WHAT'S WRONG WITH GREEN ACCOUNTING AND AUDITING PRESCRIPTION?

SEEING THE WOOD AS WELL AS THE TREES

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ABSTRACT

A number of contributors to the literature have — apparently in the name of the green — portrayed green accounting and auditing as problematic. The further mobilisation and prescription of green accounting and auditing are, for these contributors, overly centralist, interventionist and narrowly technicist. Yet, if the potential environmental threat is significant, and if a more voluntarist approach to environmental reporting responds marginally to that threat, at best, the sensitivity and cautions of those contributors who draw upon trends in contemporary theorising may constitute a misplaced emphasis. Indeed, attention may even ironically be displaced from substantive concerns.

INTRODUCTION

According to a number of apparently green accounting and auditing texts, proposals to mobilise and prescribe environmental accounting and auditing further are problematic. Such proposals are deemed in these texts to be overly centralist and interventionist and to exhibit a narrow technicism. At the same time, the authors of these texts do not disguise the fact that they share, with many others, the belief in the existence of an environmental problem of a threatening significance. Moreover, these authors, while cautioning against the further mobilisation and prescription of green accounting and auditing, scarcely counter the widely accepted view that the current (largely voluntary) practice of environmental accounting and auditing has major flaws (see, for example, Owen, 1992a, 1994). Our main concern in this paper is to suggest that the sensitivities and cautions about the mobilisation and prescription of green accounting and auditing are misplaced — and that, therefore, in terms of the future direction of policy in this area, a more interventionist approach should not be rejected. Given current professional concerns and debates in the international arena over the need, for example, to prescribe standards for green accounting and auditing (see, for example, Hrisak, 1995; Professional Briefing, 1995), the argumentation of this paper seems to us to be a timely and positive contribution.

In developing our position, we outline in the first section of the paper a number of contributions to the green literature which have portrayed green accounting and auditing as problematic. We then move towards assessing the value of these contributions when viewed against the current context and practices of green accounting and auditing. In addition to including here a brief review of previous empirical work of relevance, we report on our own previously unpublished survey of environmental reporting. The latter survey, albeit indicative of potentially very fruitful future empirical research, is not the central focus of the paper — it does, however, have some distinctive features and is included because it points to confirming and deepening an appreciation of the insights of previous empirical work. The empirical section of the paper points to the weaknesses of the status quo of environmental accounting and auditing practice. It thus constitutes an important preface to addressing in the next section of the paper our main concern here: to challenge and go beyond the critique of green accounting and auditing outlined in the first section of the paper — and thus to make it less easy to reject or dismiss out of hand a more interventionist policy involving green accounting and auditing.

A 'GREEN' CRITIQUE OF GREEN ACCOUNTING AND AUDITING: AN ELABORATION

Gray (see, for example, Gray et al., 1993) is the most prominent writer in the field of green accounting. It is therefore of significance that Gray has himself cast serious doubt upon the potential role of environmental reporting and auditing. Gray and Laughlin (1991) explicitly wonder in an editorial of a special issue on green accounting: 'Is there any role for accounting?' In emphasising a concern 'gently [to] account for accountability', Gray (1992, p. 407) suggests that an informal accountability of 'deeper social relationships' with an associated openness could supersede formal accounting systems. He promotes an anti-centralist, anti-interventionist and anti-technicist stance. His earlier stress upon the negating properties of conventional and current forms of accounting and auditing practice, especially when such practices are measured against the nature of environmental concerns (see, for example, Gray, 1990a,b), appears here all too easily to fuse with a rejection of accounting and auditing *in toto*. Clearly, as we should emphasise, the reader of Gray's substantial work on green accounting (see Gray et al., 1993) would appreciate that many of his writings are much more positive and constructive concerning the potential role of green accounting. Nevertheless, aspects of his work reflect an influential tendency, which has emerged in the green literature, to dismiss green accounting and auditing negatively (see also Hines, 1991; Maunders and Burritt, 1991).

