SOCIAL AND ENVIRONMENTAL ACCOUNTING RESEARCH: MAJOR CONTRIBUTIONS AND FUTURE DIRECTIONS FOR DEVELOPING COUNTRIES

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Abstract
A review is provided of major contributions in social and environmental accounting literature focussing on the issues of developing countries. The review of prior research shows that the major contributions have been related to the motivations for social and environmental disclosure. However, other important research areas such ethical/accountability issues and how to cost externalities which have already been considered within the context of developed countries are yet to emerge within the developing country context. Contemporary social and environmental issues such as climate change and greenhouse gas emissions affecting the global community also appear to be key issues of research to scholars in both developed and developing countries. Finally, some future research directions are identified.

Key words:
Developing countries, research, social and environmental accounting, contribution, future directions

1. Introduction

The general aim is to provide an overview of prior research in social and environmental accounting within the context of developing countries. This paper has two specific objectives. Firstly, it provides a review of major contributions in social and environmental accounting literature focussing on the issues of developing countries. Secondly, it suggests future directions for research.

Over the last two decades a growing number of studies that focus on the social and environmental accounting of organisations operating in developing countries have been published (see Islam & Mathews 2009; Islam and Deegan 2008; Belal 2008; Belal & Owen 2007; de Villiers & van Staden 2006; Kausirikun 2005; Lodhia 2003; Belal 2001, 2000; Tsang 1998; Hegde et al. 1997; Jaggi & Zhao 1996; Teoh & Thong 1984). Social and environmental accounting research articles published in international journals are briefly reviewed to document major contributions.

The balance of the paper is organised as follows. Section 2 explores information about the emergence of social and environmental accounting. Following this, section 3 explores some key areas of social and environmental accounting. Section 4 then discusses major contributions in social and environmental accounting within the context of developing countries. Section 5 provides future directions for research on these countries.

2. Emergence of Social and Environmental Accounting

While social and environmental accounting has commanded growing attention and acceptance, its development can be seen as a result of stakeholder pressures as well as academic advocacy. It can be argued that a few early advocates of social and environmental accounting research during the 1970s and 1980s (see for example Tinker, Merino & Neimark 1982) were seen as radical in terms of having the potential to create real change in existing accounting

structures and practices (Deegan 2002). Mathews (1997, p. 488) notes that these early advocates 'were explicitly or implicitly criticising the current structure of the discipline: historical financial accounting reports for shareholders and creditors'. Early research (see, for example, Guthrie 1982; Ernst & Ernst 1978) focuses on documenting social and environmental disclosure practices via content analysis (Owen 2008).

Throughout the 1990s, social and environmental accounting research has increasingly gained prominence and developed substantially (Mathews 1997). During this time, a number of theories such as stakeholder theory, political economy theory, and legitimacy theory, were employed with the aim of explaining rather than simply describing social and environmental accounting and reporting practices (Owen 2008). The 1990s also witnessed growth in research attention on the 'internalisation of external environmental costs, via full costs accounting methods, and more particularly, on the reintroduction of the social eco-justice issues, in addition to those of eco-efficiency' (Owen 2008, p. 243). In support of the view that social and environmental accounting has gained greater prominence among researchers in recent years, Parker (2005 p. 843) states:

> [..] a community of social and environmental accounting scholars has truly arrived and is producing a wide range of significant research that will hopefully lay the foundations for the future policy and practice.

A growing number of recent studies appear to have made significant contributions to the social and environmental accounting literature with suggestions for well-designed further research. Examples of such studies include that of Belal & Owen (2007), Cooper & Owen (2007), Deegan & Blomquist (2006), Herbohn (2005), O'Dwyer & Owen (2005), O'Dwyer (2005a, 2005b), Milne & Patten (2002), O'Dwyer (2002), O'Donovan (2002), and Deegan et al. (2002). In recent times, agreement among major researchers (see for example Owen 2008; Parker 2005; Gray 2002) can also be seen in their calls for 'engagement based study'. Gray (2002) uses this term to refer to research that involves managerial groups in the researcher's initiative in order to delve more deeply into managerial interest in particular social and environmental accounting issues. Owen (2008) extends the term 'engagement based study' by suggesting that researchers also needs to engage stakeholder groups in their research initiatives. Alongside this social and environmental accounting research, a growing number of national and international institutional groups, including governments, industry bodies, the accounting profession, and international bodies have been involved in developing social and environmental accounting standards and related disclosures for organisations.

