic, political and cultural contexts.

Abdelrhman Yusuf is currently a doctoral researcher at Heriot-Watt University. He received his second MSc award from the University of Dundee. Yusuf has ten years of teaching experience with undergraduate and post-graduate students during which time he became an Associate Fellow of the Higher Education Academy (HEA). His research interests are corporate governance, social responsibility, strategic management, and shareholders' activism.