The writings of Power and Cooper on green accounting and auditing exhibit this trend markedly. Like Gray, Power (1994a,b,c) launches an attack on centralism (which he suggests implies a simplistic management by numbers) and interventionism (which he suggests leads to a withdrawal of trust from the community which is discouraging for the latter). He understands both centralism and interventionism to be integral to calls for environmental auditing. Cooper (1992) offers a feminist critique of green accounting and auditing. While Cooper's (1992) article may not be part of mainstream thinking on green accounting and auditing, it does very much reflect the influential trend to be cautious about the mobilisation and prescription of green accounting and auditing. Drawing from Cixous, Cooper suggests that accounting systems assume that categories of life can be divided into a single binary opposition (such as assets and liabilities). As nature is a multiplicity, accounting and auditing could thus only destroy it even when attempting to liberate it. Cooper's critique serves to enhance the general critique of green accounting and auditing as overly technicist. Cooper (1992, p. 31) goes further and suggests that accountability is bound up in a masculine power and is thus 'immediately problematic'. She makes out a case for staying in the margins and not participating in a masculine interventionism.

The critique of green accounting and auditing elaborated above cautions against interventionism. This critique can be interpreted, indeed, as promoting a form of voluntarism (if informed by the promotion of a critical dialogue, although this too is quite understated). We would argue that the danger in this critique is that it risks falling back into effectively supporting the status quo — which indeed has been a largely voluntarist context for some time as far as the realm of environmental accounting and auditing is concerned. If by default, or even intentionally, writers are, apparently in the name of the green, promoting the case for the 'voluntarist' status quo, we should be concerned: we indicate this in the next section of the paper where we point to deficiencies in current environmental accounting and auditing practice, and thus indicate why concerns about the limitations of a voluntarist approach might be justified.

CRITICAL REFLECTIONS ON THE STATUS QUO

It hardly needs elaborating at length here that, for many commentators, if not all, there is a long-standing recognition of the existence of a threat to the planet's ecological system, or at least to the quality of life on the planet, posed by human activity (see Lovelock, 1982, 1988; Gray et al., 1993). This awareness has been substantively influenced by conventional, natural — and technicist — scientific opinion. This latter point is worth emphasising as it may help to appreciate an irony in that literature which has excessively cautioned against interventionism. If we assume here that there is an environmental threat of some significance, what has been the contribution of a voluntarist approach to environmental accounting and auditing in responding to this threat? Below we focus critically upon environmental reporting in practice, pointing to its failings. We focus upon the reporting of mainly large companies, whilst not denying that governments and other individual and organisational practices have also played a significant part in constituting the environmental threat perceived by many commentators (see Gray et al., 1993).

It appears to be widely accepted in the literature that a voluntarist approach has been very disappointing. Gray et al. (1995) detail a longitudinal study of UK environmental (and social) disclosure (covering a 13-year period up to and including 1991). Overall, this points to a disappointment with a voluntarist approach to environmental accounting. It thus confirms previous empirical studies and supports research which has stressed the need to grasp and respond to environmental accounting initiatives in Europe, including in the UK and the Republic of Ireland (see Kirkham and Hope, 1992; Owen, 1992a; Gray et al., 1993). Gray et al. (1995, p. 49) conclude, for example, that 'voluntary' corporate social reporting (including environmental reporting) waxes and wanes over time in popularity, in its content and in terms of who are the organisational conveyors who (variously) disclose. While their survey indicates an increase in voluntary environmental reporting from the mid-1980s especially, Gray et al. (1995, p. 71) note that the quality of this was poor, and also point to its highly suspect and unreliable nature (pp. 65–66). Further, they point out, confirming previous work, that the propensity to publish 'alternative accounts' tends to be related to previous organisational profitability and other organisational contingencies (Gray et al., 1995, pp. 49–50).