As Deegan (2002, p. 285) notes:

> Professional accounting bodies showed an early interest in social accounting, the best example of which was *The Corporate Report* (issued in 1975 by the Accounting Standards Steering Committee of the Institute of Chartered Accountants in England and Wales). This innovative release, which discussed and emphasised "right " to information, did not, however, lead to a lot of other effort or change by accounting professions and the issue seemed to disappear from the agenda of professional accounting bodies until it was to re-emerge in the 1990s. A number of organisations, such as the Global Reporting Initiative, the Institute for Social and Ethical Accountability, World Business Council for Sustainable Development, and the Council on Economic Priorities, have recently released guidance documents that are being embraced internationally.

Recently, a growing interest on the part of accounting firms and global institutional efforts in standardising reporting practices has also been seen. As Owen (2004, p. 30) observes:

> Certainly, much is happening at the moment. The corporate reporting initiatives referred to earlier have been accompanied by a growing interest on the part of professional accounting firms and institutional efforts to begin to standardise

practice. Particularly noteworthy in the latter context have been the Sustainability Reporting Guidelines, issued under the auspices of the Global Reporting Initiative (GRI), and the work of the Institute of Social and Ethical Accountability (ISEA) in attempting to standardise principles and processes to be followed for securing quality SEAAR (Social and Ethical Accounting, Auditing and Reporting).

Further, there has been a heightened level of broader stakeholder involvement in different social and environmental accountability issues which appears to have attracted many researchers to investigate whether and why particular stakeholder groups influence corporate accountability and related disclosure practices (see for example Tilt 1994; Deegan & Blomquist 2006). Parker (2005, p. 843) suggests that in the past accounting and management researchers have been lured into involvement with social and environmental accountability issues following the recognition of their importance and the concerns expressed by communities, lobby groups, governments and even sectors of the business community.

Owen (2004) observes that in the late 1990s some researchers began to produce a steady stream of deeply perceptive and well-designed studies (see for example Deegan & Rankin 1999, 1997) which investigated stakeholder needs, recognitions and perceptions in relation to social and environmental disclosures. Gaining an understanding of what various stakeholder groups expect from organisations is crucial, particularly for managerial decision-making. Some researchers emphasise this understanding.

For example, Zadek (2004) argues that organisations need to predict and credibly respond to changing and sometimes volatile stakeholder views and expectations of corporate responsibility. Some recent work has directly investigated the influence of particular stakeholder groups such as non-government organisations on corporate social and environmental disclosure practices (see for example Deegan & Blomquist 2006; Deegan & Islam 2009). A growing body of empirical research has examined media attention, as a proxy for community concerns, that focuses on corporate social and environmental impacts in order to relate media attention directly to corporate social and environmental disclosure practices (see for example Brown & Deegan 1998; O'Donovan 1999; Deegan et al. 2002; Islam & Deegan 2010).

In relation to the research within the context of developing nations, early research (see for example, Belal 2000; Tsang 1998) only focuses on documenting the extent or level of social and environmental disclosures. This focus was different from the early research undertaken in developed nations which provides a critical analysis of the role of conventional accounting in a society and social reporting content analysis. While early research on developing nations did not provide a notable contribution in terms of research methods and theoretical frameworks employed, this appeared to be important in understanding the level of social disclosures practices of organisations operating in developing countries (see for example, Belal 2000; Tsang 1998). Since 2005 social and environmental accounting research on developing nations provides a significant contribution in terms of theoretical frameworks embraced (see for example Islam & Deegan 2008) and research methods employed (see for example, de Villiers & van Staden 2006; Islam & Deegan 2008). Some recent studies (see for example, Belal & Owen 2007; Islam & Deegan 2008) utilise interviews in order to provide in-depth understanding of management motivations for social disclosures.

