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Environmental Accounting in Power Context

Environmental accounting and reporting hasbecome an important mean of business' environmental response. This decade has witnessed a remarkable increase in a number of companies disclosing public environmental information. Environmental accounting is an extension of traditional accounting. It records, measures, analyses and reports corporate's environmental impacts as a part of an effective corporate's environmental strategy.

This article examines the theoretical background of environmental accounting based on both the social theories of accounting and general power theories. Environmental accounting is studied in the light of power structures, that is, how environmental accounting reflects and constructs social and organizational power relationships. That is why the social and functional features of an organization are also emphasized. An organization is seen as a system, that depends on, but also has its own impact on institutional, economical and political factors. At the same time it also has a close relationship to the society as well as the natural environment. From the functional perspective an organization is constructed from different stakeholders and their interests influencing its activities.

The social theories of environmental accounting discussed in the paper include, accountability, stakeholder, legitimacy, and political economy of accounting theories. Accountability involves two responsibilities: the responsibility to undertake certain actions and the responsibility to provide an account of those actions. Accountability can be generalized to apply to all relationships as well as rights to information. In the case of environmental accounting the duty of accountability is owed to society-at-large.

This approach is extended to the stakeholder theory by explaining information disclosure as an obligation to the and a right of the stakeholders. Stakeholders are groups, which are influenced by the corporate activities or which can affect the corporation. The organization's survival in the long run requires stakeholders' support and approval. The more powerful the stakeholders are, the more the organization must adapt to their interests and demands.

According to the legitimacy theory organizations seek to establish congruence between the social values associated with or implied by their activities and the norms of acceptable behavior in the larger system of which their activities are a part.

According to the political economy of accounting theory, environmental accounting reports can be seen as social, political and economic documents. Thus, environmental reporting is a tool for constructing, sustaining and legitimating economical and political arrangements, institutions and ideological themes which contribute to the organizations' private interests. It also offers an opportunity to state their values and beliefs. Therefore, it reflects the social situation that firms find themselves in. The political economy of accounting theory aims at understanding and evaluating the function of environmental accounting within the context of economic, social and political environment in which it operates.

Environmental accounting is a way of making environmental issues visible in organizations and society. It allows one to define targets on environmental performance as well as to direct behaviour according to them. As a result, the discourse within power context of environmental accounting may help to define the central environmental issues in organizations and society by providing a more accurate and reliable picture of environmental concerns.