Gray et al. (1995) is a large sample study. In July 1993, we conducted a survey and interpretive content analysis of the annual reports of a much smaller sample — focusing upon the latest annual reports of the top 50 companies in the UK as measured by reported accounting profit (according to *The Times* 1,000). While surveys and content analyses have been employed in the literature to yield seemingly objective insights into aspects of environmental reporting, we do not want thus to overplay the significance of our study. Our concern was to explore in greater detail, through an interpretive content analysis, the character of environmental reporting — with a view to providing an empirical analysis which would be suggestive of future research, and which at least could help point to a confirming of previous studies. To effect this, we expanded and refined the content categories of previous studies (see Guthrie and Parker, 1990; Gallhofer et al., 1994) and concentrated our attention upon environmental reporting (unlike both Guthrie and Parker, 1990, and, Gray et al., 1995, who had the wider focus of corporate social reporting).

The focus on large companies biases the findings, in that research has suggested that organisations are unlikely to incur 'environmental expenditure' while their profits are below a certain level (see Roberts, 1992), or while they are small, as indicated by some other conventional accounting measure (Trotman and Bradley, 1981; Teoh and Thong, 1984; Cowen et al., 1987; Belkaoui and Karpik, 1989; see also Gray et al., 1995). All the same, our analysis did indicate confirmation of previous survey and content analysis studies. While 38 companies (76 per cent) of our sample disclosed some form of environmental information (22 per cent publishing information about their future plans and 32 per cent about their investment management policies and strategies respecting the environment), as **Table 1** suggests, most information disclosed can be categorised as concerning energy saving, waste disposal and recycling schemes. Cynically, one can suggest that it is not surprising that these activities are being highlighted — as it is in many cases relatively inexpensive for companies to participate therein.

Table 1: Environmental Disclosure by our Sample of Reporting Companies

Subjects of Companies' Environmental Information Disclosed in Annual Reports	Percentage of Companies Making the Disclosure
Water pollution control	24
Air pollution control	12
Energy saving	32
Waste disposal	32
Recycling	30
Packaging	22
Clear up costs	6
Specific Aims	32
Future plan	22
Investment/Management	32
R & D	16
Award	10
Comparative data from previous years	18

The companies in our sample were perhaps less forthright in disclosing information directly pertinent to the concerns of water pollution and ozone depletion, with 24 per cent reporting activities of water pollution control and only 12 per cent providing information on air pollution control. Further, only 6 per cent of our sample report 'clear-up costs'. While this may suggest that a very high proportion of companies had not polluted significantly, it is surely of concern that current accounting and auditing practices do not provide any assurances about this. It might be that companies are reluctant to release 'clear-up' costs as they are worried about the impact of being perceived as damaging the environment even if attempting to 'clear up' this damage. Alternatively, it might be that polluting companies are spending little on environmental clear up! Concerning the disclosure of environmental impact other than evidenced in 'clear-up costs', no company in our sample clearly admitted to having contributed to environmental pollution. It could be suggested that annual reports help companies to develop the image that they are environmentally concerned even where the substance of their actions might tell a different story. It is difficult to verify such a view with a great deal of confidence but there is a wide scope for such a reading from our sample. Companies celebrated their 'environmental awareness', the following examples being illustrative:

> The environment is a subject of increasing importance to us all. We rely on natural raw materials and without those your company simply could not exist. As a result the protection of the environment is one of our major objectives (Guinness Plc, Annual Report, 1992).

> Our policy of continuous improvement in environmental performance reflects our determination to be at the forefront of environmental awareness and commitment. We value the relationships we have built with communities around our locations, both through our environmental policies and our sponsorship programmes (National Power, Annual Report, 1992).

One third of all 'environmental disclosures' appeared in the highly visible chairperson's statement and, as **Table 2** indicates, the narrative form of disclosure was the most common. Gray et al. (1993, p. 232) argue that narrative disclosures tend to be preferred because they are often the 'easiest — and cheapest — for an organization to undertake initially'. Relatedly, they point to a concern that 'the non-financial elements of [annual reports] need to be a great deal more substantive than self-congratulatory publicity material' (p. 12). In our sample there is little evidence of the substantive kind of disclosure desired by Gray et al. (1993).