The increasing engagement of both academic researchers and stakeholder groups as discussed above indicates that academic interest in social and environmental accounting and disclosure practices has not waned in recent years; rather they continue to be investigated by academics through

attempts to determine the rationales underlying such practices. The following section discusses the different areas of social and environmental accounting research.

3. Areas of Social and Environmental Accounting Research

Various areas of research that focus on social and environmental accounting can be identified: for example, one area looks at the motivations for disclosures, a second examines ethical/accountability issues, another considers the costing of externalities, while a fourth line of research investigates market reactions to disclosure. A brief discussion of these areas of research will be provided next.

One significant area of research in social and environmental accounting is the investigation of management motivations for social and environmental reporting practices. Those researchers who have investigated the motivations behind disclosure have sought to explore 'why' organisations report social and environmental information via corporate media such as annual reports. In explaining 'why', reference is often made to the positivist approach to research—an approach of 'explaining what is'. Thus, it is this positivist approach that has generally been applied in investigations of the motivations for social and environmental disclosure. What this area of research has particularly shown is that an organisation reports social and environmental information to manage its stakeholders (see for example Deegan & Blomquist 2006; Arnold & Hammond 1994; Arnold 1990; Ullman 1985) to secure or maintain legitimacy or to meet community expectations (see for example a series of voluminous studies as documented in Deegan 2002), to influence market or share prices (Freedman & Jaggi 1988) or to avoid regulation (see for example Freedman and Stagliano 1998; Stanny 1998; Barth et al. 1997; Mitchell 1997; Ness & Mirza 1991). According to Owen (2008), the aim of this type of empirical research within legitimacy theory has been 'to seek to identify and possibly go on to predict, the driving factors behind managerial disclosure decisions, which are understood to be motivated by a desire to demonstrate corporate conformity with social expectations' (p. 247). In particular, academics who embrace stakeholder power and community expectations as factors to explain corporate accountability and related disclosure practices appear to offer more realistic explanations for disclosure than those who use market data (Parker 2005). Although this area has increasingly attracted attention and interest, there is significant scope for further research.

Another major area of research in social and environmental accounting is the investigation of what organisations should do to be ethical and accountable to the wider stakeholder groups. This area of research can be classified as a normative approach to research, that is, 'describing what should be'. Owen (2008) notes that early research largely featured descriptive work, together with the normative attempts at model building designed to improve corporate disclosure practices. Indeed, some early normative research provides useful suggestions about how to measure and classify social and environmental disclosures (see for example; Hackston & Milne 1996; Gray et al. 1995; Ernst & Ernst 1976). Some of the most influential reporting guidelines such as GRI and AA1000 have been offered by non-government organisations and, according to Owen (2008), the lack of academic input might be considered somewhat unfortunate to say the least. One of the important characteristics of normative research is that 'disclosure decisions should not be responsive to perceived legitimacy threats but should be based on the beliefs about what managers are considered to be accountable for, and what people need to know about' (Deegan 2002, p. 298). In other words, this area of research views the decision to disclose social and environmental information as an ethical decision. Gray, Dey, Owen, Evans and Zadek (1997)

champion the accountability or normative perspective on social and environmental accounting through the 1980s and 1990s (Parker 2005). This type of research has sought to examine how social and environmental disclosure can be seen as reflecting and discharging the responsibilities and subsequent accountabilities of organisations, and in so doing has been motivated by democratic concerns about the rights to information and the means by which organisational behaviour might be controlled by society. Examples of other normative studies include that of Cooper and Owen (2007), Cooper et al. (2003), Adams (2002), Lehman (2001, 1999 and 1995), Gray et al. (1996), and Medawar (1976).