Table 2: Forms of Environmental Reporting in our Sample

Reporting Form	Percentage of Number of Disclosures
Narrative	100
Monetary	26
Non-monetary	34
Photographs	32
Charts/Graphs/Tables	11

Photographs in annual reports may also be deemed of importance for creating particular images of companies (see Graves et al., 1996, which draws upon literature from a wide array of disciplines). In our sample, Hanson Plc's environmental policy, for example, is printed against the background of a photograph showing a tranquil lake surrounded by green trees. On the lake there is a rowing boat with a man fishing. The trees, the boat and the man are reflected in the lake, with their images only slightly disturbed by gentle waves. The photograph has been taken with filters which bring out the blue of the lake and the green of the trees — in our sample, the colour green is often used as a background to environmental disclosure. Two-thirds of the picture is taken up by the lake which increasingly darkens in the foreground. This dark part of the lake carries the environmental policy of the company in white letters. The case could be made out that the photograph is designed to reassure readers of the annual report of the company's genuine pursuit of its ostensible aims — for example, its aim to respond to 'the needs and concerns of the community with a sympathetic attitude toward environmental interest groups' (Hanson Plc, Annual Report, 1992, p. 16). Without the photograph, the latter statement might be less dramatic and less weighty (see Goffman, 1976; Ewen and Ewen, 1982; Margolin, 1989). A number of companies in our sample used photographs of women — images of 'caring women' — to accompany the disclosure of environmental activities (see Goffman, 1976; Graves et al., 1996). Examples such as the above point, perhaps, to why 32 per cent of our sample companies use photographs in reporting their environmental activities (**Table 2**). A further problem is that only 18 per cent of our sample provided comparative environmental data from previous years, making it even more difficult to assess whether the companies have made any progress respecting environmental concerns over time. While a cynical interpretation of the above practices may be difficult to substantiate, it should surely be of concern that it is hard to find evidence that would counter the cynical view. And based on our sample, it is all too difficult, if not impossible, for outsiders to assess reasonably the impact of the operations of companies on the environment.

Developing on the above, our survey does suggest at least that companies do not submit to exacting standards of environmental accountability to the public — for example, standards which would require them to make explicit denials of having damaged the environment in cases where they had not polluted. This is further instanced in that the statements of intent made in the annual reports are quite vague, not being elaborated in terms of the specific targets that the company might aim to achieve and be held accountable for. Allied-Lyons' annual report for 1992 states, for example, that the company is concerned to:

- Conserve energy and the other natural resources used in our operations
- Minimise waste and effluent, to recycle it where possible and otherwise ensure that it is effectively treated before disposal

Such vagueness raises questions such as: what are the appropriate amounts of energy and of natural resources to be conserved? Could the company have reasonably set itself higher standards? Does the company have any record of success in, for example, its attempt to control waste? What is 'possible' and what is 'not possible' when the company considers recycling? A policy to 'recycle ... where possible' can, on the one hand, be very significant for the environmental impact of organisations or, on the other hand, be something in the nature of a token gesture. Apparently differing from the other companies in our sample, Grand Metropolitan's Annual Report of 1992 (p 37) claims:

> Grand Met encourages businesses to establish clear, measurable targets which, if achievable, exceed minimum legislative requirements.

Yet the disclaimer 'if achievable', without any indication of what is achievable, echoes the vagueness found elsewhere.

Even if companies refer in their annual reports to their compliance with legal requirements respecting the environment, this still leaves the question of the effectiveness of the legal requirement. The UK government, for example, even through its broad environmental legislation, often fails in practice to intervene effectively. As an illustration, the legal obligation of the UK's Environmental Protection Act, 1990 that companies minimise waste production using the 'Best Available Technology Not Entailing Excessive Cost' (BATNEEC) principle (Owen, 1992b, p. 5) is itself rather vague. Who is to determine 'excessive' costs? How effective will this principle be in putting a halt to the destruction of our environment by companies, given that in a highly competitive economy it could be argued that 'excessive costs' might be low indeed? The reader/user of the annual report will scarcely be able to judge the 'reasonableness' of the behaviour equating to legal compliance of this sort.