Another area of research that has attracted growing attention focuses on how to cost externalities. Owen (2008, p. 243) notes that research addressing the internalisation of external costs is increasingly gaining importance. A growing volume of academic research has been conducted and a number of contributions have been made to this area of research (such as how to cost externalities) (see for example Deegan 2008; Burritt 2004; Schaltegger & Burritt 2000; Bartolomeo et al. 1999; Bailey & Soyka 1996; Bennett et al. 1996; Epstein 1996; Schaltegger et al. 1996; Tuppen 1996; Ditz et al. 1995). Within this area some research specifically focuses on the use of activity-based costing (ABC) to incorporate accounting for environmental costs (see for example Deegan 2003; Bartolomeo et al. 2000; Haveman & Foecke 2000), while other research examines accounting for energy (see Loew 2003; Bennett & James 1997; Birkin 1996), life cycle costing (see Parker 2000; Bennett & James 2000; Kreuze & Newell 1994) and full cost accounting (see Deegan 2005; Bebbington et al. 2001; Schaltegger & Burritt 2000). Full cost accounting is the method used to trace and allocate all direct and indirect costs to a product, product line, process, service or activity for the purposes of inventory valuation, product pricing decisions and profitability analysis (Schaltegger & Burritt 2000).

An area of research that is quite distinct from the other three areas discussed above analyses share price reactions to social and environmental disclosure practices. This market analysis research views the decision to disclose social and environmental information as a decision driven by self-interest and embraces the economic interest approach (one branch of the positivist approach—an approach that explains the economic interest of managers and shareholders) and seeks to conceptualise the relationship between disclosure and share prices.

Such research possesses some major limitations (see Owen 2008; Parker 2005; Deegan 2002). Parker (2005, p. 846) asserts that the findings of prior studies in this area ‘are somewhat mixed, and increasingly such studies appear to add little, even incrementally to our stock of knowledge—generally failing the “So what?” test’. Parker (2005) further states that market research focuses primarily on financial stakeholders such as shareholders and creditors who are invariably neither the drivers nor primary beneficiaries of corporate social and environmental accountability practices and related disclosures. Specifically Parker (2005) is critical of such ‘attempt[s] to impose an individualistic, economic based conception of agency onto a clearly non-economic communitarian issue, aggravating such “unreality” with their assumptions of free markets which have repeatedly failed in the area of SEA!’ (p. 846).

As discussed above, different areas of research appear to contribute to the social and environmental accounting literature of developed countries in different ways. Therefore, the contributions of divergent areas of research (subject to the previous qualifications about research which focuses on share price reactions to social disclosures) can be seen to add significantly to the

literature and provide a vital foundation to boosting future research and development of knowledge. The various contributions and valuable insights of researchers who have facilitated developments in their respective areas are acknowledged here. However, it might be expected that what is happening in the context of social and environmental accounting in developing countries will of necessity need to be different. Hence, an overview of major contributions in the context of developing countries is provided next.

4. Research within the Context of Developing Countries

Over the past two decades there has been a great deal of research into the social and environmental accounting and accountability practices of organisations operating in developed countries. However, there is relatively limited research on the social and environmental accounting and reporting practices of such organisations, or about the external pressures being exerted on such organisations in relation to their social and environmental performance and related accountability (see Islam & Mathews 2009; Ahammad et al. 2009 ; Islam & Deegan 2008; Belal 2008; Cahaya, Porter & Brown 2008; Belal & Owen 2007; de Villiers & van Staden 2006; Xiao 2006; Kausirikun 2005; Wendy & Jeremy 2005; Thomson & Zarina 2004; Lodhia 2003; Belal 2001, 2000; Tsang 1998; Hegde et al. 1997; Jaggi & Zhao 1996; Teoh & Thong 1984). This short paper only considers major contributions to social and environmental accounting research published in international accounting journals including *Accounting Forum, Accounting, Organization and Society, Accounting, Auditing & Accountability, Business & Society, Corporate Social Responsibility & Environmental Management, Critical Perspectives on Accounting, Eco-Management and Auditing, Journal of the Asia-Pacific Centre for Environmental Accountability, Journal of Corporate Citizenship, Journal of International Accounting Auditing and Taxation, Managerial Auditing Journal and The Journal of International Accounting).* The selection of international journals covers a wide range of journals including journals considered by Parker (2005). Research papers published in a local or developing country journals were not considered. While much of the literature published in journals from developing countries just replicated what has been undertaken in developed countries, some important insights can be gained from what has been studied and provides a starting point for future research (see for example, Hoq, et al. 2010; Azlan & Susela 2007; Ambe 2007; de Villiers 2003; Islam 2005, 2002; Lodhia 2004; Xiao & Li 2002; Liu 2001; Wang et al. 1998; Meng 1997). As this paper does not address much of the literature published in journals from developing countries, the findings of this paper need to be considered in the light of the sole focus on international publications. It is acknowledged that the paper only provides a partial understanding of the social and environmental accounting practices of organisations operating in developing countries. The author also acknowledges that the decision to exclude local publications may produce a bias against the reported findings.

Before discussing these specific studies, the general background of social and environmental disclosure practices of companies operating within developing countries needs to be considered. The major focus has been on general descriptions of corporate social and environmental disclosure practices. Literature reveals that companies operating in developing countries are disclosing social and environmental information on only on a limited scale. In order to understand the key findings of prior research on the issue, a brief review of some relevant studies within this context is provided next.

An early contribution from Teoh and Thong (1984) investigates corporate social responsibility accounting and reporting from

the standpoint of a developing country. Their study was based on an interview questionnaire survey primarily conducted with chief executive officers across 100 companies operating in Malaysia. Findings indicate that social reporting lags behind corporate social involvement and that corporate attention is largely focussed on activities relating to employees and products. The findings also reveal that those companies with a predominantly Malaysian ownership were less committed to fulfilling any social responsibilities and associated reporting, whereas companies with major foreign ownership, particularly those from the United States and Britain, appear to be more willing to accept their social accountability commitments. Mathews (1993) argues that this study (Teoh & Thong 1984), along with other studies carried out in the 1980s, appears to be an isolated event and not part of any concentrated research effort. However, Teoh and Thong's (1984) study does appear to be the first known study of social and environmental accounting reporting within the context of a developing country.

In the 1990s and early 2000s there was a notable absence of contributions to the social and environmental accounting literature from a developing country perspective. During this period, research based entirely on secondary data, and only on a limited scale, was the key priority for most researchers investigating corporate social and environmental disclosure within the context of developing nation(see for example, Abayo, Adams & Roberts 1993; Belal 2001) Almost 10 years after Teoh and Thong's study (1984), Abayo, Adams and Roberts (1993) conducted research reviewing the annual report disclosure practices of Tanzanian companies and conclude annual reports to be of poor quality with insufficient information. A few years later, Gray et al. (1996) refer to another study based on secondary data by the United Nations which finds the quantity and quality of social and environmental disclosures in three developing countries to be disappointing. As Gray et al. (1996) note:

> The United Nations (1995) reports on the results of a questionnaire survey of 18 transnational companies in the chemicals industry and 8 in the food industry which focussed on environmental reporting in India, Malaysia and the Philippines. All types of reporting media were considered. The results showed that the quantity and quality of environmental disclosures in the three host countries were disappointing.

Using secondary data, Belal (2001) examines the social and environmental disclosure practices of a small number of publicly traded companies operating in Bangladesh. Thirty annual corporate reports over a year were collected for analysis from companies listed on the country's stock exchange. The results of his study reveal that on average 13 lines were used by the companies to make social and environmental disclosures, which represents only 0.5 percent of the average total number of lines contained in the annual reports of sample companies. His study concludes that Bangladeshi companies are only disclosing social, ethical and environmental information on a limited scale.