Even while failing to discharge accountability for the environment to the public at large, some of the companies in our sample highlighted the burdensome costs of environmental compliance. Emphasis is placed upon such costs in the Exxon Corporation's Annual Report of 1992 (p. 4). And the following, from the Annual Report (1993) of North West Water Group Plc exhibits particularly questionable ethics in balancing costs against environmental standards:

> Because we are tackling the country's most severe pollution problems and because environmental standards have been raised further, meeting even the minimum legal standards is especially expensive for the North West, involving capital expenditure about twice that envisaged when we were privatised.... Our consultations indicated there was only limited support for the option of meeting still higher standards more quickly but at greater cost. Most of our customers on lower incomes were reluctant to pay more than the minimum and we have had particular regard to their views. Our recommended strategy therefore is to maintain present progress to achieve the already high minimum legal standards we are required to meet.

The company points to its caring concern for its 'customers on lower incomes' as justification for not further improving the quality of drinking water and thus keeping costs down!

In brief, our survey tends to confirm the message of the great bulk of previous empirical work: annual reports can scarcely be relied upon in the current regulatory environment to discharge genuine environmental accountability. And only 18 per cent of our sample had their environmental disclosures 'audited': in the absence — as yet — of professionally approved general standards governing environmental audits in practice. Indeed, it appears that, consistent with previous studies (see Wiseman, 1982; Owen, 1992b; Gray et al., 1993), annual reports are more in the nature of a public relations exercise, rather than being integral to a genuine and serious attempt to tackle green issues. It is difficult to counter Owen's (1992b) comment:

> ... provision of information on environmental and social issues on the part of UK companies seems at the present time to be highly selective and largely public relations driven. This distinct tendency to err on the side of self-congratulation inevitably carries with it the risk of eliciting an increasingly cynical response from any intended audience.... Indeed, one recent reaction has been the establishment by Friends of the Earth of a 'Green Con' award for companies making the most misleading claims! (Owen, 1992b, p. 15)

It is possible, of course, that we are being too negative. Perhaps we should, with Cannon (1994), trust companies more in the context of the current situation (the UN's Earth Summit in Rio, 1992, put a lot of faith in industry — cf. Cannon, 1994). Perhaps the motivations of companies are more genuine. It may even be that, whatever their motivations and intentions, the developments do respond appropriately to the environmental issue. And some voluntary environmental reporting may at least help somehow to bring attention to the key issues. Yet a review of the empirical work suggests that we should be very suspicious of company reporting practice. We have indeed indicated ways in which current practice falls short of exacting standards of environmental accountability to the public. In general, very little information is disclosed. Given this, one can return to an assessment of those 'green' studies which tend to dissuade against interventionism through green accounting and auditing. In the next section, we emphasise our concern that the sensitivities and cautions about intervention through green accounting and auditing need to be rethought against this background.

RETHINKING SENSITIVITIES

Let us suppose that we accept, with many others, that there is a threat of some significance to the earth's environment. Let us also suppose that we assume — something that has been implicit in our analysis so far — that making things visible (such as making visible the environmental impact of organisational activity) can be governed by standards of reasonableness and can be expected to impact upon behaviour whether it be through the pressures and forces of market, community or government activity (see Gallhofer and Haslam, 1993). Given these suppositions, it is the case that we have reason to be concerned about the failings of the current practice of environmental reporting and its current regulatory environment.

The sensitivities, in such texts as Power (1991, 1994a,b,c), Cooper (1992) and Gray (1992), to a potentially overly technicist, interventionist and centralist green accounting and auditing system (a sensitivity to a significant expansion of green accounting and auditing's current role) are surely misplaced in this context. It may be a case of not seeing the wood for the trees to the extent that attention from substantive green issues may be displaced, change initiatives may be negated and, finally, the status quo may be secured or supported rather than challenged.