Recently, a further contribution is offered by de Villiers and van Staden (2006) who utilise annual report content analysis to investigate the environmental disclosure practices of companies operating in South Africa. They conduct a content analysis of more than 140 corporate annual reports over a nine-year period in order to identify the trends in environmental disclosure by South African companies over time. Their results indicated a reduction in environmental reporting after an initial period of increase, for both mining companies and the top 100 industrial companies. The decrease for mining companies was bigger than for the top 100 companies, both overall and when the results were divided between specific and general information classes. The disclosure of both general and specific information increased from 1994 to 1999; disclosure of specific information then declined by five times more than the decline in disclosure of general information. The researchers suggested that

these trends are consistent with legitimacy theory because legitimising objectives may also be served by changing the type (general or specific) or by reducing the volume of environmental disclosures. Their research contributes to the social and environmental accounting literature by way of a theoretical explanation (legitimacy theory) of motivation for social and environmental disclosure practices of companies operating in a developing country. In fact, this was the first known study that embraced legitimacy theory to explain social and environmental disclosure practices of corporations operating in a developing country.

While most of the previous research uses secondary data, a relatively more recent study by Belal and Owen (2007) utilise interviews to document the views of a sample of Bangladeshi managers on the current state of, and future prospects for, social reporting in that country. They conduct a series of interviews with senior managers from 23 Bangladeshi companies representing the multinational, domestic private and domestic public sectors. The results of their study reveal that the major motivation of managers for social reporting practices lies in a desire on the part of corporate management to manage powerful stakeholder groups such as multinational companies. The researchers also express reservations over the potential for social reporting to create real change in corporate accountability and related practices, particularly when developed country social standards are imposed without consideration of local cultural, economic and social contexts. Their study is one among a small number of studies that uses a qualitative research method such as interviews to investigate social accountability and disclosure practices within the context of a developing country.

More recently the works of Islam and Deegan (2008) involved gaining an in-depth understanding of the motivations underlying the social and environmental disclosure practices of a major clothing body in a developing country, in this study Bangladesh Garments Manufacturers and Exporters Association (BGMEA) in Bangladesh. The results indicate that particular stakeholder groups—multinational clothing and sports retail companies being the most powerful—have since the early 1990s placed pressure on the Bangladeshi clothing industry in terms of its social performance. This pressure, which is also directly related to the expectations of the global community, in turn drives the social policies and related disclosure practices of BGMEA, the major body of the Bangladesh clothing industry. Without pressure being exerted by powerful stakeholders, and the related economic incentives, it appears that organisations operating in developing countries are slow to embrace the social practices and related accountabilities that are expected by the global community. This study is the first known to interview managers from a large organisation in a developing country about changing stakeholder expectations and then to link these changing expectations to annual report disclosures across an extended period of analysis (from 1988 to 2005). Islam and Deegan (2008) also offer an original contribution in terms of theoretical applications. By applying stakeholder theory, their study finds that BGMEA's operating and disclosure policies reacted to the expectations of multinational buying companies – the group deemed to be the most powerful stakeholder. By considering legitimacy theory, their study finds that Western consumers and their associations imposed their expectations on multinational buying companies, who in turn, imposed their expectations on the clothing industry, which in turn influenced operating and reporting policies of BGMEA. Furthermore, by applying institutional theory, their study finds that BGMEA and the clothing industry embrace operating policies and codes of conduct that are similar in form to those embraced by powerful stakeholders such as multinational buying companies. In this study, a joint consideration of legitimacy theory, stakeholder theory and institutional

theory has applicability within the context of a developing country. This was the first known study that embraced a joint consideration of legitimacy theory, stakeholder theory and institutional theory in order to understand social and environmental disclosure practices of a major organisation in a developing country.

The review of prior research shows that the major contribution within the context of developing countries has been related to the area that looks at the motivations for social and environmental disclosure. While prior studies focus on the motivations for disclosure, some also investigate involvement of the accounting profession in social and environmental accounting. Two such studies were conducted in the context of developing nations. In a study of accountants in Fiji, Lodhia (2003) examines the roles of accountants in environmental accounting and reporting. The findings of his study show that accountants were not involved in addressing environmental accounting in organisations. This lack of involvement has been attributed to the lack of expertise in social and environmental matters as well as the absence of regulation for mandatory environmental accounting practice. If environmental accounting practices are to evolve, Lodhia (2003) suggests that a proactive stance is required from the national accountancy profession, academics, and the private and public sectors. In another relatively recent study, Kausirikun (2005) examines attitudes to social and environmental accounting among members of the Thai accounting profession. The findings of Kausirikun (2005) show that there is an overall positive but latent attitude towards social and environmental accounting among accountants, auditors, and accounting-related professionals. The findings also indicate a gap in the attitudes of accountants towards social and environmental accounting and its practical reality resulting in an absence of social and environmental accounting. Appointing social and environmentally-concerned representatives in the Thai accounting standards regulatory boards is suggested as one method for addressing this gap (Kausirikun 2005).

The review of prior research indicates that the major contribution within the context of developing countries has been related to the area that looks at the motivations for social and environmental disclosure. Other important research areas such ethical/accountability issues and how to cost externalities, which have already been considered within the context of developed countries, are yet to be considered within the context of developing nations. Based on these observations of the literature the following section provides an indication of some important areas to which future research can be directed.

5. Directions for Future Research

Social and environmental accounting research is now considered as a significant stream of research that attracts a growing international community of scholars (Parker 2005). In particular, a growing body of scholars is focussing on different social and environmental issues within the context of developing countries. In terms of the future direction of the research areas, there appear to be a number of subject areas still under-researched within the context of a developing nation. The following are some important issues which are worthy of further research:

1. Islam and Deegan (2008) demonstrate that stakeholders such as multinational buying companies were able to influence social and environmental activities and related disclosure practices of a major organisation in Bangladesh, unlike the local workforce in that country. Whilst this might ultimately lead to improved conditions for local workers, and greater accountability within the industry, it does raise issues about the responsibilities of powerful stakeholders when dealing with industries in developing countries. Their power is real, and ideally should be used in a manner that provides real benefits for

local industries and communities. The findings of Islam and Deegan (2008) provide a basis for testing whether the impact of this influence of multinational companies can bring any real benefits to workers or local communities. For there to be any progress towards empowering workers and local communities, there also need to be substantial domestic initiatives (such as those undertaken by NGOs, government and trade union bodies) (Belal & Owen 2007). Hence, research on workers and community empowerment in a developing country requires further investigation.

2. While some studies (see Islam and Deegan 2010; Deegan and Islam 2009; Islam and Mathews 2009) consider multinational companies, media and NGOs as the major groups that have the most influence in shaping community concerns, other groups such as professional accountants, lawyers and government may hold similar influence. In this regard, further research could also seek the views of other groups and the public as a whole to extend the applicability of findings and theories (see Mitchell et al. 1997).

3. Belal and Owen (2007) question whether organisations fully operating in developing countries (domestic organisations) will buy into social accountability practices. Their findings show that while civil society organisations in Bangladesh have not developed to the extent that they are able to create change in social accountability practices within the domestic industry, the commitment of trade unions to the cause of social accountability offers much hope for more substantial change in accountability practices in the near future. Directly tied to the issue of corporate social accountability in a developing country, an investigation of the role of international agencies, accountability bodies and NGOs in empowering domestic stakeholders such local trade unions deserves further attention. Some developing countries (such as China and Vietnam) may not have trade union bodies and it is also interesting to see, in the absence of trade union activism, how corporate activities and related accountabilities work in these countries

4. Islam and Deegan (2008) find that environmental issues and related disclosures are presently given minimal priority by managers of a major organisation in Bangladesh. However, the findings also indicate that in the near future consideration will need to be given to improving environmental performance and associated accountabilities. This finding provides a thread that can be developed further, for example, in discussion of corporations dealing with necessarily sensitive environmental issues in a developing country. Furthermore, as certain environmental problems, such as climate change, increasingly become global problems and as the global community exerts pressure for global solutions to be found, organisations operating in developing countries may be compelled to respond to such concerns. In this regard, it would clearly be of interest to know why, despite the absence of mandatory requirements in developing countries, some major organisations in these regions endeavour to address climate change and international emissions issues.