Texts such as Hines (1991), Maunders and Burritt (1991), Power (1991, 1992, 1994a,b,c), Cooper (1992) and Gray (1992), express concerns about an interventionist green accounting and auditing which risk such negative outcomes, outcomes that are all the more disappointing if green issues are substantive and if disclosure can contribute to some extent to their resolution. These texts do very little to develop a substantive alternative while effectively constraining, at least to some degree, the potential role of green accounting and auditing. For example, Cooper (1992, p. 56) suggests that women should remain on the outside to remind those promoting (masculine) environmental accounting of 'the many problems which they should ... never forget'. Power (1994c) elaborates minimally on the alternative that he might propose to a technocratic centralist perception that he appears universally to oppose (cf. Teubner, 1987; Laughlin and Broadbent, 1991). The current context does not seem to be one in which a direct move to an 'informal accountability' (Gray, 1992) is going to be effective. Power's (1994c) association between centralism, interventionism, technicism, oversimplification and quantification risks displacing even the very notion of an environmental audit. While Power may be right to be concerned about calls for 'more audits' when things seem to go wrong, we would suggest that this call and our appreciation of it should engender better and different audits instead of risking leaving behind the notion of enabling systems of environmental accounting and accountability. Power's apparent view that the relatively powerful business community ought to be trusted more appears suspect in this context (see Power, 1991, 1992, 1994a,b,c).

We ourselves concur with much of the critique of a technicist green accounting (if we understand interventionism and centralism as distinct and not necessarily associated categories). We would also argue that issues of the richness and democratic nature of environmental regulations, in terms of their form and content and how they are 'processed', are quite properly of concern. In this respect, we share Power's (1994b,c) concern that, in capturing (centralist) policy, auditors can divert attention from and depoliticise their own (narrow) biases by assuming the technicist neutrality associated in public perception with 'scientific experts' (Power, 1991, p. 31, refers to auditors as 'self-appointed experts' in this respect) (see Gallhofer and Haslam, 1993). What particularly concerns us, however, is that the sensitivities and cautions of the writers we have focused upon remain largely detached or isolated from a substantive and pragmatic policy proposal, which, we would argue, ought to be interventionist. In our view, this is damaging for the direction of green accounting and auditing policy in terms of its coherence and potential.

Much of the thrust of the green accounting literature has placed emphasis away from a concern to design, mobilise and prescribe environmental accounting and auditing, towards the theorising of current voluntary practices (see Gray et al., 1995) as well as towards embracing the type of constraining sensitivity to green accounting and auditing we have critically discussed above. While research concerned to theorise practice is not without value, it is possible that its growth has been at the expense of a discouragement to and a displacement of substantive attempts to articulate and promote alternative and practical types of green accounting and auditing. Our concern is to resist the tendency in the literature in effect to oppose the prescription (including through state regulation) of environmental (and social) reporting systems.

The sensitivity to prescription and intervention exhibited in the texts we have made the focus of our critique is at least in part influenced by a reading of post-modern theorising (see Bronner, 1994). Yet such theorising can be read as opening up possibilities rather than closing off the possibilities of a prescribed accounting and auditing (see Laclau, 1990). Even Foucault points (somewhat conservatively) in this context to the multitude of points of 'resistance' — and more critical post-modern and post-Marxist theorising (which need not be anti-modern or anti-Marxist, incidentally) is suggestive of a variety of more global as well as proactive strategies for furthering green (and social) causes, including through accounting and auditing (cf. Laclau, 1994; Giddens, 1995).

If we are aware of the problems of seeking to secure a better ecological (including social) environment (see Gray et al, 1995), in our view we should more positively embrace these different possibilities and strategies for intervention as accounting academics and practitioners. This can include a push for action which is, in part at least, centralist, interventionist and scientific (see Owen, 1994). Thus, a reading of contemporary critical theorising suggests that there are many different ways in which we can get involved in addressing the environmental issue. We should add in this context that we find Gray et al.'s (1995) conclusion, which only points to two ways or strategies, too constraining. The dichotomous characterisation which is offered in their paper sets too rigid boundaries for the individual social actor (ironically given much of the rest of Gray et al., 1995):

> The questions for researchers are, first, whether, through increasing the attention given to this marginal activity, the importance of CSR [corporate social reporting] can be raised and, second, whether this will offer any opportunities for the

> development of a 'counter-hegemony'. This is a political judgment. An active involvement with CSR suggests one conclusion to that political judgment, the activities of the classical political economists another. *Vive la différence* (Gray et al., 1995, p. 68).