5. Deegan and Islam (2009) emphasise the role of NGOs in creating change in corporate activities within developing countries. Given the continuing globalisation of various industries, and the ongoing outsourcing of various processes to developing countries, many of which do not have effective regulations to support workers' rights, further research to understand the roles of stakeholders such as NGOs and the media continues to be important. Furthermore, a

consideration of the roles of key social actors such as the media and NGOs in dealing with particular social and environmental issues relating to multinational companies operating within developing countries further raises the question of the real benefits for the local community such as workers. Deegan and Islam (2009) open for researchers a real chance to adopt a more critical perspective on changes in operating and associated reporting practices. Greater insight into the socioeconomic context of a developing country can be conveyed, together with the obstacles to achieving fundamental societal change in developing countries with weak civil society organisations, and that are highly dependent on international markets controlled by western multinationals.

6. It is suggested that the theoretical perspectives (see Parker 2005) embraced within the context of developed countries could be replicated in studies of similar organisations operating in developing countries. Particularly, there is minimal research that applies theoretical perspectives such as legitimacy theory, stakeholder theory and institutional theory to explain the motivations for organisational social disclosure practices within the context of a developing country.

7. There is a general dearth of research that uses the interview method to investigate the motivations underlying the changing levels of social and environmental disclosure of a major organisation operating in a developing country (except being Islam & Deegan 2008; Belal & Owen 2007). To theorise on social and environmental accounting, an interview-based study is seen to be more appropriate than a secondary data–based study. Nevertheless, most of the prior research has failed to embrace this method. Interview method in an engagement based study (Gray 2002) could be employed to investigate social accounting, auditing and accountability practices of corporations operating in developing countries.

8. Normative research is more important in the context of developing countries than in the context of developed countries. The further research is needed to investigate what organisations should do to be ethical and accountable to the wider stakeholder groups. As noted earlier, this area of research views the decision to disclose social and environmental information as an ethical decision (see research conducted within this area that predominantly focuses on developed nations, Cooper and Owen 2007, Cooper et al. 2003, Lehman 2001, 1999 and 1995, and Medawar 1976). Furthermore, normative research, about such issues as what accountants and accounting bodies in developing countries should do to create social and environmental accountabilities of organisations operating in developing countries, also deserve further attention.

9. While research addressing the internalisation of external costs is increasingly gaining importance, such research is not undertaken in developing counties. Furthermore, some important areas such as such as how to cost externalities (see for example Deegan,, 2008; Burritt,, 2004; Schaltegger & Burritt,, 2000; Schaltegger et al.,, 1996), use of activity-based costing (ABC) to incorporate accounting for environmental costs (see for example Deegan,, 2003; Bartolomeo et al.,, 2000), full cost accounting (see Deegan,, 2005; Bebbington et al.,, 2001; Schaltegger & Burritt,, 2000) and life cycle costing (see Parker,, 2000; Bennett & James 2000; Kreuze & Newell,, 1994) remain under-researched within the context of developing countries. These areas appear to be as important an area for further

research as the area of motivations for corporate social disclosures.

10. While the above nine points emphasise the replications of the western approach to research to the developing countries, directions of further research within the context of developing countries might be generated from a different point of view rather than only replicating what has been done in the developed world. In order to understand the different point of view, visiting (re-visiting) research publications in the journals from developing countries is emphasised. It is important to understand that the local perspective of social and environmental accounting and accountability may be grounded within the local theoretical framework rather than the Western framework. Therefore, the use of local theoretical frameworks is recommended to explain social and environmental accounting and reporting within the context of the developing world.

The above discussion makes it clear that there is a great deal of scope to further social and environmental accounting research within the context of developing countries. Some of the contemporary social and environmental issues such as climate change and greenhouse gas emissions affecting the global community are also believed to be key issues of research to the scholars in both developed and developing countries. Considering all of these points, there is wide scope to advance social and environmental accounting research.

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