Our view, consistent with our position in Critical Theory, is that a concern to rescue human society's relationship to its environment implies actively promoting an increased visibility of social (including corporate and business) affairs — and thus attempting to increase an awareness of how the ecological environment is being damaged by socioeconomic activity. We put considerable emphasis upon attempting to enhance awareness and to push for change through modes of communication and argument (see Bronner, 1994). Pursuing greater accountability and transparency in the above terms and context, including through interventionism, is a coherent strategy consistent with an open Critical Theory. Even in something approaching an ideal-type community, that community could reasonably affirm formally through regulations what were mutually agreed codes of practice, given that the regulations can be renegotiated (see Gallhofer and Haslam, 1993). Our position is consistent with one of seeking to engender a process more generally, which would encourage and support for the better the social regulation of socioeconomic (and environmental) activities. With Bronner (1994, p. 347), we suggest it naïve to imagine that the mere recognition of future risk will cause industrial businesses to reform themselves voluntarily — and at an 'economic' cost which is far from small (see Cannon, 1994, p. 229). Here we sympathise with Hall (1991, pp. 668–9), who maintains that capital has never voluntarily reduced its profit materially in the general interest — for Hall, if it had been left to capital, children would be still working in the mines. And Bronner insightfully reinforces the case for regulatory intervention beyond voluntarism and self-regulation:

> ... a prime cause for the weakness of regulatory agencies in the US is their dependency on the expertise and the information of those very industries whose excesses they are seeking to mitigate (Bronner, 1994, p. 347).

Our stance here is consistent with the perspective of Arnold (1990, p. 180): the manifestation of *state-regulated* social and environmental accounting could help serve the interests of the community. Critical accounting and auditing theorists should be concerned to design and promote green accounting and auditing prescriptions that would be 'enabling' and 'emancipatory'. For the Critical Theorist Bronner (1994, p. 325), a failure to act, on the grounds that this is perceived as insensitive, is in any case an abdication of a responsibility which non-critical theorists will happily assume. Further, Bronner (1994) suggests, it is necessary to mobilise the instruments of bureaucracy and modernity to help alleviate the problems that modernity has dramatically enhanced. Given the state of environmental accounting and auditing, we suggest that there is a need to design carefully and to prescribe better systems of green accounting and auditing, rather than to abandon hope of realising the latter's potentialities.

CONCLUSION

Our concern here has been to make out a case for the further mobilisation and prescription of green accounting and auditing systems as integral to more genuine and serious systems of reporting and accountability in society (Gallhofer and Haslam, 1993). This is timely given current professional concerns and debates over increased regulation — as witnessed in the emergence of IFAC's discussion paper 'The audit profession and the environment' (see Professional Briefing, 1995; see also, for example, Commission of the European Communities, 1992; CICA Task Force on Sustainable Development, Environmental Stewardship, 1993, Hrisak, 1995) — and the emergence of a sensitivity about centralist interventionism in the green accounting and auditing literature. We have sought to make out a case here for further intervention in and through green accounting and auditing. We have firstly sought to do this by referring to empirical work, including a survey and interpretive content analysis of our own, which has pointed to deficiencies in the current practice and regulation of green accounting and auditing. And secondly, we have attempted to legitimate an interventionist stance at the theoretical level, responding to the cautions over interventionism by drawing from the broader theoretical debate. The strength of our analysis is based on two assumptions, both of which can be challenged, but which are widely accepted by Critical Theorists working in this area: the assumption that there is a significant environmental issue with a threat to the quality of life on earth, and the assumption that there is a potential for enhancing effective responsiveness to this issue through communicative dialogue — including through making visible the impact of social and organisational activity upon the ecological environment. We hope that both the empirical and theoretical sections of this paper will stimulate further research. Empirically, we suggest that our small sample study might be insightful for future more extensive analysis and fieldwork that could enhance an understanding of the character of current environmental accounting and auditing practice. Theoretically, we hope that this paper continues to keep alive the hope for a more effective green accounting and auditing that can legitimately be promoted and prescribed — and that the paper thus encourages positive and proactive work, including the prescribing and design of environmental reporting systems.

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